

105<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

## **H. R. 2**

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### **AN ACT**

To repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.

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1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
 5 “Housing Opportunity and Responsibility Act of 1997”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
 7 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Declaration of policy to renew American neighborhoods.

TITLE I—GENERAL PROVISIONS

- Sec. 101. Statement of purpose.
- Sec. 102. Definitions.
- Sec. 103. Organization of public housing agencies.
- Sec. 104. Determination of adjusted income and median income.
- Sec. 105. Community work and family self-sufficiency requirements.
- Sec. 106. Local housing management plans.
- Sec. 107. Review of plans.
- Sec. 108. Reporting requirements.
- Sec. 109. Pet ownership.
- Sec. 110. Administrative grievance procedure.
- Sec. 111. Headquarters reserve fund.
- Sec. 112. Labor standards.
- Sec. 113. Nondiscrimination.
- Sec. 114. Prohibition on use of funds.
- Sec. 115. Inapplicability to Indian housing.
- Sec. 116. Regulations.

TITLE II—PUBLIC HOUSING

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- Sec. 201. Block grant contracts.
- Sec. 202. Grant authority, amount, and eligibility.
- Sec. 203. Eligible and required activities.
- Sec. 204. Determination of grant allocation.
- Sec. 205. Sanctions for improper use of amounts.

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- Sec. 221. Low-income housing requirement.
- Sec. 222. Family eligibility.
- Sec. 223. Preferences for occupancy.
- Sec. 224. Admission procedures.
- Sec. 225. Family choice of rental payment.
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- Sec. 227. Designated housing for elderly and disabled families.

### Subtitle C—Management

- Sec. 231. Management procedures.
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- Sec. 234. Resident councils and resident management corporations.
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- Sec. 236. Transfer of management of certain housing to independent manager at request of residents.
- Sec. 237. Resident opportunity program.

### Subtitle D—Homeownership

- Sec. 251. Resident homeownership programs.

### Subtitle E—Disposition, Demolition, and Revitalization of Developments

- Sec. 261. Requirements for demolition and disposition of developments.
- Sec. 262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.
- Sec. 263. Voluntary voucher system for public housing.

### Subtitle F—Mixed-Finance Public Housing

- Sec. 271. Authority.
- Sec. 272. Mixed-finance housing developments.
- Sec. 273. Mixed-finance housing plan.
- Sec. 274. Rent levels for housing financed with low-income housing tax credit.
- Sec. 275. Carry-over of assistance for replaced housing.

### Subtitle G—General Provisions

- Sec. 281. Payment of non-Federal share.
- Sec. 282. Authorization of appropriations for block grants.
- Sec. 283. Funding for operation safe home.
- Sec. 284. Funding for relocation of victims of domestic violence.

## TITLE III—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES

### Subtitle A—Allocation

- Sec. 301. Authority to provide housing assistance amounts.
- Sec. 302. Contracts with PHA's.
- Sec. 303. Eligibility of PHA's for assistance amounts.
- Sec. 304. Allocation of amounts.
- Sec. 305. Administrative fees.
- Sec. 306. Authorizations of appropriations.
- Sec. 307. Conversion of section 8 assistance.
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### Subtitle B—Choice-Based Housing Assistance for Eligible Families

- Sec. 321. Eligible families and preferences for assistance.
- Sec. 322. Resident contribution.
- Sec. 323. Rental indicators.

- Sec. 324. Lease terms.
- Sec. 325. Termination of tenancy.
- Sec. 326. Eligible owners.
- Sec. 327. Selection of dwelling units.
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- Sec. 501. In general.
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- Sec. 503. Evaluation of various performance evaluation systems.
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- Sec. 508. Effective date.

Subtitle B—Housing Evaluation and Accreditation Board

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- Sec. 523. Functions.
- Sec. 524. Powers.
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Subtitle C—Interim Applicability of Public Housing Management Assessment Program

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- Sec. 532. Management assessment indicators.
- Sec. 533. Designation of PHA's.
- Sec. 534. On-site inspection of troubled PHA's.
- Sec. 535. Administration.

Subtitle D—Accountability and Oversight Standards and Procedures

- Sec. 541. Audits.
- Sec. 542. Performance agreements for authorities at risk of becoming troubled.
- Sec. 543. Performance agreements and CDBG sanctions for troubled PHA's.
- Sec. 544. Option to demand conveyance of title to or possession of public housing.
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- Sec. 601. Effective date and repeal of United States Housing Act of 1937.
- Sec. 602. Other repeals.

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- Sec. 621. Allocation of elderly housing amounts.
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- Sec. 623. Review of drug elimination program contracts.
- Sec. 624. Amendments to Public and Assisted Housing Drug Elimination Act of 1990.

Subtitle C—Limitations Relating to Occupancy in Federally Assisted Housing

- Sec. 641. Screening of applicants.
- Sec. 642. Termination of tenancy and assistance for illegal drug users and alcohol abusers.
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TITLE VII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS

- Sec. 701. Rural housing assistance.
- Sec. 702. Treatment of occupancy standards.
- Sec. 703. Implementation of plan.
- Sec. 704. Income eligibility for HOME and CDBG programs.
- Sec. 705. Prohibition of use of CDBG grants for employment relocation activities.

- Sec. 706. Regional cooperation under CDBG economic development initiative.  
 Sec. 707. Use of American products.  
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 Sec. 710. Use of assisted housing by aliens.  
 Sec. 711. Protection of senior homeowners under reverse mortgage program.  
 Sec. 712. Conversion of section 8 tenant-based assistance to project-based assistance in the Borough of Tamaqua.  
 Sec. 713. Housing counseling.  
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 Sec. 715. Effective date.

1 **SEC. 2. DECLARATION OF POLICY TO RENEW AMERICAN**  
 2 **NEIGHBORHOODS.**

3 The Congress hereby declares that—

4 (1) the Federal Government has a responsibility  
 5 to promote the general welfare of the Nation—

6 (A) by using Federal resources to aid fami-  
 7 lies and individuals seeking affordable homes  
 8 that are safe, clean, and healthy and, in par-  
 9 ticular, assisting responsible, deserving citizens  
 10 who cannot provide fully for themselves because  
 11 of temporary circumstances or factors beyond  
 12 their control;

13 (B) by working to ensure a thriving na-  
 14 tional economy and a strong private housing  
 15 market; and

16 (C) by developing effective partnerships  
 17 among the Federal Government, State and local  
 18 governments, and private entities that allow  
 19 government to accept responsibility for foster-  
 20 ing the development of a healthy marketplace

1           and allow families to prosper without govern-  
2           ment involvement in their day-to-day activities;

3           (2) the Federal Government cannot through its  
4           direct action alone provide for the housing of every  
5           American citizen, or even a majority of its citizens,  
6           but it is the responsibility of the Government to pro-  
7           mote and protect the independent and collective ac-  
8           tions of private citizens to develop housing and  
9           strengthen their own neighborhoods;

10          (3) the Federal Government should act where  
11          there is a serious need that private citizens or  
12          groups cannot or are not addressing responsibly;

13          (4) housing is a fundamental and necessary  
14          component of bringing true opportunity to people  
15          and communities in need, but providing physical  
16          structures to house low-income families will not by  
17          itself pull generations up from poverty;

18          (5) it is a goal of our Nation that all citizens  
19          have decent and affordable housing; and

20          (6) our Nation should promote the goal of pro-  
21          viding decent and affordable housing for all citizens  
22          through the efforts and encouragement of Federal,  
23          State, and local governments, and by the independ-  
24          ent and collective actions of private citizens, organi-  
25          zations, and the private sector.

# 1 **TITLE I—GENERAL PROVISIONS**

## 2 **SEC. 101. STATEMENT OF PURPOSE.**

3 The purpose of this Act is to promote safe, clean, and  
4 healthy housing that is affordable to low-income families,  
5 and thereby contribute to the supply of affordable housing,  
6 by—

7 (1) deregulating and decontrolling public hous-  
8 ing agencies, thereby enabling them to perform as  
9 property and asset managers;

10 (2) providing for more flexible use of Federal  
11 assistance to public housing agencies, allowing the  
12 authorities to leverage and combine assistance  
13 amounts with amounts obtained from other sources;

14 (3) facilitating mixed income communities;

15 (4) increasing accountability and rewarding ef-  
16 fective management of public housing agencies;

17 (5) creating incentives and economic opportuni-  
18 ties for residents of dwelling units assisted by public  
19 housing agencies to work, become self-sufficient, and  
20 transition out of public housing and federally as-  
21 sisted dwelling units;

22 (6) recreating the existing rental assistance  
23 voucher program so that the use of vouchers and re-  
24 lationships between landlords and tenants under the

1 program operate in a manner that more closely re-  
2 sembles the private housing market; and

3 (7) remedying troubled public housing agencies  
4 and replacing or revitalizing severely distressed pub-  
5 lic housing developments.

6 **SEC. 102. DEFINITIONS.**

7 For purposes of this Act, the following definitions  
8 shall apply:

9 (1) **ACQUISITION COST.**—When used in ref-  
10 erence to public housing, the term “acquisition cost”  
11 means the amount prudently expended by a public  
12 housing agency in acquiring property for a public  
13 housing development.

14 (2) **DEVELOPMENT.**—The terms “public hous-  
15 ing development” and “development” (when used in  
16 reference to public housing) mean—

17 (A) public housing; and

18 (B) the improvement of any such housing.

19 (3) **DISABLED FAMILY.**—The term “disabled  
20 family” means a family whose head (or his or her  
21 spouse), or whose sole member, is a person with dis-  
22 abilities. Such term includes 2 or more persons with  
23 disabilities living together, and 1 or more such per-  
24 sons living with 1 or more persons determined under

1 the regulations of the Secretary to be essential to  
2 their care or well-being.

3 (4) DRUG-RELATED CRIMINAL ACTIVITY.—The  
4 term “drug-related criminal activity” means the ille-  
5 gal manufacture, sale, distribution, use, or posses-  
6 sion with intent to manufacture, sell, distribute, or  
7 use, of a controlled substance (as such term is de-  
8 fined in section 102 of the Controlled Substances  
9 Act).

10 (5) EFFECTIVE DATE.—The term “effective  
11 date”, when used in reference to this Act, means the  
12 effective date determined under section 601(a).

13 (6) ELDERLY FAMILIES AND NEAR ELDERLY  
14 FAMILIES.—The terms “elderly family” and “near-  
15 elderly family” mean a family whose head (or his or  
16 her spouse), or whose sole member, is an elderly per-  
17 son or a near-elderly person, respectively. Such  
18 terms include 2 or more elderly persons or near-el-  
19 derly persons living together, and 1 or more such  
20 persons living with 1 or more persons determined  
21 under the regulations of the Secretary to be essential  
22 to their care or well-being.

23 (7) ELDERLY PERSON.—The term “elderly per-  
24 son” means a person who is at least 62 years of age.

1           (8) ELIGIBLE PUBLIC HOUSING AGENCY.—The  
2 term “eligible public housing agency” means, with  
3 respect to a fiscal year, a public housing agency that  
4 is eligible under section 202(d) for a grant under  
5 this title.

6           (9) FAMILY.—The term “family” includes a  
7 family with or without children, an elderly family, a  
8 near-elderly family, a disabled family, and a single  
9 person.

10           (10) GROUP HOME AND INDEPENDENT LIVING  
11 FACILITY.—The terms “group home” and “inde-  
12 pendent living facility” have the meanings given  
13 such terms in section 811(k) of the Cranston-Gon-  
14 zalez National Affordable Housing Act.

15           (11) INCOME.—The term “income” means, with  
16 respect to a family, income from all sources of each  
17 member of the household, as determined in accord-  
18 ance with criteria prescribed by the applicable public  
19 housing agency and the Secretary, except that the  
20 following amounts shall be excluded:

21                   (A) Any amounts not actually received by  
22 the family.

23                   (B) Any amounts that would be eligible for  
24 exclusion under section 1613(a)(7) of the Social  
25 Security Act.

1           (12) LOCAL HOUSING MANAGEMENT PLAN.—

2           The term “local housing management plan” means,  
3           with respect to any fiscal year, the plan under sec-  
4           tion 106 of a public housing agency for such fiscal  
5           year.

6           (13) LOW-INCOME FAMILY.—The term “low-in-  
7           come family” means a family whose income does not  
8           exceed 80 percent of the median income for the  
9           area, as determined by the Secretary with adjust-  
10          ments for smaller and larger families, except that  
11          the Secretary may, for purposes of this paragraph,  
12          establish income ceilings higher or lower than 80  
13          percent of the median for the area on the basis of  
14          the public housing agency’s findings that such vari-  
15          ations are necessary because of unusually high or  
16          low family incomes.

17          (14) LOW-INCOME HOUSING.—The term “low-  
18          income housing” means dwellings that comply with  
19          the requirements—

20                 (A) under title II for assistance under such  
21                 title for the dwellings; or

22                 (B) under title III for rental assistance  
23                 payments under such title for the dwellings.

1           (15) NEAR-ELDERLY PERSON.—The term  
2 “near-elderly person” means a person who is at least  
3 55 years of age.

4           (16) OPERATION.—When used in reference to  
5 public housing, the term “operation” means any or  
6 all undertakings appropriate for management, oper-  
7 ation, services, maintenance, security (including the  
8 cost of security personnel), or financing in connec-  
9 tion with a public housing development, including  
10 the financing of resident programs and services.

11           (17) PERSON WITH DISABILITIES.—The term  
12 “person with disabilities” means a person who—

13                   (A) has a disability as defined in section  
14 223 of the Social Security Act,

15                   (B) is determined, pursuant to regulations  
16 issued by the Secretary, to have a physical,  
17 mental, or emotional impairment which (i) is  
18 expected to be of long-continued and indefinite  
19 duration, (ii) substantially impedes his or her  
20 ability to live independently, and (iii) is of such  
21 a nature that such ability could be improved by  
22 more suitable housing conditions, or

23                   (C) has a developmental disability as de-  
24 fined in section 102 of the Developmental Dis-  
25 abilities Assistance and Bill of Rights Act.

1 Such term shall not exclude persons who have the  
2 disease of acquired immunodeficiency syndrome or  
3 any conditions arising from the etiologic agent for  
4 acquired immunodeficiency syndrome. Notwithstand-  
5 ing any other provision of law, no individual shall be  
6 considered a person with disabilities, for purposes of  
7 eligibility for public housing under title II of this  
8 Act, solely on the basis of any drug or alcohol de-  
9 pendence. The Secretary shall consult with other ap-  
10 propriate Federal agencies to implement the preced-  
11 ing sentence.

12 (18) PRODUCTION.—When used in reference to  
13 public housing, the term “production” means any or  
14 all undertakings necessary for planning, land acqui-  
15 sition, financing, demolition, construction, or equip-  
16 ment, in connection with the construction, acquisi-  
17 tion, or rehabilitation of a property for use as a pub-  
18 lic housing development, including activity in connec-  
19 tion with a public housing development that is con-  
20 fined to the reconstruction, remodeling, or repair of  
21 existing buildings.

22 (19) PRODUCTION COST.—When used in ref-  
23 erence to public housing, the term “production cost”  
24 means the costs incurred by a public housing agency  
25 for production of public housing and the necessary

1 financing for production (including the payment of  
2 carrying charges and acquisition costs).

3 (20) PUBLIC HOUSING.—The term “public  
4 housing” means housing, and all necessary appur-  
5 tenances thereto, that—

6 (A) is low-income housing, low-income  
7 dwelling units in mixed-finance housing (as pro-  
8 vided in subtitle F), or low-income dwelling  
9 units in mixed income housing (as provided in  
10 section 221(c)(2)); and

11 (B)(i) is subject to an annual block grant  
12 contract under title II; or

13 (ii) was subject to an annual block grant  
14 contract under title II (or an annual contribu-  
15 tions contract under the United States Housing  
16 Act of 1937) which is not in effect, but for  
17 which occupancy is limited in accordance with  
18 the requirements under section 222(a).

19 (21) PUBLIC HOUSING AGENCY.—The term  
20 “public housing agency” is defined in section 103.

21 (22) RESIDENT COUNCIL.—The term “resident  
22 council” means an organization or association that  
23 meets the requirements of section 234(a).

24 (23) RESIDENT MANAGEMENT CORPORATION.—  
25 The term “resident management corporation” means

1 a corporation that meets the requirements of section  
2 234(b)(2).

3 (24) RESIDENT PROGRAM.—The term “resident  
4 programs and services” means programs and serv-  
5 ices for families residing in public housing develop-  
6 ments. Such term may include (A) the development  
7 and maintenance of resident organizations which  
8 participate in the management of public housing de-  
9 velopments, (B) the training of residents to manage  
10 and operate the public housing development and the  
11 utilization of their services in management and oper-  
12 ation of the development, (C) counseling on house-  
13 hold management, housekeeping, budgeting, money  
14 management, homeownership issues, child care, and  
15 similar matters, (D) advice regarding resources for  
16 job training and placement, education, welfare,  
17 health, and other community services, (E) services  
18 that are directly related to meeting resident needs  
19 and providing a wholesome living environment; and  
20 (F) referral to appropriate agencies in the commu-  
21 nity when necessary for the provision of such serv-  
22 ices. To the maximum extent available and appro-  
23 priate, existing public and private agencies in the  
24 community shall be used for the provision of such  
25 services.

1           (25) SECRETARY.—The term “Secretary”  
2 means the Secretary of Housing and Urban Develop-  
3 ment.

4           (26) STATE.—The term “State” means the  
5 States of the United States, the District of Colum-  
6 bia, the Commonwealth of Puerto Rico, the Com-  
7 monwealth of the Northern Mariana Islands, Guam,  
8 the Virgin Islands, American Samoa, and any other  
9 territory or possession of the United States and In-  
10 dian tribes.

11           (27) VERY LOW-INCOME FAMILY.—The term  
12 “very low-income family” means a low-income family  
13 whose income does not exceed 50 percent of the me-  
14 dian family income for the area, as determined by  
15 the Secretary with adjustments for smaller and larg-  
16 er families, except that the Secretary may, for pur-  
17 poses of this paragraph, establish income ceilings  
18 higher or lower than 50 percent of the median for  
19 the area on the basis of the public housing agency’s  
20 findings that such variations are necessary because  
21 of unusually high or low family incomes.

22 **SEC. 103. ORGANIZATION OF PUBLIC HOUSING AGENCIES.**

23           (a) REQUIREMENTS.—For purposes of this Act, the  
24 terms “public housing agency” and “agency” mean any  
25 entity that—

1 (1) is—

2 (A) a public housing agency that was au-  
3 thorized under the United States Housing Act  
4 of 1937 to engage in or assist in the develop-  
5 ment or operation of low-income housing;

6 (B) authorized under this Act to engage in  
7 or assist in the development or operation of  
8 low-income housing by any State, county, mu-  
9 nicipality, or other governmental body or public  
10 entity;

11 (C) an entity authorized by State law to  
12 administer choice-based housing assistance  
13 under title III; or

14 (D) an entity selected by the Secretary,  
15 pursuant to subtitle D of title V, to manage  
16 housing; and

17 (2) complies with the requirements under sub-  
18 section (b).

19 The term does not include any entity that is an Indian  
20 housing authority for purposes of the United States Hous-  
21 ing Act of 1937 (as in effect before the effectiveness of  
22 the Native American Housing Assistance and Self-Deter-  
23 mination Act of 1996) or a tribally designated housing en-  
24 tity, as such term is defined in section 4 of the Native

1 American Housing Assistance and Self-Determination Act  
2 of 1996.

3 (b) GOVERNANCE.—

4 (1) BOARD OF DIRECTORS.—Each public hous-  
5 ing agency shall have a board of directors or other  
6 form of governance as prescribed in State or local  
7 law. No person may be barred from serving on such  
8 board or body because of such person's residency in  
9 a public housing development or status as an as-  
10 sisted family under title III.

11 (2) RESIDENT MEMBERSHIP.—

12 (A) IN GENERAL.—Except as provided in  
13 subparagraph (B), in localities in which a pub-  
14 lic housing agency is governed by a board of di-  
15 rectors or other similar body, the board or body  
16 shall include not less than 1 member who is an  
17 elected public housing resident member (as such  
18 term is defined in paragraph (5)).

19 (B) EXCEPTIONS.—The requirement in  
20 subparagraph (A) with respect to elected public  
21 housing resident members shall not apply to—

22 (i) any State or local governing body  
23 that serves as a public housing agency for  
24 purposes of this Act and whose responsibil-  
25 ities include substantial activities other

1 than acting as the public housing agency,  
2 except that such requirement shall apply to  
3 any advisory committee or organization  
4 that is established by such governing body  
5 and whose responsibilities relate only to  
6 the governing body's functions as a public  
7 housing agency for purposes of this Act;

8 (ii) any public housing agency that  
9 owns or operates less than 250 public  
10 housing dwelling units (including any  
11 agency that does not own or operate public  
12 housing); or

13 (iii) any public housing agency in a  
14 State that requires the members of the  
15 board of directors or other similar body of  
16 a public housing agency to be salaried and  
17 to serve on a full-time basis.

18 (3) FULL PARTICIPATION.—No public housing  
19 agency may limit or restrict the capacity or offices  
20 in which a member of such board or body may serve  
21 on such board or body solely because of the mem-  
22 ber's status as a resident member.

23 (4) CONFLICTS OF INTEREST.—The Secretary  
24 shall establish guidelines to prevent conflicts of in-

1       terest on the part of members of the board or direc-  
2       tors or governing body of a public housing agency.

3               (5) DEFINITIONS.—For purposes of this sub-  
4       section, the following definitions shall apply:

5               (A) ELECTED PUBLIC HOUSING RESIDENT  
6       MEMBER.—The term “elected public housing  
7       resident member” means, with respect to the  
8       public housing agency involved, an individual  
9       who is a resident member of the board of direc-  
10      tors (or other similar governing body of the  
11      agency) by reason of election to such position  
12      pursuant to an election—

13              (i) in which eligibility for candidacy in  
14      such election is limited to individuals  
15      who—

16              (I) maintain their principal resi-  
17      dence in a dwelling unit of public  
18      housing administered or assisted by  
19      the agency; and

20              (II) have not been convicted of a  
21      felony;

22              (ii) in which only residents of dwelling  
23      units of public housing administered by the  
24      agency may vote; and

1 (iii) that is conducted in accordance  
2 with standards and procedures for such  
3 election, which shall be established by the  
4 Secretary.

5 (B) RESIDENT MEMBER.—The term “resi-  
6 dent member” means a member of the board of  
7 directors or other similar governing body of a  
8 public housing agency who is a resident of a  
9 public housing dwelling unit owned, adminis-  
10 tered, or assisted by the agency or is a member  
11 of an assisted family (as such term is defined  
12 in section 371) assisted by the agency.

13 (c) ESTABLISHMENT OF POLICIES.—Any rules, regu-  
14 lations, policies, standards, and procedures necessary to  
15 implement policies required under section 106 to be in-  
16 cluded in the local housing management plan for a public  
17 housing agency shall be approved by the board of directors  
18 or similar governing body of the agency and shall be pub-  
19 licly available for review upon request.

20 **SEC. 104. DETERMINATION OF ADJUSTED INCOME AND ME-**  
21 **DIAN INCOME.**

22 (a) ADJUSTED INCOME.—For purposes of this Act,  
23 the term “adjusted income” means, with respect to a fam-  
24 ily, the difference between the income of the members of  
25 the family residing in a dwelling unit or the persons on

1 a lease and the amount of any income exclusions for the  
2 family under subsections (b) and (c), as determined by the  
3 public housing agency.

4 (b) MANDATORY EXCLUSIONS FROM INCOME.—In  
5 determining adjusted income, a public housing agency  
6 shall exclude from the annual income of a family the fol-  
7 lowing amounts:

8 (1) ELDERLY AND DISABLED FAMILIES.—\$400  
9 for any elderly or disabled family.

10 (2) MEDICAL EXPENSES.—The amount by  
11 which 3 percent of the annual family income is ex-  
12 ceeded by the sum of—

13 (A) unreimbursed medical expenses of any  
14 elderly family;

15 (B) unreimbursed medical expenses of any  
16 nonelderly family, except that this subpara-  
17 graph shall apply only to the extent approved in  
18 appropriation Acts; and

19 (C) unreimbursed reasonable attendant  
20 care and auxiliary apparatus expenses for each  
21 handicapped member of the family, to the ex-  
22 tent necessary to enable any member of such  
23 family (including such handicapped member) to  
24 be employed.

1           (3) CHILD CARE EXPENSES.—Any reasonable  
2 child care expenses necessary to enable a member of  
3 the family to be employed or to further his or her  
4 education.

5           (4) MINORS, STUDENTS, AND PERSONS WITH  
6 DISABILITIES.—\$480 for each member of the family  
7 residing in the household (other than the head of the  
8 household or his or her spouse) who is less than 18  
9 years of age or is attending school or vocational  
10 training on a full-time basis, or who is 18 years of  
11 age or older and is a person with disabilities.

12           (5) CHILD SUPPORT PAYMENTS.—Any payment  
13 made by a member of the family for the support and  
14 maintenance of any child who does not reside in the  
15 household, except that the amount excluded under  
16 this paragraph may not exceed \$480 for each child  
17 for whom such payment is made.

18           (6) EARNED INCOME OF MINORS.—The amount  
19 of any earned income of a member of the family who  
20 is not—

21                   (A) 18 years of age or older; and

22                   (B) the head of the household (or the  
23 spouse of the head of the household).

24           (c) PERMISSIVE EXCLUSIONS FROM INCOME.—In de-  
25 termining adjusted income, a public housing agency may,

1 in the discretion of the agency, establish exclusions from  
2 the annual income of a family. Such exclusions may in-  
3 clude the following amounts:

4 (1) EXCESSIVE TRAVEL EXPENSES.—Excessive  
5 travel expenses in an amount not to exceed \$25 per  
6 family per week, for employment- or education-relat-  
7 ed travel.

8 (2) EARNED INCOME.—An amount of any  
9 earned income of the family, established at the dis-  
10 cretion of the public housing agency, which may be  
11 based on—

12 (A) all earned income of the family,

13 (B) the amount earned by particular mem-  
14 bers of the family;

15 (C) the amount earned by families having  
16 certain characteristics; or

17 (D) the amount earned by families or  
18 members during certain periods or from certain  
19 sources.

20 (3) OTHERS.—Such other amounts for other  
21 purposes, as the public housing agency may estab-  
22 lish.

23 (d) MEDIAN INCOME.—In determining median in-  
24 comes (of persons, families, or households) for an area or  
25 establishing any ceilings or limits based on income under

1 this Act, the Secretary shall determine or establish area  
2 median incomes and income ceilings and limits for West-  
3 chester and Rockland Counties, in the State of New York,  
4 as if each such county were an area not contained within  
5 the metropolitan statistical area in which it is located. In  
6 determining such area median incomes or establishing  
7 such income ceilings or limits for the portion of such met-  
8 ropolitan statistical area that does not include Westchester  
9 or Rockland Counties, the Secretary shall determine or es-  
10 tablish area median incomes and income ceilings and lim-  
11 its as if such portion included Westchester and Rockland  
12 Counties.

13 (e) AVAILABILITY OF INCOME MATCHING INFORMA-  
14 TION.—

15 (1) DISCLOSURE TO PHA.—A public housing  
16 agency shall require any family described in para-  
17 graph (2) who receives information regarding in-  
18 come, earnings, wages, or unemployment compensa-  
19 tion from the Department of Housing and Urban  
20 Development pursuant to income verification proce-  
21 dures of the Department to disclose such informa-  
22 tion, upon receipt of the information, to the public  
23 housing agency that owns or operates the public  
24 housing dwelling unit in which such family resides or

1 that provides the housing assistance on behalf of  
2 such family, as applicable.

3 (2) APPLICABILITY TO FAMILIES RECEIVING  
4 PUBLIC HOUSING OR CHOICE-BASED HOUSING AS-  
5 SISTANCE.—A family described in this paragraph is  
6 a family that resides in a dwelling unit—

7 (A) that is a public housing dwelling unit;

8 or

9 (B) for which housing assistance is pro-  
10 vided under title III (or under the program for  
11 tenant-based assistance under section 8 of the  
12 United States Housing Act of 1937 (as in effect  
13 before the effective date of the repeal under sec-  
14 tion 601(b) of this Act)).

15 (3) PROTECTION OF APPLICANTS AND PARTICI-  
16 PANTS.—Section 904 of the Stewart B. McKinney  
17 Homeless Assistance Amendments Act of 1988 (42  
18 U.S.C. 3544) is amended—

19 (A) in subsection (b)—

20 (i) in paragraph (2), by striking  
21 “and” at the end;

22 (iii) in paragraph (3), by striking the  
23 period at the end and inserting “; and”;  
24 and

1 (ii) by adding at the end the following  
2 new paragraph:

3 “(4) only in the case of an applicant or partici-  
4 pant that is a member of a family described in sec-  
5 tion 104(e)(2) of the Housing Opportunity and Re-  
6 sponsibility Act of 1997, sign an agreement under  
7 which the applicant or participant agrees to provide  
8 to the appropriate public housing agency the infor-  
9 mation required under such section 104(e)(1) of the  
10 Housing Opportunity and Responsibility Act of 1997  
11 for the sole purpose of the public housing agency  
12 verifying income information pertinent to the appli-  
13 cant’s or participant’s eligibility or level of benefits,  
14 and comply with such agreement.”; and

15 (B) in subsection (c)—

16 (i) in paragraph (2)(A), in the matter  
17 preceding clause (I)—

18 (I) by inserting before “or” the  
19 first place it appears the following: “,  
20 pursuant to section 104(e)(1) of the  
21 Housing Opportunity and Responsibil-  
22 ity Act of 1997 from the applicant or  
23 participant,”; and

24 (II) by inserting “or 104(e)(1)”  
25 after “such section 303(i)”;

1 (ii) in paragraph (3)—

2 (I) in subparagraph (A), by in-  
 3 serting “, section 104(e)(1) of the  
 4 Housing Opportunity and Responsibil-  
 5 ity Act of 1997,” after “Social Secu-  
 6 rity Act”; and

7 (II) in subparagraph (A), by in-  
 8 serting “or agreement, as applicable,”  
 9 after “consent”;

10 (III) in subparagraph (B), by in-  
 11 serting “section 104(e)(1) of the  
 12 Housing Opportunity and Responsibil-  
 13 ity Act of 1997,” after “Social Secu-  
 14 rity Act,”; and

15 (IV) in subparagraph (B), by insert-  
 16 ing “ such section 104(e)(1),” after “such  
 17 section 303(i),” each place it appears.

18 **SEC. 105. COMMUNITY WORK AND FAMILY SELF-SUFFI-**  
 19 **CIENCY REQUIREMENTS.**

20 (a) **COMMUNITY WORK REQUIREMENT.**—

21 (1) **IN GENERAL.**—Except as provided in para-  
 22 graph (3), each public housing agency shall require,  
 23 as a condition of occupancy of a public housing  
 24 dwelling unit by a family and of providing housing  
 25 assistance under title III on behalf of a family, that

1 each adult member of the family shall contribute not  
2 less than 8 hours of work per month (not including  
3 political activities) within the community in which  
4 the family resides, which may include work per-  
5 formed on locations not owned by the public housing  
6 agency.

7 (2) EMPLOYMENT STATUS AND LIABILITY.—  
8 The requirement under paragraph (1) may not be  
9 construed to establish any employment relationship  
10 between the public housing agency and the member  
11 of the family subject to the work requirement under  
12 such paragraph or to create any responsibility, duty,  
13 or liability on the part of the public housing agency  
14 for actions arising out of the work done by the mem-  
15 ber of the family to comply with the requirement, ex-  
16 cept to the extent that the member of the family is  
17 fulfilling the requirement by working directly for  
18 such public housing agency.

19 (3) EXEMPTIONS.—A public housing agency  
20 shall provide for the exemption, from the applicabil-  
21 ity of the requirement under paragraph (1), of each  
22 individual who is—

23 (A) an elderly person;

24 (B) a person with disabilities;

1 (C) working, attending school or vocational  
2 training, or otherwise complying with work re-  
3 quirements applicable under other public assist-  
4 ance programs (as determined by the agencies  
5 or organizations responsible for administering  
6 such programs); or

7 (D) otherwise physically impaired to the  
8 extent that they are unable to comply with the  
9 requirement, as certified by a doctor.

10 (b) REQUIREMENT REGARDING TARGET DATE FOR  
11 TRANSITION OUT OF ASSISTED HOUSING.—

12 (1) IN GENERAL.—Each public housing agency  
13 shall require, as a condition of occupancy of a public  
14 housing dwelling unit by a family and of providing  
15 housing assistance under title III on behalf of a  
16 family, that the family and the agency enter into an  
17 agreement (included, pursuant to subsection  
18 (d)(2)(C), as a term of an agreement under sub-  
19 section (d)) establishing a target date by which the  
20 family intends to graduate from, terminate tenancy  
21 in, or no longer receive public housing or housing as-  
22 sistance under title III.

23 (2) RIGHTS OF OCCUPANCY.—This subsection  
24 may not be construed (nor may any provision of sub-  
25 section (d) or (e)) to create a right on the part of

1 any public housing agency to evict or terminate as-  
2 sistance for a family solely on the basis of any fail-  
3 ure of the family to comply with the target date es-  
4 tablished pursuant to paragraph (1).

5 (3) FACTORS.—In establishing a target date  
6 pursuant to paragraph (1) for a family that receives  
7 benefits for welfare or public assistance from a State  
8 or other public agency under a program that limits  
9 the duration during which such benefits may be re-  
10 ceived, the public housing agency and the family  
11 may take into consideration such time limit. This  
12 section may not be construed to require any public  
13 housing agency to adopt any such time limit on the  
14 duration of welfare or public assistance benefits as  
15 the target date pursuant to paragraph (1) for a resi-  
16 dent.

17 (4) EXEMPTIONS.—A public housing agency  
18 shall provide for the exemption, from the applicabil-  
19 ity of the requirements under paragraph (1), of each  
20 individual who is—

21 (A) an elderly person;

22 (B) a person with disabilities;

23 (C) working, attending school or vocational  
24 training, or otherwise complying with work re-  
25 quirements applicable under other public assist-

1           ance programs (as determined by the agencies  
2           or organizations responsible for administering  
3           such programs); or

4                   (D) otherwise physically impaired to the  
5           extent that they are unable to comply with the  
6           requirement, as certified by a doctor.

7           (c) TREATMENT OF INCOME CHANGES RESULTING  
8 FROM WELFARE PROGRAM REQUIREMENTS.—

9                   (1) COVERED FAMILY.—For purposes of this  
10           subsection, the term “covered family” means a fam-  
11           ily that (A) receives benefits for welfare or public as-  
12           sistance from a State or other public agency under  
13           a program for which the Federal, State, or local law  
14           relating to the program requires, as a condition of  
15           eligibility for assistance under the program, partici-  
16           pation of a member of the family in an economic  
17           self-sufficiency program, and (B) resides in a public  
18           housing dwelling unit or is provided housing assist-  
19           ance under title III.

20                   (2) DECREASES IN INCOME FOR FAILURE TO  
21           COMPLY.—Notwithstanding the provisions of sec-  
22           tions 225 and 322 (relating to family rental con-  
23           tributions), if the welfare or public assistance bene-  
24           fits of a covered family are reduced under a Federal,  
25           State, or local law regarding such an assistance pro-

1       gram because of any failure of any member of the  
2       family to comply with the conditions under the as-  
3       sistance program requiring participation in an eco-  
4       nomic self-sufficiency program, the amount required  
5       to be paid by the family as a monthly contribution  
6       toward rent may not be decreased, during the period  
7       of the reduction, as a result of any decrease in the  
8       income of the family (to the extent that the decrease  
9       in income is a result of the benefits reduction).

10           (3) EFFECT OF FRAUD.—Notwithstanding the  
11       provisions of sections 225 and 322 (relating to fam-  
12       ily rental contributions), if the welfare or public as-  
13       sistance benefits of a covered family are reduced be-  
14       cause of an act of fraud by a member of the family  
15       under the law or program, the amount required to  
16       be paid by the covered family as a monthly contribu-  
17       tion toward rent may not be decreased, during the  
18       period of the reduction, as a result of any decrease  
19       in the income of the family (to the extent that the  
20       decrease in income is a result of the benefits reduc-  
21       tion).

22           (4) NOTICE.—Paragraphs (2) and (3) shall not  
23       apply to any covered family before the public hous-  
24       ing agency providing assistance under this Act on  
25       behalf of the family obtains written notification from

1 the relevant welfare or public assistance agency  
2 specifying that the family's benefits have been re-  
3 duced because of noncompliance with economic self-  
4 sufficiency program requirements or fraud and the  
5 level of such reduction.

6 (5) OCCUPANCY RIGHTS.—This subsection may  
7 not be construed to authorize any public housing  
8 agency to establish any time limit on tenancy in a  
9 public housing dwelling unit or on receipt of housing  
10 assistance under title III.

11 (6) REVIEW.—Any covered family residing in  
12 public housing that is affected by the operation of  
13 this subsection shall have the right to review the de-  
14 termination under this subsection through the ad-  
15 ministrative grievance procedure established pursu-  
16 ant to section 110 for the public housing agency.

17 (7) COOPERATION AGREEMENTS FOR ECONOMIC  
18 SELF-SUFFICIENCY ACTIVITIES.—

19 (A) REQUIREMENT.—A public housing  
20 agency providing public housing dwelling units  
21 or housing assistance under title III for covered  
22 families shall make its best efforts to enter into  
23 such cooperation agreements, with State, local,  
24 and other agencies providing assistance to cov-  
25 ered families under welfare or public assistance

1 programs, as may be necessary, to provide for  
2 such agencies to transfer information to facili-  
3 tate administration of subsection (a) and para-  
4 graphs (2), (3), and (4) of this subsection, and  
5 other information regarding rents, income, and  
6 assistance that may assist a public housing  
7 agency or welfare or public assistance agency in  
8 carrying out its functions.

9 (B) CONTENTS.—A public housing agency  
10 shall seek to include in a cooperation agreement  
11 under this paragraph requirements and provi-  
12 sions designed to target assistance under wel-  
13 fare and public assistance programs to families  
14 residing in public housing developments and re-  
15 ceiving choice-based assistance under title III,  
16 which may include providing for self-sufficiency  
17 services within such housing, providing for serv-  
18 ices designed to meet the unique employment-  
19 related needs of residents of such housing and  
20 recipients of such assistance, providing for  
21 placement of workfare positions on-site in such  
22 housing, and such other elements as may be ap-  
23 propriate.

24 (C) CONFIDENTIALITY.—This paragraph  
25 may not be construed to authorize any release

1 of information that is prohibited by, or in con-  
2 travention of, any other provision of Federal,  
3 State, or local law.

4 (d) COMMUNITY WORK AND FAMILY SELF-SUFFI-  
5 CIENCY AGREEMENTS.—

6 (1) IN GENERAL.—A public housing agency  
7 shall enter into a community work and family self-  
8 sufficiency agreement under this subsection with  
9 each adult member and head of household of each  
10 family who is to reside in a dwelling unit in public  
11 housing of the agency and each family on behalf of  
12 whom the agency will provide housing assistance  
13 under title III. Under the agreement the family shall  
14 agree that, as a condition of occupancy of the public  
15 housing dwelling unit or of receiving such housing  
16 assistance, the family will comply with the terms of  
17 the agreement.

18 (2) TERMS.—An agreement under this sub-  
19 section shall include the following:

20 (A) Terms designed to encourage and fa-  
21 cilitate the economic self-sufficiency of the as-  
22 sisted family entering into the agreement and  
23 the graduation of the family from assisted  
24 housing to unassisted housing.

1 (B) Notice of the requirements under sub-  
2 section (a) (relating to community work) and  
3 the conditions imposed by, and exemptions  
4 from, such requirement.

5 (C) The target date agreed upon by the  
6 family pursuant to subsection (b) for gradua-  
7 tion from, termination of tenancy in, or termi-  
8 nation of receipt of public housing or housing  
9 assistance under title III.

10 (D) Terms providing for any resources,  
11 services, and assistance relating to self-suffi-  
12 ciency that will be made available to the family,  
13 including any assistance to be made available  
14 pursuant to subsection (c)(7)(B) under a co-  
15 operation agreement entered into under sub-  
16 section (c)(7).

17 (E) Notice of the provisions of paragraphs  
18 (2) through (7) of subsection (c) (relating to ef-  
19 fect of changes in income on rent and assisted  
20 families rights under such circumstances).

21 (e) LEASE PROVISIONS.—A public housing agency  
22 shall incorporate into leases under sections 226, and into  
23 any agreements for the provision of choice-based assist-  
24 ance under title III on behalf of a family—

1           (1) a provision requiring compliance with the  
2           requirement under subsection (a); and

3           (2) provisions incorporating the conditions  
4           under subsection (c).

5           (f) TREATMENT OF INCOME.—Notwithstanding any  
6 other provision of this section, in determining the income  
7 or tenancy of a family who resides in public housing or  
8 receives housing assistance under title III, a public hous-  
9 ing agency shall consider any decrease in the income of  
10 a family that results from the reduction of any welfare  
11 or public assistance benefits received by the family under  
12 any Federal, State, or local law regarding a program for  
13 such assistance if the family (or a member thereof, as ap-  
14 plicable) has complied with the conditions for receiving  
15 such assistance and is unable to obtain employment not-  
16 withstanding such compliance.

17          (g) DEFINITION.—For purposes of this section, the  
18 term “economic self-sufficiency program” means any pro-  
19 gram designed to encourage, assist, train, or facilitate the  
20 economic independence of participants and their families  
21 or to provide work for participants, including programs  
22 for job training, employment counseling, work placement,  
23 basic skills training, education, workfare, financial or  
24 household management, apprenticeship, or other activities  
25 as the Secretary may provide.

1 **SEC. 106. LOCAL HOUSING MANAGEMENT PLANS.**

2 (a) 5-YEAR PLAN.—The Secretary shall provide for  
3 each public housing agency to submit to the Secretary,  
4 once every 5 years, a plan under this subsection for the  
5 agency covering a period consisting of 5 fiscal years. Each  
6 such plan shall contain, with respect to the 5-year period  
7 covered by the plan, the following information:

8 (1) STATEMENT OF MISSION.—A statement of  
9 the mission of the agency for serving the needs of  
10 low-income families in the jurisdiction of the agency  
11 during such period.

12 (2) GOALS AND OBJECTIVES.—A statement of  
13 the goals and objectives of the agency that will en-  
14 able the agency to serve the needs identified pursu-  
15 ant to paragraph (1) during such period.

16 (3) CAPITAL IMPROVEMENT OVERVIEW.—If the  
17 agency will provide capital improvements for public  
18 housing developments during such period, an over-  
19 view of such improvements, the rationale for such  
20 improvements, and an analysis of how such improve-  
21 ments will enable the agency to meet its goals, objec-  
22 tives, and mission.

23 The first 5-year plan under this subsection for a public  
24 housing agency shall be submitted for the 5-year period  
25 beginning with the first fiscal year for which the agency  
26 receives assistance under this Act.

1           (b) ANNUAL PLAN.—The Secretary shall provide for  
2 each public housing agency to submit to the Secretary a  
3 local housing management plan under this section for each  
4 fiscal year that contains the information required under  
5 subsection (d). For each fiscal year after the initial sub-  
6 mission of a plan under this section by a public housing  
7 agency, the agency may comply with requirements for sub-  
8 mission of a plan under this subsection by submitting an  
9 update of the plan for the fiscal year.

10           (c) PROCEDURES.—The Secretary shall establish re-  
11 quirements and procedures for submission and review of  
12 plans, including requirements for timing and form of sub-  
13 mission, and for the contents of such plans. Such proce-  
14 dures shall provide that a public housing agency—

15                 (1) shall, in conjunction with the relevant State  
16 or unit of general local government, establish proce-  
17 dures to ensure that the plan under this section is  
18 consistent with the applicable comprehensive housing  
19 affordability strategy (or any consolidated plan in-  
20 corporating such strategy) for the jurisdiction in  
21 which the public housing agency is located, in ac-  
22 cordance with title I of the Cranston-Gonzalez Na-  
23 tional Affordable Housing Act; and

24                 (2) may, at the option of the agency, submit a  
25 plan under this section together with, or as part of,

1 the comprehensive housing affordability strategy (or  
2 any consolidated plan incorporating such strategy)  
3 for the relevant jurisdiction, and for concomitant re-  
4 view of such plans submitted together.

5 (d) CONTENTS.—An annual local housing manage-  
6 ment plan under this section for a public housing agency  
7 shall contain the following information relating to the up-  
8 coming fiscal year for which the assistance under this Act  
9 is to be made available:

10 (1) NEEDS.—A statement of the housing needs  
11 of low-income and very low-income families residing  
12 in the community served by the agency, and of other  
13 low-income families on the waiting list of the agency  
14 (including the housing needs of elderly families and  
15 disabled families), and the means by which the agen-  
16 cy intends, to the maximum extent practicable, to  
17 address such needs.

18 (2) FINANCIAL RESOURCES.—A statement of fi-  
19 nancial resources available for the agency the  
20 planned uses of such resources that includes—

21 (A) a description of the financial resources  
22 available to the agency;

23 (B) the uses to which such resources will  
24 be committed, including all proposed eligible  
25 and required activities under section 203 and

1 housing assistance to be provided under title  
2 III;

3 (C) an estimate of the costs of operation  
4 and the market rental value of each public  
5 housing development; and

6 (D) a specific description, based on popu-  
7 lation and demographic data, of the unmet af-  
8 fordable housing needs of families in the com-  
9 munity served by the agency having incomes  
10 not exceeding 30 percent of the area median in-  
11 come and a statement of how the agency will  
12 expend grant amounts received under this Act  
13 to meet the housing needs of such families.

14 (3) POPULATION SERVED.—A statement of the  
15 policies of the agency governing eligibility, admis-  
16 sions, and occupancy of families with respect to pub-  
17 lic housing dwelling units and housing assistance  
18 under title III, including—

19 (A) the requirements for eligibility for such  
20 units and assistance and the method and proce-  
21 dures by which eligibility and income will be de-  
22 termined and verified;

23 (B) the requirements for selection and ad-  
24 missions of eligible families for such units and  
25 assistance, including any preferences and proce-

1           dures established by the agency and any out-  
2           reach efforts;

3           (C) the procedures for assignment of fami-  
4           lies admitted to dwelling units owned, leased,  
5           managed, operated, or assisted by the agency;

6           (D) any standards and requirements for  
7           occupancy of public housing dwelling units and  
8           units assisted under title III, including resident  
9           screening policies, standard lease provisions,  
10          conditions for continued occupancy, termination  
11          of tenancy, eviction, and conditions for termi-  
12          nation of housing assistance;

13          (E) the procedures for maintaining waiting  
14          lists for admissions to public housing develop-  
15          ments of the agency, which may include a sys-  
16          tem of site-based waiting lists under section  
17          224(c);

18          (F) the criteria for providing and denying  
19          housing assistance under title III to families  
20          moving into the jurisdiction of the agency;

21          (G) the procedures for coordination with  
22          entities providing assistance to homeless fami-  
23          lies in the jurisdiction of the agency; and

24          (H) the fair housing policy of the agency.

1           (4) RENT DETERMINATION.—A statement of  
2 the policies of the agency governing rents charged  
3 for public housing dwelling units and rental con-  
4 tributions of assisted families under title III and the  
5 system used by the agency to ensure that such rents  
6 comply with the requirements of this Act.

7           (5) OPERATION AND MANAGEMENT.—A state-  
8 ment of the rules, standards, and policies of the pub-  
9 lic housing agency governing maintenance and man-  
10 agement of housing owned and operated by the  
11 agency, and management of the public housing agen-  
12 cy and programs of the agency, including—

13           (A) a description of the manner in which  
14 the agency is organized (including any consortia  
15 or joint ventures) and staffed to perform the  
16 duties and functions of the public housing agen-  
17 cy and to administer the operating fund dis-  
18 tributions of the agency;

19           (B) policies relating to the rental of dwell-  
20 ing units, including policies designed to reduce  
21 vacancies;

22           (C) housing quality standards in effect  
23 pursuant to sections 232 and 328 and any cer-  
24 tifications required under such sections;

1 (D) emergency and disaster plans for pub-  
2 lic housing;

3 (E) priorities and improvements for man-  
4 agement of public housing, including initiatives  
5 to control costs; and

6 (F) policies of the agency requiring the  
7 loss or termination of housing assistance and  
8 tenancy under sections 641 and 642 (relating to  
9 occupancy standards for federally assisted hous-  
10 ing).

11 (6) GRIEVANCE PROCEDURE.—A statement of  
12 the grievance procedures of the agency under section  
13 110.

14 (7) CAPITAL IMPROVEMENTS.—With respect to  
15 public housing developments owned or operated by  
16 the agency, a plan describing the capital improve-  
17 ments necessary to ensure long-term physical and  
18 social viability of the developments.

19 (8) DEMOLITION AND DISPOSITION.—With re-  
20 spect to public housing developments owned or oper-  
21 ated by the agency—

22 (A) a description of any such housing to be  
23 demolished or disposed of under subtitle E of  
24 title II; and

1           (B) a timetable for such demolition or dis-  
2           position.

3           (9) DESIGNATION OF HOUSING FOR ELDERLY  
4           AND DISABLED FAMILIES.—With respect to public  
5           housing developments owned or operated by the  
6           agency, a description of any developments (or por-  
7           tions thereof) that the agency has designated or will  
8           designate for occupancy by elderly and disabled fam-  
9           ilies in accordance with section 227 and any infor-  
10          mation required under section 227(d) for such des-  
11          ignated developments.

12          (10) CONVERSION OF PUBLIC HOUSING.—With  
13          respect to public housing owned or operated by the  
14          agency, a description of any building or buildings  
15          that the agency is required, under section 203(b), to  
16          convert to housing assistance under title III or that  
17          the agency voluntarily converts, an analysis of such  
18          buildings required under such section for conversion,  
19          and a statement of the amount of grant amounts  
20          under title II to be used for rental assistance or  
21          other housing assistance.

22          (11) HOMEOWNERSHIP ACTIVITIES.—A descrip-  
23          tion of—

1           (A) any homeownership programs of the  
2 agency under subtitle D of title II or section  
3 329 for the agency;

4           (B) the requirements and assistance avail-  
5 able under the programs described pursuant to  
6 subparagraph (A); and

7           (C) the annual goals of the agency for ad-  
8 ditional availability of homeownership units.

9           (12) ECONOMIC SELF-SUFFICIENCY AND CO-  
10 ORDINATION WITH WELFARE AND OTHER APPRO-  
11 PRIATE AGENCIES.—A description of—

12           (A) policies relating to services and amen-  
13 ities provided or offered to assisted families, in-  
14 cluding the provision of service coordinators  
15 and services designed for certain populations  
16 (such as the elderly and disabled);

17           (B) how the agency will coordinate with  
18 State, local, and other agencies providing assist-  
19 ance to families participating in welfare or pub-  
20 lic assistance programs;

21           (C) how the agency will implement and ad-  
22 minister section 105; and

23           (D) any policies, programs, plans, and ac-  
24 tivities of the agency for the enhancement of  
25 the economic and social self-sufficiency of resi-

1           dents assisted by the programs of the agency,  
2           including rent structures to encourage self-suf-  
3           ficiency.

4           (13) SAFETY AND CRIME PREVENTION.—A plan  
5           established by the public housing agency, which shall  
6           be subject to the following requirements:

7                   (A) SAFETY MEASURES.—The plan shall  
8                   provide, on a development-by-development basis,  
9                   for measures to ensure the safety of public  
10                  housing residents.

11                  (B) ESTABLISHMENT.—The plan shall be  
12                  established, with respect to each development,  
13                  in consultation with the police officer or officers  
14                  in command for the precinct in which the devel-  
15                  opment is located.

16                  (C) CONTENT.—The plan shall describe  
17                  the need for measures to ensure the safety of  
18                  public housing residents and for crime preven-  
19                  tion measures, describe any such activities con-  
20                  ducted, or to be conducted, by the agency, and  
21                  provide for coordination between the public  
22                  housing agency and the appropriate police pre-  
23                  cincts for carrying out such measures and ac-  
24                  tivities.

1           (D) SECRETARIAL ACTION.—If the Sec-  
2           retary determines, at any time, that the secu-  
3           rity needs of a development are not being ade-  
4           quately addressed by the plan, or that the local  
5           police precinct is not complying with the plan,  
6           the Secretary may mediate between the public  
7           housing agency and the local precinct to resolve  
8           any issues of conflict. If after such mediation  
9           has occurred and the Secretary determines that  
10          the security needs of the development are not  
11          adequately addressed, the Secretary may re-  
12          quire the public housing agency to submit an  
13          amended plan.

14          (14) ANNUAL AUDIT.—The results of the most  
15          recent fiscal year audit of the agency required under  
16          section 541(b).

17          (15) TROUBLED AGENCIES.—Such other addi-  
18          tional information as the Secretary may determine  
19          to be appropriate for each public housing agency  
20          that is designated—

21                  (A) under section 533(c) as at risk of be-  
22                  coming troubled; or

23                  (B) under section 533(a) as troubled.

24          (16) ASSET MANAGEMENT.—A statement of  
25          how the agency will carry out its asset management

1 functions with respect to the public housing inven-  
2 tory of the agency, including how the agency will  
3 plan for the long-term operating, capital investment,  
4 rehabilitation, modernization, disposition, and other  
5 needs for such inventory.

6 (e) CITIZEN PARTICIPATION.—

7 (1) PUBLICATION OF NOTICE.—Not later than  
8 45 days before the date of a hearing conducted  
9 under paragraph (2) by the governing body of a  
10 public housing agency, the agency shall—

11 (A) publish a notice informing the public  
12 that the proposed local housing management  
13 plan or amendment is available for inspection at  
14 the principal office of the public housing agency  
15 during normal business hours and make the  
16 plan or amendment so available for inspection  
17 during such period; and

18 (B) publish a notice informing the public  
19 that a public hearing will be conducted to dis-  
20 cuss the local housing management plan and to  
21 invite public comment regarding that plan.

22 (2) PUBLIC HEARING.—Before submitting a  
23 plan under this section or a significant amendment  
24 under section 107(f) to a plan, a public housing  
25 agency shall, at a location that is convenient to resi-

1       dents, conduct a public hearing, as provided in the  
2       notice published under paragraph (1), regarding the  
3       public housing plan or the amendment of the agen-  
4       cy.

5               (3) CONSIDERATION OF COMMENTS.—A public  
6       housing agency shall consider any comments or  
7       views made available pursuant to paragraphs (1)  
8       and (2) in preparing a final plan or amendment for  
9       submission to the Secretary. A summary of such  
10      comments or views shall be attached to the plan,  
11      amendment, or report submitted.

12              (4) ADOPTION OF PLAN.—After conducting the  
13      public hearing under paragraph (2) and considering  
14      public comments in accordance with paragraph (3),  
15      the public housing agency shall make any appro-  
16      priate changes to the local housing management  
17      plan or amendment and shall—

18                      (A) adopt the local housing management  
19                      plan;

20                      (B) submit the plan to any local elected of-  
21                      ficial or officials responsible for appointing the  
22                      members of the board of directors (or other  
23                      similar governing body) of the public housing  
24                      agency for review and approval under sub-  
25                      section (f);

1 (C) submit the plan to the Secretary in ac-  
2 cordance with this section; and

3 (D) make the submitted plan or amend-  
4 ment publicly available.

5 (f) LOCAL REVIEW.—The public housing agency shall  
6 submit a plan under this subsection to any local elected  
7 official or officials responsible for appointing the members  
8 of the board of directors (or other similar governing body)  
9 of the public housing agency for review and approval for  
10 a 45-day period beginning on the date that the plan is  
11 submitted to such local official or officials (which period  
12 may run concurrently with any period under subsection  
13 (e) for public comment). If the local official or officials  
14 responsible under this subsection do not act within 45  
15 days of submission of the plan, the plan shall be consid-  
16 ered approved. If the local official or officials responsible  
17 under this subsection reject the public housing agency’s  
18 plan, they shall return the plan with their recommended  
19 changes to the agency within 5 days of their disapproval.  
20 The agency shall resubmit an updated plan to the local  
21 official or officials within 30 days of receiving the objec-  
22 tions, If the local official or officials again reject the plan,  
23 the resubmitted plan, together with the local official’s ob-  
24 jections, shall be submitted to the Secretary for approval.

1 (g) PLANS FOR SMALL PHA'S AND PHA'S ADMIN-  
2 ISTERING ONLY RENTAL ASSISTANCE.—The Secretary  
3 shall establish requirements for submission of plans under  
4 this section and the information to be included in such  
5 plans applicable to public housing agencies that own or  
6 operate less than 250 public housing dwelling units and  
7 shall establish requirements for such submission and in-  
8 formation applicable to agencies that only administer  
9 housing assistance under title III (and do not own or oper-  
10 ate public housing). Such requirements shall waive any re-  
11 quirements under this section that the Secretary deter-  
12 mines are burdensome or unnecessary for such agencies.

13 **SEC. 107. REVIEW OF PLANS.**

14 (a) REVIEW AND NOTICE.—

15 (1) REVIEW.—The Secretary shall conduct a  
16 limited review of each local housing management  
17 plan submitted to the Secretary to ensure that the  
18 plan is complete and complies with the requirements  
19 of section 106. The Secretary shall have the discre-  
20 tion to review a plan to the extent that the Secretary  
21 considers review is necessary.

22 (2) NOTICE.—The Secretary shall notify each  
23 public housing agency submitting a plan whether the  
24 plan complies with such requirements not later than  
25 75 days after receiving the plan. If the Secretary

1 does not notify the public housing agency, as re-  
2 quired under this subsection and subsection (b), the  
3 Secretary shall be considered, for purposes of this  
4 Act, to have made a determination that the plan  
5 complies with the requirements under section 106  
6 and the agency shall be considered to have been no-  
7 tified of compliance upon the expiration of such 75-  
8 day period. The preceding sentence shall not pre-  
9 clude judicial review regarding such compliance pur-  
10 suant to chapter 7 of title 5, United States Code, or  
11 an action regarding such compliance under section  
12 1979 of the Revised Statutes of the United States  
13 (42 U.S.C. 1883).

14 (b) NOTICE OF REASONS FOR DETERMINATION OF  
15 NONCOMPLIANCE.—If the Secretary determines that a  
16 plan, as submitted, does not comply with the requirements  
17 under section 106, the Secretary shall specify in the notice  
18 under subsection (a) the reasons for the noncompliance  
19 and any modifications necessary for the plan to meet the  
20 requirements under section 106.

21 (c) STANDARDS FOR DETERMINATION OF NON-  
22 COMPLIANCE.—The Secretary may determine that a plan  
23 does not comply with the requirements under section 106  
24 only if—

1           (1) the plan is incomplete in significant matters  
2 required under such section;

3           (2) there is evidence available to the Secretary  
4 that challenges, in a substantial manner, any infor-  
5 mation provided in the plan;

6           (3) the Secretary determines that the plan does  
7 not comply with Federal law or violates the purposes  
8 of this Act because it fails to provide housing that  
9 will be viable on a long-term basis at a reasonable  
10 cost;

11           (4) the plan plainly fails to adequately identify  
12 the needs of low-income families for housing assist-  
13 ance in the jurisdiction of the agency;

14           (5) the plan plainly fails to adequately identify  
15 the capital improvement needs for public housing de-  
16 velopments in the jurisdiction of the agency;

17           (6) the activities identified in the plan are  
18 plainly inappropriate to address the needs identified  
19 in the plan; or

20           (7) the plan is inconsistent with the require-  
21 ments of this Act.

22 The Secretary shall determine that a plan does not comply  
23 with the requirements under section 106 if the plan does  
24 not include the information required under section  
25 106(d)(2)(D).

1           (d) TREATMENT OF EXISTING PLANS.—Notwith-  
2 standing any other provision of this title, a public housing  
3 agency shall be considered to have submitted a plan under  
4 this section if the agency has submitted to the Secretary  
5 a comprehensive plan under section 14(e) of the United  
6 States Housing Act of 1937 (as in effect immediately be-  
7 fore the effective date of the repeal under section 601(b)  
8 of this Act) or under the comprehensive improvement as-  
9 sistance program under such section 14, and the Secretary  
10 has approved such plan, before January 1, 1997. The Sec-  
11 retary shall provide specific procedures and requirements  
12 for such authorities to amend such plans by submitting  
13 only such additional information as is necessary to comply  
14 with the requirements of section 106.

15           (e) ACTIONS TO CHANGE PLAN.—A public housing  
16 agency that has submitted a plan under section 106 may  
17 change actions or policies described in the plan before sub-  
18 mission and review of the plan of the agency for the next  
19 fiscal year only if—

20                   (1) in the case of costly or nonroutine changes,  
21           the agency submits to the Secretary an amendment  
22           to the plan under subsection (f) which is reviewed in  
23           accordance with such subsection; or

24                   (2) in the case of inexpensive or routine  
25           changes, the agency describes such changes in such

1 local housing management plan for the next fiscal  
2 year.

3 (f) AMENDMENTS TO PLAN.—

4 (1) IN GENERAL.—During the annual or 5-year  
5 period covered by the plan for a public housing  
6 agency, the agency may submit to the Secretary any  
7 amendments to the plan.

8 (2) REVIEW.—The Secretary shall conduct a  
9 limited review of each proposed amendment submit-  
10 ted under this subsection to determine whether the  
11 plan, as amended by the amendment, complies with  
12 the requirements of section 106 and notify each pub-  
13 lic housing agency submitting the amendment  
14 whether the plan, as amended, complies with such  
15 requirements not later than 30 days after receiving  
16 the amendment. If the Secretary determines that a  
17 plan, as amended, does not comply with the require-  
18 ments under section 106, such notice shall indicate  
19 the reasons for the noncompliance and any modifica-  
20 tions necessary for the plan to meet the require-  
21 ments under section 106. If the Secretary does not  
22 notify the public housing agency as required under  
23 this paragraph, the plan, as amended, shall be con-  
24 sidered, for purposes of this section, to comply with  
25 the requirements under section 106.

1           (3) STANDARDS FOR DETERMINATION OF NON-  
2 COMPLIANCE.—The Secretary may determine that a  
3 plan, as amended by a proposed amendment, does  
4 not comply with the requirements under section 106  
5 only if—

6           (A) the plan, as amended, would be subject  
7 to a determination of noncompliance in accord-  
8 ance with the provisions of subsection (c);

9           (B) the Secretary determines that—

10           (i) the proposed amendment is plainly  
11 inconsistent with the activities specified in  
12 the plan; or

13           (ii) there is evidence that challenges,  
14 in a substantial manner, any information  
15 contained in the amendment; or

16           (C) the Secretary determines that the plan,  
17 as amended, violates the purposes of this Act  
18 because it fails to provide housing that will be  
19 viable on a long-term basis at a reasonable cost.

20           (4) AMENDMENTS TO EXTEND TIME OF PER-  
21 FORMANCE.—Notwithstanding any other provision of  
22 this subsection, the Secretary may not determine  
23 that any amendment to the plan of a public housing  
24 agency that extends the time for performance of ac-  
25 tivities assisted with amounts provided under this

1 title fails to comply with the requirements under sec-  
2 tion 106 if the Secretary has not provided the  
3 amount of assistance set forth in the plan or has not  
4 provided the assistance in a timely manner.

5 **SEC. 108. REPORTING REQUIREMENTS.**

6 (a) PERFORMANCE AND EVALUATION REPORT.—

7 Each public housing agency shall annually submit to the  
8 Secretary, on a date determined by the Secretary, a per-  
9 formance and evaluation report concerning the use of  
10 funds made available under this Act. The report of the  
11 public housing agency shall include an assessment by the  
12 agency of the relationship of such use of funds made avail-  
13 able under this Act, as well as the use of other funds,  
14 to the needs identified in the local housing management  
15 plan and to the purposes of this Act. The public housing  
16 agency shall certify that the report was available for re-  
17 view and comment by affected tenants prior to its submis-  
18 sion to the Secretary.

19 (b) REVIEW OF PHA'S.—The Secretary shall, at  
20 least on an annual basis, make such reviews as may be  
21 necessary or appropriate to determine whether each public  
22 housing agency receiving assistance under this section—

23 (1) has carried out its activities under this Act  
24 in a timely manner and in accordance with its local  
25 housing management plan; and

1           (2) has a continuing capacity to carry out its  
2           local housing management plan in a timely manner.

3           (c) RECORDS.—Each public housing agency shall col-  
4 lect, maintain, and submit to the Secretary such data and  
5 other program records as the Secretary may require, in  
6 such form and in accordance with such schedule as the  
7 Secretary may establish.

8 **SEC. 109. PET OWNERSHIP.**

9           Pet ownership in housing assisted under this Act that  
10 is federally assisted rental housing (as such term is de-  
11 fined in section 227 of the Housing and Urban-Rural Re-  
12 covery Act of 1983) shall be governed by the provisions  
13 of section 227 of such Act.

14 **SEC. 110. ADMINISTRATIVE GRIEVANCE PROCEDURE.**

15           (a) REQUIREMENTS.—Each public housing agency  
16 receiving assistance under this Act shall establish and im-  
17 plement an administrative grievance procedure under  
18 which residents of public housing will—

19           (1) be advised of the specific grounds of any  
20           proposed adverse public housing agency action;

21           (2) have an opportunity for a hearing before an  
22           impartial party (including appropriate employees of  
23           the public housing agency) upon timely request with-  
24           in a reasonable period of time;

1           (3) have an opportunity to examine any docu-  
2           ments or records or regulations related to the pro-  
3           posed action;

4           (4) be entitled to be represented by another  
5           person of their choice at any hearing;

6           (5) be entitled to ask questions of witnesses and  
7           have others make statements on their behalf; and

8           (6) be entitled to receive a written decision by  
9           the public housing agency on the proposed action.

10          (b) EXCLUSION FROM ADMINISTRATIVE PROCEDURE  
11 OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC  
12 HOUSING INVOLVING HEALTH, SAFETY, OR PEACEFUL  
13 ENJOYMENT.—A public housing agency may exclude from  
14 its procedure established under subsection (a) any griev-  
15 ance, in any jurisdiction which requires that prior to evic-  
16 tion, a tenant be given a hearing in court, which the Sec-  
17 retary determines provides the basic elements of due proc-  
18 ess (which the Secretary shall establish by rule under sec-  
19 tion 553 of title 5, United States Code), concerning an  
20 eviction from or termination of tenancy in public housing  
21 that involves any activity that threatens the health, safety,  
22 or right to peaceful enjoyment of the premises of other  
23 tenants or employees of the public housing agency or any  
24 drug-related criminal activity on or off such premises. In  
25 the case of any eviction from or termination of tenancy

1 in public housing not described in the preceding sentence,  
2 each of the following provisions shall apply:

3 (1) Such eviction or termination shall be sub-  
4 ject to an administrative grievance procedure if the  
5 tenant so evicted or terminated requests a hearing  
6 under such procedure not later than five days after  
7 service of notice of such eviction or termination.

8 (2) The public housing agency shall take final  
9 action regarding a grievance under paragraph (1)  
10 not later than thirty days after such notice is served.

11 (3) If the public housing agency fails to provide  
12 a hearing under the grievance procedure pursuant to  
13 a request under paragraph (1) and take final action  
14 regarding the grievance before the expiration of the  
15 30-day period under paragraph (2), the notice of  
16 eviction or termination shall be considered void and  
17 shall not be given any force or effect.

18 (4) If a public housing authority takes final ac-  
19 tion on a grievance for any eviction or termination,  
20 the tenant and any member of the tenant's house-  
21 hold shall not have any right in connection with any  
22 subsequent eviction or termination notice to request  
23 or be afforded any administrative grievance hearing  
24 during the 1-year period beginning upon the date of  
25 the final action.

1           (c) INAPPLICABILITY TO CHOICE-BASED RENTAL  
2 HOUSING ASSISTANCE.—This section may not be con-  
3 strued to require any public housing agency to establish  
4 or implement an administrative grievance procedure with  
5 respect to assisted families under title III.

6 **SEC. 111. HEADQUARTERS RESERVE FUND.**

7           (a) ANNUAL RESERVATION OF AMOUNTS.—Notwith-  
8 standing any other provision of law, the Secretary may  
9 retain not more than 2 percent of the amounts appro-  
10 priated to carry out title II for any fiscal year for use  
11 in accordance with this section.

12           (b) USE OF AMOUNTS.—Any amounts that are re-  
13 tained under subsection (a) or appropriated for use under  
14 this section shall be available for subsequent allocation to  
15 specific areas and communities, and may only be used for  
16 the Department of Housing and Urban Development  
17 and—

18                   (1) for unforeseen housing needs resulting from  
19 natural and other disasters;

20                   (2) for housing needs resulting from emer-  
21 gencies, as determined by the Secretary, other than  
22 such disasters;

23                   (3) for housing needs related to a settlement of  
24 litigation, including settlement of fair housing litiga-  
25 tion; and

1           (4) for needs related to the Secretary's actions  
2           under this Act regarding troubled and at-risk public  
3           housing agencies.

4   Housing needs under this subsection may be met through  
5   the provision of assistance in accordance with title II or  
6   title III, or both.

7   **SEC. 112. LABOR STANDARDS.**

8           (a) IN GENERAL.—Any contract for grants, sale, or  
9           lease pursuant to this Act relating to public housing shall  
10          contain the following provisions:

11           (1) OPERATION.—A provision requiring that  
12           not less than the wages prevailing in the locality, as  
13           determined or adopted (subsequent to a determina-  
14           tion under applicable State or local law) by the Sec-  
15           retary, shall be paid to all contractors and persons  
16           employed in the operation of the low-income housing  
17           development involved.

18           (2) PRODUCTION.—A provision that not less  
19           than the wages prevailing in the locality, as pre-  
20           determined by the Secretary of Labor pursuant to  
21           the Davis-Bacon Act (40 U.S.C. 276a—276a-5),  
22           shall be paid to all laborers and mechanics employed  
23           in the production of the development involved.

1 The Secretary shall require certification as to compliance  
2 with the provisions of this section before making any pay-  
3 ment under such contract.

4 (b) EXCEPTIONS.—Subsection (a) and the provisions  
5 relating to wages (pursuant to subsection (a)) in any con-  
6 tract for grants, sale, or lease pursuant to this Act relating  
7 to public housing, shall not apply to any individual who—

8 (1) performs services for which the individual  
9 volunteered;

10 (2)(A) does not receive compensation for such  
11 services; or

12 (B) is paid expenses, reasonable benefits, or a  
13 nominal fee for such services; and

14 (3) is not otherwise employed at any time in the  
15 construction work.

16 **SEC. 113. NONDISCRIMINATION.**

17 (a) IN GENERAL.—No person in the United States  
18 shall on the grounds of race, color, national origin, reli-  
19 gion, or sex be excluded from participation in, be denied  
20 the benefits of, or be subjected to discrimination under  
21 any program or activity funded in whole or in part with  
22 amounts made available under this Act. Any prohibition  
23 against discrimination on the basis of age under the Age  
24 Discrimination Act of 1975 or with respect to an otherwise  
25 qualified handicapped individual as provided in section

1 504 of the Rehabilitation Act of 1973 shall also apply to  
2 any such program or activity.

3 (b) CIVIL RIGHTS COMPLIANCE.—Each public hous-  
4 ing agency that receives grant amounts under this Act  
5 shall use such amounts and carry out its local housing  
6 management plan approved under section 107 in conform-  
7 ity with title VI of the Civil Rights Act of 1964, the Fair  
8 Housing Act, section 504 of the Rehabilitation Act of  
9 1973, the Age Discrimination Act of 1975, and the Ameri-  
10 cans With Disabilities Act of 1990, and shall affirmatively  
11 further fair housing.

12 **SEC. 114. PROHIBITION ON USE OF FUNDS.**

13 None of the funds made available to the Department  
14 of Housing and Urban Development to carry out this Act,  
15 which are obligated to State or local governments, public  
16 housing agencies, housing finance agencies, or other public  
17 or quasi-public housing agencies, shall be used to indem-  
18 nify contractors or subcontractors of the government or  
19 agency against costs associated with judgments of in-  
20 fringement of intellectual property rights.

21 **SEC. 115. INAPPLICABILITY TO INDIAN HOUSING.**

22 Except as specifically provided by law, the provisions  
23 of this title, and titles II, III, IV, and V shall not apply  
24 to public housing developed or operated pursuant to a con-  
25 tract between the Secretary and an Indian housing author-

1 ity under the United States Housing Act of 1937 or to  
 2 housing assisted under the Native American Housing As-  
 3 sistance and Self-Determination Act of 1996.

4 **SEC. 116. REGULATIONS.**

5 (a) IN GENERAL.—The Secretary may issue any reg-  
 6 ulations necessary to carry out this Act. This subsection  
 7 shall take effect on the date of the enactment of this Act.

8 (b) RULE OF CONSTRUCTION.—Any failure by the  
 9 Secretary to issue any regulations authorized under sub-  
 10 section (a) shall not affect the effectiveness of any provi-  
 11 sion of this Act or any amendment made by this Act.

12 **TITLE II—PUBLIC HOUSING**

13 **Subtitle A—Block Grants**

14 **SEC. 201. BLOCK GRANT CONTRACTS.**

15 (a) IN GENERAL.—The Secretary shall enter into  
 16 contracts with public housing agencies under which—

17 (1) the Secretary agrees to make a block grant  
 18 under this title, in the amount provided under sec-  
 19 tion 202(c), for assistance for low-income housing to  
 20 the public housing agency for each fiscal year cov-  
 21 ered by the contract; and

22 (2) the agency agrees—

23 (A) to provide safe, clean, and healthy  
 24 housing that is affordable to low-income fami-  
 25 lies and services for families in such housing;

1 (B) to operate, or provide for the oper-  
2 ation, of such housing in a financially sound  
3 manner;

4 (C) to use the block grant amounts in ac-  
5 cordance with this title and the local housing  
6 management plan for the agency that complies  
7 with the requirements of section 106;

8 (D) to involve residents of housing assisted  
9 with block grant amounts in functions and deci-  
10 sions relating to management and the quality of  
11 life in such housing;

12 (E) that the management of the public  
13 housing of the agency shall be subject to ac-  
14 tions authorized under subtitle D of title V;

15 (F) that the Secretary may take actions  
16 under section 205 with respect to improper use  
17 of grant amounts provided under the contract;  
18 and

19 (G) to otherwise comply with the require-  
20 ments under this title.

21 (b) SMALL PUBLIC HOUSING AGENCY CAPITAL  
22 GRANT OPTION.—For any fiscal year, upon the request  
23 of the Governor of the State, the Secretary shall make  
24 available directly to the State, from the amounts otherwise  
25 included in the block grants for all public housing agencies

1 in such State which own or operate less than 100 dwelling  
2 units,  $\frac{1}{2}$  of that portion of such amounts that is derived  
3 from the capital improvement allocations for such agencies  
4 pursuant to section 203(c)(1) or 203(d)(2), as applicable.  
5 The Governor of the State will have the responsibility to  
6 distribute all of such funds, in amounts determined by the  
7 Governor, only to meet the exceptional capital improve-  
8 ment requirements for the various public housing agencies  
9 in the State which operate less than 100 dwelling units:  
10 *Provided*, however, that for States where Federal funds  
11 provided to the State are subject to appropriation action  
12 by the State legislature, the capital funds made available  
13 to the Governor under this subsection shall be subject to  
14 such appropriation by the State legislature.

15 (c) MODIFICATION.—Contracts and agreements be-  
16 tween the Secretary and a public housing agency may not  
17 be amended in a manner which would—

18 (1) impair the rights of—

19 (A) leaseholders for units assisted pursu-  
20 ant to a contract or agreement; or

21 (B) the holders of any outstanding obliga-  
22 tions of the public housing agency involved for  
23 which annual contributions have been pledged;

24 or

1           (2) provide for payment of block grant amounts  
2           under this title in an amount exceeding the alloca-  
3           tion for the agency determined under section 204.

4 Any rule of law contrary to this subsection shall be deemed  
5 inapplicable.

6 **SEC. 202. GRANT AUTHORITY, AMOUNT, AND ELIGIBILITY.**

7           (a) **AUTHORITY.**—The Secretary shall make block  
8 grants under this title to eligible public housing agencies  
9 in accordance with block grant contracts under section  
10 201.

11           (b) **PERFORMANCE FUNDS.**—

12           (1) **IN GENERAL.**—The Secretary shall establish  
13 2 funds for the provision of grants to eligible public  
14 housing agencies under this title, as follows:

15           (A) **CAPITAL FUND.**—A capital fund to  
16 provide capital and management improvements  
17 to public housing developments.

18           (B) **OPERATING FUND.**—An operating  
19 fund for public housing operations.

20           (2) **FLEXIBILITY OF FUNDING.**—

21           (A) **IN GENERAL.**—A public housing agen-  
22 cy may use up to 20 percent of the amounts  
23 from a grant under this title that are allocated  
24 and provided from the capital fund for activities

1           that are eligible under section 203(a)(2) to be  
2           funded with amounts from the operating fund.

3           (B) FULL FLEXIBILITY FOR SMALL  
4           PHA'S.—In the case of a public housing agency  
5           that owns or operates less than 250 public  
6           housing dwelling units and is (in the determina-  
7           tion of the Secretary) operating and maintain-  
8           ing its public housing in a safe, clean, and  
9           healthy condition, the agency may use amounts  
10          from a grant under this title for any eligible ac-  
11          tivities under section 203(a), regardless of the  
12          fund from which the amounts were allocated  
13          and provided.

14          (c) AMOUNT OF GRANTS.—The amount of the grant  
15          under this title for a public housing agency for a fiscal  
16          year shall be the amount of the allocation for the agency  
17          determined under section 204, except as otherwise pro-  
18          vided in this title and title V.

19          (d) ELIGIBILITY.—A public housing agency shall be  
20          an eligible public housing agency with respect to a fiscal  
21          year for purposes of this title only if—

22                  (1) the Secretary has entered into a block grant  
23          contract with the agency;

1           (2) the agency has submitted a local housing  
2 management plan to the Secretary for such fiscal  
3 year;

4           (3) the plan has been determined to comply  
5 with the requirements under section 106 and the  
6 Secretary has not notified the agency that the plan  
7 fails to comply with such requirements;

8           (4) the agency is exempt from local taxes, as  
9 provided under subsection (e), or receives a contribu-  
10 tion, as provided under such subsection;

11           (5) no member of the board of directors or  
12 other governing body of the agency, or the executive  
13 director, has been convicted of a felony;

14           (6) the agency has entered into an agreement  
15 providing for local cooperation in accordance with  
16 subsection (f); and

17           (7) the agency has not been disqualified for a  
18 grant pursuant to section 205(a) or title V.

19           (e) PAYMENTS IN LIEU OF STATE AND LOCAL TAX-  
20 ATION OF PUBLIC HOUSING DEVELOPMENTS.—

21           (1) EXEMPTION FROM TAXATION.—A public  
22 housing agency may receive a block grant under this  
23 title only if—

24                   (A)(i) the developments of the agency (ex-  
25 clusive of any portions not assisted with

1 amounts provided under this title) are exempt  
2 from all real and personal property taxes levied  
3 or imposed by the State, city, county, or other  
4 political subdivision; and

5 (ii) the public housing agency makes pay-  
6 ments in lieu of taxes to such taxing authority  
7 equal to 10 percent of the sum, for units  
8 charged in the developments of the agency, of  
9 the difference between the gross rent and the  
10 utility cost, or such lesser amount as is—

11 (I) prescribed by State law;

12 (II) agreed to by the local governing  
13 body in its agreement under subsection (f)  
14 for local cooperation with the public hous-  
15 ing agency or under a waiver by the local  
16 governing body; or

17 (III) due to failure of a local public  
18 body or bodies other than the public hous-  
19 ing agency to perform any obligation under  
20 such agreement; or

21 (B) the agency complies with the require-  
22 ments under subparagraph (A) with respect to  
23 public housing developments (including public  
24 housing units in mixed-income developments),  
25 but the agency agrees that the units other than

1 public housing units in any mixed-income devel-  
2 opments (as such term is defined in section  
3 221(c)(2)) shall be subject to any otherwise ap-  
4 plicable real property taxes imposed by the  
5 State, city, county or other political subdivision.

6 (2) EFFECT OF FAILURE TO EXEMPT FROM  
7 TAXATION.—Notwithstanding paragraph (1), a pub-  
8 lic housing agency that does not comply with the re-  
9 quirements under such paragraph may receive a  
10 block grant under this title, but only if the State,  
11 city, county, or other political subdivision in which  
12 the development is situated contributes, in the form  
13 of cash or tax remission, the amount by which the  
14 taxes paid with respect to the development exceed 10  
15 percent of the gross rent and utility cost charged in  
16 the development.

17 (f) LOCAL COOPERATION.—In recognition that there  
18 should be local determination of the need for low-income  
19 housing to meet needs not being adequately met by private  
20 enterprise, the Secretary may not make any grant under  
21 this title to a public housing agency unless the governing  
22 body of the locality involved has entered into an agreement  
23 with the agency providing for the local cooperation re-  
24 quired by the Secretary pursuant to this title. The Sec-  
25 retary shall require that each such agreement for local co-

1 operation shall provide that, notwithstanding any order,  
2 judgment, or decree of any court (including any settlement  
3 order), before making any amounts provided under a  
4 grant under this title available for use for the production  
5 of any housing or other property not previously used as  
6 public housing, the public housing agency shall—

7           (1) notify the chief executive officer (or other  
8           appropriate official) of the unit of general local gov-  
9           ernment in which the public housing for which such  
10          amounts are to be so used is located (or to be lo-  
11          cated) of such use; and

12          (2) pursuant to the request of such unit of gen-  
13          eral local government, provide such information as  
14          may reasonably be requested by such unit of general  
15          local government regarding the public housing to be  
16          so assisted (except to the extent otherwise prohibited  
17          by law) and consult with representatives of such  
18          local government regarding the public housing.

19          (g) EXCEPTION.—Notwithstanding subsection (a),  
20 the Secretary may make a grant under this title for a pub-  
21 lic housing agency that is not an eligible public housing  
22 agency but only for the period necessary to secure, in ac-  
23 cordance with this title, an alternative public housing  
24 agency for the public housing of the ineligible agency.

1           (h)    RECAPTURE    OF    CAPITAL    ASSISTANCE  
2    AMOUNTS.—The Secretary may recapture, from any grant  
3    amounts made available to a public housing agency from  
4    the capital fund, any portion of such amounts that are  
5    not used or obligated by the public housing agency for use  
6    for eligible activities under section 203(a)(1) (or dedicated  
7    for use pursuant to section 202(b)(2)(A)) before the expi-  
8    ration of the 24-month period beginning upon the award  
9    of such grant to the agency.

10   **SEC. 203. ELIGIBLE AND REQUIRED ACTIVITIES.**

11           (a)    ELIGIBLE ACTIVITIES.—Except as provided in  
12    subsection (b) and in section 202(b)(2), grant amounts al-  
13    located and provided from the capital fund and grant  
14    amounts allocated and provided from the operating fund  
15    may be used for the following activities:

16                   (1)    CAPITAL    FUND    ACTIVITIES.—Grant  
17           amounts from the capital fund may be used for—

18                           (A) the production and modernization of  
19                           public housing developments, including the re-  
20                           design, reconstruction, and reconfiguration of  
21                           public housing sites and buildings and the pro-  
22                           duction of mixed-income developments;

23                           (B) vacancy reduction;

24                           (C) addressing deferred maintenance needs  
25                           and the replacement of dwelling equipment;

- 1 (D) planned code compliance;
- 2 (E) management improvements;
- 3 (F) demolition and replacement under sec-
- 4 tion 261;
- 5 (G) tenant relocation;
- 6 (H) capital expenditures to facilitate pro-
- 7 grams to improve the economic empowerment
- 8 and self-sufficiency of public housing tenants;
- 9 and
- 10 (I) capital expenditures to improve the se-
- 11 curity and safety of residents.

12 (2) OPERATING FUND ACTIVITIES.—Grant

13 amounts from the operating fund may be used for—

- 14 (A) procedures and systems to maintain
- 15 and ensure the efficient management and oper-
- 16 ation of public housing units;
- 17 (B) activities to ensure a program of rou-
- 18 tine preventative maintenance;
- 19 (C) anti-crime and anti-drug activities, in-
- 20 cluding the costs of providing adequate security
- 21 for public housing tenants;
- 22 (D) activities related to the provision of
- 23 services, including service coordinators for el-
- 24 derly persons or persons with disabilities and

1 including child care services for public housing  
2 residents;

3 (E) activities to provide for management  
4 and participation in the management of public  
5 housing by public housing tenants;

6 (F) the costs associated with the operation  
7 and management of mixed-income develop-  
8 ments;

9 (G) the costs of insurance;

10 (H) the energy costs associated with public  
11 housing units, with an emphasis on energy con-  
12 servation;

13 (I) the costs of administering a public  
14 housing community work program under section  
15 105, including the costs of any related insur-  
16 ance needs; and

17 (J) activities in connection with a home-  
18 ownership program for public housing residents  
19 under subtitle D, including providing financing  
20 or assistance for purchasing housing, or the  
21 provision of financial assistance to resident  
22 management corporations or resident councils  
23 to obtain training, technical assistance, and  
24 educational assistance to promote homeowner-  
25 ship opportunities.

1 (b) REQUIRED CONVERSION OF ASSISTANCE FOR  
2 PUBLIC HOUSING TO RENTAL HOUSING ASSISTANCE.—

3 (1) REQUIREMENT.—A public housing agency  
4 that receives grant amounts under this title shall  
5 provide assistance in the form of rental housing as-  
6 sistance under title III, or appropriate site revital-  
7 ization or other appropriate capital improvements  
8 approved by the Secretary, in lieu of assisting the  
9 operation and modernization of any building or  
10 buildings of public housing, if the agency provides  
11 sufficient evidence to the Secretary that the building  
12 or buildings—

13 (A) are on the same or contiguous sites;

14 (B) consist of more than 300 dwelling  
15 units;

16 (C) have a vacancy rate of at least 10 per-  
17 cent for dwelling units not in funded, on-sched-  
18 ular modernization programs;

19 (D) are identified as distressed housing for  
20 which the public housing agency cannot assure  
21 the long-term viability as public housing  
22 through reasonable revitalization, density reduc-  
23 tion, or achievement of a broader range of  
24 household income; and

1           (E) have an estimated cost of continued  
2           operation and modernization as public housing  
3           that exceeds the cost of providing choice-based  
4           rental assistance under title III for all families  
5           in occupancy, based on appropriate indicators  
6           of cost (such as the percentage of the total de-  
7           velopment cost required for modernization).

8           Public housing agencies shall identify properties that  
9           meet the definition of subparagraphs (A) through  
10          (E) and shall consult with the appropriate public  
11          housing residents and the appropriate unit of gen-  
12          eral local government in identifying such properties.

13          (2) USE OF OTHER AMOUNTS.—In addition to  
14          grant amounts under this title attributable (pursu-  
15          ant to the formulas under section 204) to the build-  
16          ing or buildings identified under paragraph (1), the  
17          Secretary may use amounts provided in appropria-  
18          tion Acts for choice-based housing assistance under  
19          title III for families residing in such building or  
20          buildings or for appropriate site revitalization or  
21          other appropriate capital improvements approved by  
22          the Secretary.

23          (3) ENFORCEMENT.—The Secretary shall take  
24          appropriate action to ensure conversion of any build-  
25          ing or buildings identified under paragraph (1) and

1 any other appropriate action under this subsection,  
2 if the public housing agency fails to take appropriate  
3 action under this subsection.

4 (4) FAILURE OF PHA'S TO COMPLY WITH CON-  
5 VERSION REQUIREMENT.—If the Secretary deter-  
6 mines that—

7 (A) a public housing agency has failed  
8 under paragraph (1) to identify a building or  
9 buildings in a timely manner,

10 (B) a public housing agency has failed to  
11 identify one or more buildings which the Sec-  
12 retary determines should have been identified  
13 under paragraph (1), or

14 (C) one or more of the buildings identified  
15 by the public housing agency pursuant to para-  
16 graph (1) should not, in the determination of  
17 the Secretary, have been identified under that  
18 paragraph,

19 the Secretary may identify a building or buildings  
20 for conversion and take other appropriate action  
21 pursuant to this subsection.

22 (5) CESSATION OF UNNECESSARY SPENDING.—  
23 Notwithstanding any other provision of law, if, in  
24 the determination of the Secretary, a building or  
25 buildings meets or is likely to meet the criteria set

1       forth in paragraph (1), the Secretary may direct the  
2       public housing agency to cease additional spending  
3       in connection with such building or buildings, except  
4       to the extent that additional spending is necessary  
5       to ensure safe, clean, and healthy housing until the  
6       Secretary determines or approves an appropriate  
7       course of action with respect to such building or  
8       buildings under this subsection.

9               (6) USE OF BUDGET AUTHORITY.—Notwith-  
10       standing any other provision of law, if a building or  
11       buildings are identified pursuant to paragraph (1),  
12       the Secretary may authorize or direct the transfer,  
13       to the choice-based or tenant-based assistance pro-  
14       gram of such agency or to appropriate site revital-  
15       ization or other capital improvements approved by  
16       the Secretary, of—

17               (A) in the case of an agency receiving as-  
18       sistance under the comprehensive improvement  
19       assistance program, any amounts obligated by  
20       the Secretary for the modernization of such  
21       building or buildings pursuant to section 14 of  
22       the United States Housing Act of 1937 (as in  
23       effect immediately before the effective date of  
24       the repeal under section 601(b));

1 (B) in the case of an agency receiving pub-  
2 lic housing modernization assistance by formula  
3 pursuant to such section 14, any amounts pro-  
4 vided to the agency which are attributable pur-  
5 suant to the formula for allocating such assist-  
6 ance to such building or buildings;

7 (C) in the case of an agency receiving as-  
8 sistance for the major reconstruction of obsolete  
9 projects, any amounts obligated by the Sec-  
10 retary for the major reconstruction of such  
11 building or buildings pursuant to section 5(j)(2)  
12 of the United States Housing Act of 1937, as  
13 in effect immediately before the effective date of  
14 the repeal under section 601(b); and

15 (D) in the case of an agency receiving as-  
16 sistance pursuant to the formulas under section  
17 204, any amounts provided to the agency which  
18 are attributable pursuant to the formulas for  
19 allocating such assistance to such building or  
20 buildings.

21 (7) RELOCATION REQUIREMENTS.—Any public  
22 housing agency carrying out conversion of public  
23 housing under this subsection shall—

24 (A) notify the families residing in the pub-  
25 lic housing development subject to the conver-

1           sion, in accordance with any guidelines issued  
2           by the Secretary governing such notifications,  
3           that—

4                   (i) the development will be removed  
5                   from the inventory of the public housing  
6                   agency; and

7                   (ii) the families displaced by such ac-  
8                   tion will receive choice-based housing as-  
9                   sistance or occupancy in a unit operated or  
10                  assisted by the public housing agency;

11                (B) ensure that each family that is a resi-  
12                dent of the development is relocated to other  
13                safe, clean, and healthy affordable housing,  
14                which is, to the maximum extent practicable,  
15                housing of the family's choice, including choice-  
16                based assistance under title III (provided that  
17                with respect to choice-based assistance, the pre-  
18                ceding requirement shall be fulfilled only upon  
19                the relocation of such family into such housing);

20                (C) provide any necessary counseling for  
21                families displaced by such action to facilitate re-  
22                location; and

23                (D) provide any reasonable relocation ex-  
24                penses for families displaced by such action.

1           (8) TRANSITION.—Any amounts made available  
2           to a public housing agency to carry out section 202  
3           of the Departments of Veterans Affairs and Housing  
4           and Urban Development, and Independent Agencies  
5           Appropriations Act, 1996 (enacted as section 101(e)  
6           of the Omnibus Consolidated Rescissions and Appro-  
7           priations Act of 1996 (Public Law 104–134; 110  
8           Stat. 1321–279)) may be used, to the extent or in  
9           such amounts as are or have been provided in ad-  
10          vance in appropriation Acts, to carry out this sec-  
11          tion. The Secretary shall provide for public housing  
12          agencies to conform and continue actions taken  
13          under such section 202 in accordance with the re-  
14          quirements under this section.

15          (c) EXTENSION OF DEADLINES.—The Secretary  
16          may, for a public housing agency, extend any deadline es-  
17          tablished pursuant to this section or a local housing man-  
18          agement plan for up to an additional 5 years if the Sec-  
19          retary makes a determination that the deadline is imprac-  
20          ticable.

21          (d) COMPLIANCE WITH PLAN.—The local housing  
22          management plan submitted by a public housing agency  
23          (including any amendments to the plan), unless deter-  
24          mined under section 107 not to comply with the require-  
25          ments under section 106, shall be binding upon the Sec-

1   retary and the public housing agency and the agency shall  
2   use any grant amounts provided under this title for eligi-  
3   ble activities under subsection (a) in accordance with the  
4   plan. This subsection may not be construed to preclude  
5   changes or amendments to the plan, as authorized under  
6   section 107 or any actions authorized by this Act to be  
7   taken without regard to a local housing management plan.

8       (e) **ELIGIBLE ACTIVITIES FOR INCREASED IN-**  
9 **COME.**—Any public housing agency that derives increased  
10 nonrental or rental income, as referred to in subsection  
11 (c)(2)(B) or (d)(1)(D) of section 204 or pursuant to provi-  
12 sion of mixed-income developments under section  
13 221(c)(2), may use such amounts for any eligible activity  
14 under paragraph (1) or (2) of subsection (a) of this section  
15 or for providing choice-based housing assistance under  
16 title III.

17 **SEC. 204. DETERMINATION OF GRANT ALLOCATION.**

18       (a) **IN GENERAL.**—For each fiscal year, after reserv-  
19 ing amounts under section 111 from the aggregate  
20 amount made available for the fiscal year for carrying out  
21 this title, the Secretary shall allocate any remaining  
22 amounts among eligible public housing agencies in accord-  
23 ance with this section, so that the sum of all of the alloca-  
24 tions for all eligible authorities is equal to such remaining  
25 amount.

1 (b) ALLOCATION AMOUNT.—The Secretary shall de-  
2 termine the amount of the allocation for each eligible pub-  
3 lic housing agency, which shall be—

4 (1) for any fiscal year beginning after the en-  
5 actment of a law containing the formulas described  
6 in paragraphs (1) and (2) of subsection (c), the sum  
7 of the amounts determined for the agency under  
8 each such formula; or

9 (2) for any fiscal year beginning before the ex-  
10 piration of such period, the sum of—

11 (A) the operating allocation determined  
12 under subsection (d)(1) for the agency; and

13 (B) the capital improvement allocation de-  
14 termined under subsection (d)(2) for the agen-  
15 cy.

16 (c) PERMANENT ALLOCATION FORMULAS FOR CAP-  
17 ITAL AND OPERATING FUNDS.—

18 (1) ESTABLISHMENT OF CAPITAL FUND FOR-  
19 MULA.—The formula under this paragraph shall  
20 provide for allocating assistance under the capital  
21 fund for a fiscal year. The formula may take into  
22 account such factors as—

23 (A) the number of public housing dwelling  
24 units owned or operated by the public housing  
25 agency, the characteristics and locations of the

1           developments, and the characteristics of the  
2           families served and to be served (including the  
3           incomes of the families);

4           (B) the need of the public housing agency  
5           to carry out rehabilitation and modernization  
6           activities, and reconstruction, production, and  
7           demolition activities related to public housing  
8           dwelling units owned or operated by the public  
9           housing agency, including backlog and projected  
10          future needs of the agency;

11          (C) the cost of constructing and rehabili-  
12          tating property in the area; and

13          (D) the need of the public housing agency  
14          to carry out activities that provide a safe and  
15          secure environment in public housing units  
16          owned or operated by the public housing agen-  
17          cy.

18          (2) ESTABLISHMENT OF OPERATING FUND  
19          FORMULA.—

20                 (A) IN GENERAL.—The formula under this  
21                 paragraph shall provide for allocating assistance  
22                 under the operating fund for a fiscal year. The  
23                 formula may take into account such factors  
24                 as—

1 (i) standards for the costs of operat-  
2 ing and reasonable projections of income,  
3 taking into account the characteristics and  
4 locations of the public housing develop-  
5 ments and characteristics of the families  
6 served and to be served (including the in-  
7 comes of the families), or the costs of pro-  
8 viding comparable services as determined  
9 in accordance with criteria or a formula  
10 representing the operations of a prototype  
11 well-managed public housing development;

12 (ii) the number of public housing  
13 dwelling units owned or operated by the  
14 public housing agency;

15 (iii) the need of the public housing  
16 agency to carry out anti-crime and anti-  
17 drug activities, including providing ade-  
18 quate security for public housing residents;  
19 and

20 (iv) any record by the public housing  
21 agency of exemplary performance in the  
22 operation of public housing.

23 (B) INCENTIVE TO INCREASE INCOME.—

24 The formula shall provide an incentive to en-  
25 courage public housing agencies to increase

1 nonrental income and to increase rental income  
2 attributable to their units by encouraging occu-  
3 pancy by families whose incomes have increase  
4 while in occupancy and newly admitted families.  
5 Any such incentive shall provide that the agen-  
6 cy shall derive the full benefit of any increase  
7 in nonrental or rental income, and such in-  
8 crease shall not result in a decrease in amounts  
9 provided to the agency under this title. In addi-  
10 tion, an agency shall be permitted to retain,  
11 from each fiscal year, the full benefit of such an  
12 increase in nonrental or rental income, except  
13 to the extent that such benefit exceeds (i) 100  
14 percent of the total amount of the operating al-  
15 location for which the agency is eligible under  
16 this section, and (ii) the maximum balance per-  
17 mitted for the agency's operating reserve under  
18 this section and any regulations issued under  
19 this section.

20 (C) TREATMENT OF UTILITY RATES.—The  
21 formula shall not take into account the amount  
22 of any cost reductions for a public housing  
23 agency due to the difference between projected  
24 and actual utility rates attributable to actions  
25 that are taken by the agency which lead to such

1 reductions, as determined by the Secretary. In  
2 the case of any public housing agency that re-  
3 ceives financing from any person or entity other  
4 than the Secretary or enters into a performance  
5 contract to undertake energy conservation im-  
6 provements in a public housing development,  
7 under which the payment does not exceed the  
8 cost of the energy saved as a result of the im-  
9 provements during a reasonable negotiated con-  
10 tract period, the formula shall not take into ac-  
11 count the amount of any cost reductions for the  
12 agency due to the differences between projected  
13 and actual utility consumption attributable to  
14 actions that are taken by the agency which lead  
15 to such reductions, as determined by the Sec-  
16 retary. Notwithstanding the preceding 2 sen-  
17 tences, after the expiration of the 10-year pe-  
18 riod beginning upon the savings initially taking  
19 effect, the Secretary may reduce the amount al-  
20 located to the agency under the formula by up  
21 to 50 percent of such differences.

22 (3) CONSIDERATION OF PERFORMANCE, COSTS,  
23 AND OTHER FACTORS.—The formulas under para-  
24 graphs (1) and (2) should each reward performance  
25 and may each consider appropriate factors that re-

1       flect the different characteristics and sizes of public  
2       housing agencies, the relative needs, revenues, costs,  
3       and capital improvements of agencies, and the rel-  
4       ative costs to agencies of operating a well-managed  
5       agency that meets the performance targets for the  
6       agency established in the local housing management  
7       plan for the agency.

8               (4) DEVELOPMENT UNDER NEGOTIATED RULE-  
9       MAKING PROCEDURE.—The formulas under this sub-  
10      section shall be developed according to procedures  
11      for issuance of regulations under the negotiated  
12      rulemaking procedure under subchapter III of chap-  
13      ter 5 of title 5, United States Code, except that the  
14      formulas shall not be contained in a regulation.

15              (5) REPORT.—Not later than the expiration of  
16      the 12-month period beginning upon the enactment  
17      of this Act, the Secretary shall submit a report to  
18      the Congress containing the proposed formulas es-  
19      tablished pursuant to paragraph (4) that meets the  
20      requirements of this subsection.

21      (d) INTERIM ALLOCATION REQUIREMENTS.—

22              (1) OPERATING ALLOCATION.—

23                      (A) APPLICABILITY TO APPROPRIATED  
24              AMOUNTS.—Of any amounts available for allo-  
25              cation under this subsection for a fiscal year,

1 an amount shall be used only to provide  
2 amounts for operating allocations under this  
3 paragraph for eligible public housing agencies  
4 that bears the same ratio to such total amount  
5 available for allocation that the amount appro-  
6 priated for fiscal year 1997 for operating sub-  
7 sidies under section 9 of the United States  
8 Housing Act of 1937 bears to the sum of such  
9 operating subsidy amounts plus the amounts  
10 appropriated for such fiscal year for moderniza-  
11 tion under section 14 of such Act.

12 (B) DETERMINATION.—The operating allo-  
13 cation under this paragraph for a public hous-  
14 ing agency for a fiscal year shall be an amount  
15 determined by applying, to the amount to be al-  
16 located under this paragraph, the formula used  
17 for determining the distribution of operating  
18 subsidies for fiscal year 1997 to public housing  
19 agencies (as modified under subparagraphs (C)  
20 and (D)) under section 9 of the United States  
21 Housing Act of 1937, as in effect immediately  
22 before the effective date of the repeal under sec-  
23 tion 601(b).

24 (C) TREATMENT OF CHRONICALLY VACANT  
25 UNITS.—The Secretary shall revise the formula

1 referred to in subparagraph (B) so that the for-  
2 mular does not provide any amounts, other than  
3 utility costs and other necessary costs (such as  
4 costs necessary for the protection of persons  
5 and property), attributable to any dwelling unit  
6 of a public housing agency that has been vacant  
7 continuously for 6 or more months. A unit shall  
8 not be considered vacant for purposes of this  
9 paragraph if the unit is unoccupied because of  
10 rehabilitation or renovation that is on schedule.

11 (D) TREATMENT OF INCREASES IN IN-  
12 COME.—The Secretary shall revise the formula  
13 referred to in subparagraph (B) to provide an  
14 incentive to encourage public housing agencies  
15 to increase nonrental income and to increase  
16 rental income attributable to their units by en-  
17 couraging occupancy by families whose incomes  
18 have increased while in occupancy and newly  
19 admitted families. Any such incentive shall pro-  
20 vide that the agency shall derive the full benefit  
21 of any increase in nonrental or rental income,  
22 and such increase shall not result in a decrease  
23 in amounts provided to the agency under this  
24 title. In addition, an agency shall be permitted  
25 to retain, from each fiscal year, the full benefit

1 of such an increase in nonrental or rental in-  
2 come, except that such benefit may not be re-  
3 tained if—

4 (i) the agency's operating allocation  
5 equals 100 percent of the amount for  
6 which it is eligible under section 9 of the  
7 United States Housing Act of 1937, as in  
8 effect immediately before the effective date  
9 of the repeal under section 601(b) of this  
10 Act; and

11 (ii) the agency's operating reserve bal-  
12 ance is equal to the maximum amount per-  
13 mitted under section 9 of the United  
14 States Housing Act of 1937, as in effect  
15 immediately before the effective date of the  
16 repeal under section 601(b) of this Act.

17 (2) CAPITAL IMPROVEMENT ALLOCATION.—

18 (A) APPLICABILITY TO APPROPRIATED  
19 AMOUNTS.—Of any amounts available for allo-  
20 cation under this subsection for a fiscal year,  
21 an amount shall be used only to provide  
22 amounts for capital improvement allocations  
23 under this paragraph for eligible public housing  
24 agencies that bears the same ratio to such total  
25 amount available for allocation that the amount

1           appropriated for fiscal year 1997 for mod-  
2           ernization under section 14 of the United  
3           States Housing Act of 1937 bears to the sum  
4           of such modernization amounts plus the  
5           amounts appropriated for such fiscal year for  
6           operating subsidies under section 9 of such Act.

7           (B) DETERMINATION.—The capital im-  
8           provement allocation under this paragraph for  
9           an eligible public housing agency for a fiscal  
10          year shall be determined by applying, to the  
11          amount to be allocated under this paragraph,  
12          the formula used for determining the distribu-  
13          tion of modernization assistance for fiscal year  
14          1997 to public housing agencies under section  
15          14 of the United States Housing Act of 1937,  
16          as in effect immediately before the effective  
17          date of the repeal under section 601(b), except  
18          that the Secretary shall establish a method for  
19          taking into consideration allocation of amounts  
20          under the comprehensive improvement assist-  
21          ance program.

22          (e) ELIGIBILITY OF UNITS ACQUIRED FROM PRO-  
23          CEEDS OF SALES UNDER DEMOLITION OR DISPOSITION  
24          PLAN.—If a public housing agency uses proceeds from the  
25          sale of units under a homeownership program in accord-

1   ance with section 251 to acquire additional units to be  
2   sold to low-income families, the additional units shall be  
3   counted as public housing for purposes of determining the  
4   amount of the allocation to the agency under this section  
5   until sale by the agency, but in any case no longer than  
6   5 years.

7   **SEC. 205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.**

8       (a) IN GENERAL.—In addition to any other actions  
9   authorized under this title, if the Secretary finds pursuant  
10  to an audit under section 541 that a public housing agency  
11  receiving grant amounts under this title has failed to com-  
12  ply substantially with any provision of this title, the Sec-  
13  retary may—

14           (1) terminate payments under this title to the  
15       agency;

16           (2) withhold from the agency amounts from the  
17       total allocation for the agency pursuant to section  
18       204;

19           (3) reduce the amount of future grant pay-  
20       ments under this title to the agency by an amount  
21       equal to the amount of such payments that were not  
22       expended in accordance with this title;

23           (4) limit the availability of grant amounts pro-  
24       vided to the agency under this title to programs,

1 projects, or activities not affected by such failure to  
2 comply;

3 (5) withhold from the agency amounts allocated  
4 for the agency under title III; or

5 (6) order other corrective action with respect to  
6 the agency.

7 (b) TERMINATION OF COMPLIANCE ACTION.—If the  
8 Secretary takes action under subsection (a) with respect  
9 to a public housing agency, the Secretary shall—

10 (1) in the case of action under subsection  
11 (a)(1), resume payments of grant amounts under  
12 this title to the agency in the full amount of the  
13 total allocation under section 204 for the agency at  
14 the time that the Secretary first determines that the  
15 agency will comply with the provisions of this title;

16 (2) in the case of action under paragraph (2),  
17 (5), or (6) of subsection (a), make withheld amounts  
18 available as the Secretary considers appropriate to  
19 ensure that the agency complies with the provisions  
20 of this title; or

21 (3) in the case of action under subsection  
22 (a)(4), release such restrictions at the time that the  
23 Secretary first determines that the agency will com-  
24 ply with the provisions of this title.

1           **Subtitle B—Admissions and**  
2           **Occupancy Requirements**

3 **SEC. 221. LOW-INCOME HOUSING REQUIREMENT.**

4           (a) **PRODUCTION ASSISTANCE.**—Any public housing  
5 produced using amounts provided under a grant under  
6 this title or under the United States Housing Act of 1937  
7 shall be operated as public housing for the 40-year period  
8 beginning upon such production.

9           (b) **OPERATING ASSISTANCE.**—No portion of any  
10 public housing development operated with amounts from  
11 a grant under this title or operating assistance provided  
12 under the United States Housing Act of 1937 may be dis-  
13 posed of before the expiration of the 10-year period begin-  
14 ning upon the conclusion of the fiscal year for which the  
15 grant or such assistance was provided, except as provided  
16 in this Act.

17           (c) **CAPITAL IMPROVEMENTS ASSISTANCE.**—  
18 Amounts may be used for eligible activities under section  
19 203(a)(1) only for the following housing developments:

20           (1) **LOW-INCOME DEVELOPMENTS.**—Amounts  
21 may be used for a low-income housing development  
22 that—

23                           (A) is owned by public housing agencies;

1 (B) is operated as low-income rental hous-  
2 ing and produced or operated with assistance  
3 provided under a grant under this title; and

4 (C) is consistent with the purposes of this  
5 title.

6 Any development, or portion thereof, referred to in  
7 this paragraph for which activities under section  
8 203(a)(1) are conducted using amounts from a  
9 grant under this title shall be maintained and used  
10 as public housing for the 20-year period beginning  
11 upon the receipt of such grant. Any public housing  
12 development, or portion thereof, that received the  
13 benefit of a grant pursuant to section 14 of the  
14 United States Housing Act of 1937 shall be main-  
15 tained and used as public housing for the 20-year  
16 period beginning upon receipt of such amounts.

17 (2) MIXED INCOME DEVELOPMENTS.—Amounts  
18 may be used for eligible activities under section  
19 203(a)(1) for mixed-income developments, which  
20 shall be a housing development that—

21 (A) contains dwelling units that are avail-  
22 able for occupancy by families other than low-  
23 income families;

24 (B) contains a number of dwelling units—

1 (i) which units are made available (by  
2 master contract or individual lease) for oc-  
3 cupancy only by low- and very low-income  
4 families identified by the public housing  
5 agency;

6 (ii) which number is not less than a  
7 reasonable number of units, including re-  
8 lated amenities, taking into account the  
9 amount of the assistance provided by the  
10 agency compared to the total investment  
11 (including costs of operation) in the devel-  
12 opment;

13 (iii) which units are subject to the  
14 statutory and regulatory requirements of  
15 the public housing program, except that  
16 the Secretary may grant appropriate waiv-  
17 ers to such statutory and regulatory re-  
18 quirements if reductions in funding or  
19 other changes to the program make contin-  
20 ued application of such requirements im-  
21 practicable;

22 (iv) which units are specially des-  
23 ignated as dwelling units under this sub-  
24 paragraph, except the equivalent units in  
25 the development may be substituted for

1 designated units during the period the  
2 units are subject to the requirements of  
3 the public housing program; and

4 (v) which units shall be eligible for as-  
5 sistance under this title; and

6 (C) is owned by the public housing agency,  
7 an affiliate controlled by it, or another appro-  
8 priate entity.

9 Notwithstanding any other provision of this title, to  
10 facilitate the establishment of socioeconomically  
11 mixed communities, a public housing agency that  
12 uses grant amounts under this title for a mixed in-  
13 come development under this paragraph may, to the  
14 extent that income from such a development reduces  
15 the amount of grant amounts used for operating or  
16 other costs relating to public housing, use such re-  
17 sulting savings to rent privately developed dwelling  
18 units in the neighborhood of the mixed income devel-  
19 opment. Such units shall be made available for occu-  
20 pancy only by low-income families eligible for resi-  
21 dency in public housing.

22 **SEC. 222. FAMILY ELIGIBILITY.**

23 (a) IN GENERAL.—Dwelling units in public housing  
24 may be rented only to families who are low-income families  
25 at the time of their initial occupancy of such units.

1           (b) INCOME MIX WITHIN DEVELOPMENTS.—A public  
2 housing agency may establish and utilize income-mix cri-  
3 teria for the selection of residents for dwelling units in  
4 public housing developments that limit admission to a de-  
5 velopment by selecting applicants having incomes appro-  
6 priate so that the mix of incomes of families occupying  
7 the development at any time is proportional to the income  
8 mix in the eligible population of the jurisdiction of the  
9 agency at such time, as adjusted to take into consideration  
10 the severity of housing need. Any criteria established  
11 under this subsection shall be subject to the provisions of  
12 subsection (c).

13           (c) INCOME MIX.—

14           (1) PHA INCOME MIX.—Of the public housing  
15 dwelling units of a public housing agency made  
16 available for occupancy by eligible families, not less  
17 than 35 percent shall be occupied by families whose  
18 incomes at the time of occupancy do not exceed 30  
19 percent of the area median income, as determined by  
20 the Secretary with adjustments for smaller and larg-  
21 er families, except that the Secretary, may for pur-  
22 poses of this subsection, establish income ceilings  
23 higher or lower than 30 percent of the median for  
24 the area on the basis of the Secretary's findings that  
25 such variations are necessary because of unusually

1 high or low family incomes. This paragraph may not  
2 be construed to create any authority on the part of  
3 any public housing agency to evict any family resid-  
4 ing in public housing solely because of the income of  
5 the family or because of any noncompliance or over-  
6 compliance with the requirement of this paragraph.

7 (2) PROHIBITION OF CONCENTRATION OF LOW-  
8 INCOME FAMILIES.—A public housing agency may  
9 not, in complying with the requirements under para-  
10 graph (1), concentrate very low-income families (or  
11 other families with relatively low incomes) in public  
12 housing dwelling units in certain public housing de-  
13 velopments or certain buildings within developments.  
14 The Secretary may review the income and occupancy  
15 characteristics of the public housing developments,  
16 and the buildings of such developments, of public  
17 housing agencies to ensure compliance with the pro-  
18 visions of this paragraph.

19 (3) FUNGIBILITY WITH CHOICE-BASED ASSIST-  
20 ANCE.—If, during a fiscal year, a public housing  
21 agency provides choice-based housing assistance  
22 under title III for a number of low-income families,  
23 who are initially assisted by the agency in such year  
24 and have incomes described in section 321(b) (relat-  
25 ing to income targeting), which exceeds the number

1 of families that is required for the agency to comply  
2 with the percentage requirement under such section  
3 321(b) for such fiscal year, notwithstanding para-  
4 graph (1) of this subsection, the number of public  
5 housing dwelling units that the agency must other-  
6 wise make available in accordance with such para-  
7 graph to comply with the percentage requirement  
8 under such paragraph shall be reduced by such ex-  
9 cess number of families for such fiscal year.

10 (d) WAIVER OF ELIGIBILITY REQUIREMENTS FOR  
11 OCCUPANCY BY POLICE OFFICERS.—

12 (1) AUTHORITY AND WAIVER.—To the extent  
13 necessary to provide occupancy in public housing  
14 dwelling units to police officers and other law en-  
15 forcement or security personnel (who are not other-  
16 wise eligible for residence in public housing) and to  
17 increase security for other public housing residents  
18 in developments where crime has been a problem, a  
19 public housing agency may, with respect to such  
20 units and subject to paragraph (2)—

21 (A) waive—

22 (i) the provisions of subsection (a) of  
23 this section and section 225(a); and

24 (ii) the applicability of—

1 (I) any preferences for occupancy  
2 established under section 223;

3 (II) the minimum rental amount  
4 established pursuant to section 225(c)  
5 and any maximum monthly rental  
6 amount established pursuant to sec-  
7 tion 225(b);

8 (III) any criteria relating to in-  
9 come mix within developments estab-  
10 lished under subsection (b);

11 (IV) the income mix require-  
12 ments under subsection (c); and

13 (V) any other occupancy limita-  
14 tions or requirements; and

15 (B) establish special rent requirements and  
16 other terms and conditions of occupancy.

17 (2) CONDITIONS OF WAIVER.—A public housing  
18 agency may take the actions authorized in para-  
19 graph (1) only if agency determines that such ac-  
20 tions will increase security in the public housing de-  
21 velopments involved and will not result in a signifi-  
22 cant reduction of units available for residence by  
23 low-income families.

1 **SEC. 223. PREFERENCES FOR OCCUPANCY.**

2 (a) **AUTHORITY TO ESTABLISH.**—Each public hous-  
3 ing agency may establish a system for making dwelling  
4 units in public housing available for occupancy that pro-  
5 vides preference for such occupancy to families having cer-  
6 tain characteristics.

7 (b) **CONTENT.**—Each system of preferences estab-  
8 lished pursuant to this section shall be based upon local  
9 housing needs and priorities, as determined by the public  
10 housing agency using generally accepted data sources, in-  
11 cluding any information obtained pursuant to an oppor-  
12 tunity for public comment as provided under section  
13 106(e) and under the requirements applicable to the com-  
14 prehensive housing affordability strategy for the relevant  
15 jurisdiction.

16 (c) **SENSE OF THE CONGRESS.**—It is the sense of the  
17 Congress that, to the greatest extent practicable, public  
18 housing agencies involved in the selection of tenants under  
19 the provisions of this title should adopt preferences for in-  
20 dividuals who are victims of domestic violence.

21 **SEC. 224. ADMISSION PROCEDURES.**

22 (a) **ADMISSION REQUIREMENTS.**—A public housing  
23 agency shall ensure that each family residing in a public  
24 housing development owned or administered by the agency  
25 is admitted in accordance with the procedures established

1 under this title by the agency and the income limits under  
2 section 222.

3 (b) NOTIFICATION OF APPLICATION DECISIONS.—A  
4 public housing agency shall establish procedures designed  
5 to provide for notification to an applicant for admission  
6 to public housing of the determination with respect to such  
7 application, the basis for the determination, and, if the  
8 applicant is determined to be eligible for admission, the  
9 projected date of occupancy (to the extent such date can  
10 reasonably be determined). If an agency denies an appli-  
11 cant admission to public housing, the agency shall notify  
12 the applicant that the applicant may request an informal  
13 hearing on the denial within a reasonable time of such  
14 notification.

15 (c) SITE-BASED WAITING LISTS.—A public housing  
16 agency may establish procedures for maintaining waiting  
17 lists for admissions to public housing developments of the  
18 agency, which may include (notwithstanding any other  
19 law, regulation, handbook, or notice to the contrary) a sys-  
20 tem of site-based waiting lists whereby applicants may  
21 apply directly at or otherwise designate the development  
22 or developments in which they seek to reside. All such pro-  
23 cedures shall comply with all provisions of title VI of the  
24 Civil Rights Act of 1964, the Fair Housing Act, and other  
25 applicable civil rights laws.

1 (d) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC  
2 VIOLENCE.—A public housing agency shall be subject to  
3 the restrictions regarding release of information relating  
4 to the identity and new residence of any family in public  
5 housing that was a victim of domestic violence that are  
6 applicable to shelters pursuant to the Family Violence  
7 Prevention and Services Act. The agency shall work with  
8 the United States Postal Service to establish procedures  
9 consistent with the confidentiality provisions in the Vio-  
10 lence Against Women Act of 1994.

11 (e) TRANSFERS.—A public housing agency may  
12 apply, to each public housing resident seeking to transfer  
13 from one development to another development owned or  
14 operated by the agency, the screening procedures applica-  
15 ble at such time to new applicants for public housing.

16 **SEC. 225. FAMILY CHOICE OF RENTAL PAYMENT.**

17 (a) RENTAL CONTRIBUTION BY RESIDENT.—A fam-  
18 ily residing in a public housing dwelling shall pay as  
19 monthly rent for the unit the amount determined under  
20 paragraph (1) or (2) of subsection (b), subject to the re-  
21 quirement under subsection (c). Each public housing agen-  
22 cy shall provide for each family residing in a public hous-  
23 ing dwelling unit owned or administered by the agency to  
24 elect annually whether the rent paid by such family shall

1 be determined under paragraph (1) or (2) of subsection  
2 (b).

3 (b) ALLOWABLE RENT STRUCTURES.—

4 (1) FLAT RENTS.—Each public housing agency  
5 shall establish, for each dwelling unit in public hous-  
6 ing owned or administered by the agency, a flat  
7 rental amount for the dwelling unit, which shall—

8 (A) be based on the rental value of the  
9 unit, as determined by the public housing agen-  
10 cy; and

11 (B) be designed in accordance with sub-  
12 section (e) so that the rent structures do not  
13 create a disincentive for continued residency in  
14 public housing by families who are attempting  
15 to become economically self-sufficient through  
16 employment or who have attained a level of self-  
17 sufficiency through their own efforts.

18 The rental amount for a dwelling unit shall be con-  
19 sidered to comply with the requirements of this  
20 paragraph if such amount does not exceed the actual  
21 monthly costs to the public housing agency attrib-  
22 utable to providing and operating the dwelling unit.

23 The preceding sentence may not be construed to re-  
24 quire establishment of rental amounts equal to or  
25 based on operating costs or to prevent public hous-

1       ing agencies from developing flat rents required  
2       under this paragraph in any other manner that may  
3       comply with this paragraph.

4               (2) INCOME-BASED RENTS.—The monthly rent-  
5       al amount determined under this paragraph for a  
6       family shall be an amount, determined by the public  
7       housing agency, that does not exceed the greatest of  
8       the following amounts (rounded to the nearest dol-  
9       lar):

10                   (A) 30 percent of the monthly adjusted in-  
11                   come of the family.

12                   (B) 10 percent of the monthly income of  
13                   the family.

14                   (C) If the family is receiving payments for  
15                   welfare assistance from a public agency and a  
16                   part of such payments, adjusted in accordance  
17                   with the actual housing costs of the family, is  
18                   specifically designated by such agency to meet  
19                   the housing costs of the family, the portion of  
20                   such payments that is so designated.

21       Nothing in this paragraph may be construed to re-  
22       quire a public housing agency to charge a monthly  
23       rent in the maximum amount permitted under this  
24       paragraph.

1           (c) MINIMUM RENTAL AMOUNT.—Notwithstanding  
2 the method for rent determination elected by a family pur-  
3 suant to subsection (a), each public housing agency shall  
4 require that the monthly rent for each dwelling unit in  
5 public housing owned or administered by the agency shall  
6 not be less than a minimum amount (which amount shall  
7 include any amount allowed for utilities), which shall be  
8 an amount determined by the agency that is not less than  
9 \$25 nor more than \$50.

10           (d) HARDSHIP PROVISIONS.—

11                 (1) MINIMUM RENTAL.—

12                         (A) IN GENERAL.—Notwithstanding sub-  
13 section (c), a public housing agency shall grant  
14 an exemption from application of the minimum  
15 monthly rental under such subsection to any  
16 family unable to pay such amount because of fi-  
17 nancial hardship, which shall include situations  
18 in which (i) the family has lost eligibility for or  
19 is awaiting an eligibility determination for a  
20 Federal, State, or local assistance program, in-  
21 cluding a family that includes a member who is  
22 an alien lawfully admitted for permanent resi-  
23 dence under the Immigration and Nationality  
24 Act who would be entitled to public benefits but  
25 for title IV of the Personal Responsibility and

1 Work Opportunity Reconciliation Act of 1996;  
2 (ii) the family would be evicted as a result of  
3 the imposition of the minimum rent require-  
4 ment under subsection (c); (iii) the income of  
5 the family has decreased because of changed  
6 circumstance, including loss of employment; and  
7 (iv) a death in the family has occurred; and  
8 other situations as may be determined by the  
9 agency.

10 (B) WAITING PERIOD.—If a resident re-  
11 quests a hardship exemption under this para-  
12 graph and the public housing agency reasonably  
13 determines the hardship to be of a temporary  
14 nature, an exemption shall not be granted dur-  
15 ing the 90-day period beginning upon the mak-  
16 ing of a request for the exemption. A resident  
17 may not be evicted during such 90-day period  
18 for nonpayment of rent. In such a case, if the  
19 resident thereafter demonstrates that the finan-  
20 cial hardship is of a long-term basis, the agency  
21 shall retroactively exempt the resident from the  
22 applicability of the minimum rent requirement  
23 for such 90-day period.

24 (2) SWITCHING RENT DETERMINATION METH-  
25 ODS.—Notwithstanding subsection (a), in the case of

1 a family that has elected to pay rent in the amount  
2 determined under subsection (b)(1), a public housing  
3 agency shall provide for the family to pay rent in the  
4 amount determined under subsection (b)(2) during  
5 the period for which such election was made if the  
6 family is unable to pay the amount determined  
7 under subsection (b)(1) because of financial hard-  
8 ship, including—

9 (A) situations in which the income of the  
10 family has decreased because of changed cir-  
11 cumstances, loss of reduction of employment,  
12 death in the family, and reduction in or loss of  
13 income or other assistance;

14 (B) an increase, because of changed cir-  
15 cumstances, in the family's expenses for—

- 16 (i) medical costs;  
17 (ii) child care;  
18 (iii) transportation;  
19 (iv) education; or  
20 (v) similar items; and

21 (C) such other situations as may be deter-  
22 mined by the agency.

23 (e) ENCOURAGEMENT OF SELF-SUFFICIENCY.—The  
24 rental policy developed by each public housing agency shall

1 encourage and reward employment and economic self-suf-  
2 ficiency.

3 (f) INCOME REVIEWS.—Each public housing agency  
4 shall review the income of each family occupying a dwell-  
5 ing unit in public housing owned or administered by the  
6 agency not less than annually, except that, in the case of  
7 families that are paying rent in the amount determined  
8 under subsection (b)(1), the agency shall review the in-  
9 come of such family not less than once every 3 years.

10 (g) DISALLOWANCE OF EARNED INCOME FROM  
11 RENT DETERMINATIONS.—

12 (1) IN GENERAL.—Notwithstanding any other  
13 provision of law, the rent payable under this section  
14 by a family whose income increases as a result of  
15 employment of a member of the family who was pre-  
16 viously unemployed for 1 or more years (including a  
17 family whose income increases as a result of the par-  
18 ticipation of a family member in any family self-suf-  
19 ficiency or other job training program) may not be  
20 increased as a result of the increased income due to  
21 such employment during the 18-month period begin-  
22 ning on the date on which the employment is com-  
23 menced.

24 (2) PHASE-IN OF RENT INCREASES.—After the  
25 expiration of the 18-month period referred to in

1 paragraph (1), rent increases due to the continued  
2 employment of the family member described in para-  
3 graph (1) shall be phased in over a subsequent 3-  
4 year period.

5 (3) TRANSITION.—Notwithstanding the provi-  
6 sions of paragraphs (1) and (2), any resident of  
7 public housing participating in the program under  
8 the authority contained in the undesignated para-  
9 graph at the end of section 3(c)(3) of the United  
10 States Housing Act of 1937 (as in effect before the  
11 effective date of the repeal under section 601(b) of  
12 this Act) shall be governed by such authority after  
13 such date.

14 (h) PHASE-IN OF RENT CONTRIBUTION INCREASES  
15 AFTER EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-  
17 graph (2), for any family residing in a dwelling unit  
18 in public housing upon the effective date of this Act,  
19 if the monthly contribution for rental of an assisted  
20 dwelling unit to be paid by the family upon initial  
21 applicability of this title is greater than the amount  
22 paid by the family under the provisions of the Unit-  
23 ed States Housing Act of 1937 immediately before  
24 such applicability, any such resulting increase in  
25 rent contribution shall be—

1 (A) phased in equally over a period of not  
2 less than 3 years, if such increase is 30 percent  
3 or more of such contribution before initial ap-  
4 plicability; and

5 (B) limited to not more than 10 percent  
6 per year if such increase is more than 10 per-  
7 cent but less than 30 percent of such contribu-  
8 tion before initial applicability.

9 (2) EXCEPTION.—The minimum rental amount  
10 under subsection (c) shall apply to each family de-  
11 scribed in paragraph (1) of this subsection, notwith-  
12 standing such paragraph.

13 **SEC. 226. LEASE REQUIREMENTS.**

14 In renting dwelling units in a public housing develop-  
15 ment, each public housing agency shall utilize leases  
16 that—

17 (1) do not contain unreasonable terms and con-  
18 ditions;

19 (2) obligate the public housing agency to main-  
20 tain the development in compliance with the housing  
21 quality requirements under section 232;

22 (3) require the public housing agency to give  
23 adequate written notice of termination of the lease,  
24 which shall not be less than—

1 (A) the period provided under the applica-  
2 ble law of the jurisdiction or 14 days, whichever  
3 is less, in the case of nonpayment of rent;

4 (B) a reasonable period of time, but not to  
5 exceed 14 days, when the health or safety of  
6 other residents or public housing agency em-  
7 ployees is threatened; and

8 (C) the period of time provided under the  
9 applicable law of the jurisdiction, in any other  
10 case;

11 (4) contain the provisions required under sec-  
12 tions 642 and 643 (relating to limitations on occu-  
13 pancy in federally assisted housing); and

14 (5) specify that, with respect to any notice of  
15 eviction or termination, notwithstanding any State  
16 law, a public housing resident shall be informed of  
17 the opportunity, prior to any hearing or trial, to ex-  
18 amine any relevant documents, records or regula-  
19 tions directly related to the eviction or termination.

20 **SEC. 227. DESIGNATED HOUSING FOR ELDERLY AND DIS-**  
21 **ABLED FAMILIES.**

22 (a) **AUTHORITY TO PROVIDE DESIGNATED HOUS-**  
23 **ING.—**

24 (1) **IN GENERAL.—**Subject only to provisions of  
25 this section and notwithstanding any other provision

1 of law, a public housing agency for which the infor-  
2 mation required under subsection (d) is in effect  
3 may provide public housing developments (or por-  
4 tions of developments) designated for occupancy by  
5 (A) only elderly families, (B) only disabled families,  
6 or (C) elderly and disabled families.

7 (2) PRIORITY FOR OCCUPANCY.—In determin-  
8 ing priority for admission to public housing develop-  
9 ments (or portions of developments) that are des-  
10 ignated for occupancy as provided in paragraph (1),  
11 the public housing agency may make units in such  
12 developments (or portions) available only to the  
13 types of families for whom the development is des-  
14 ignated.

15 (3) ELIGIBILITY OF NEAR-ELDERLY FAMI-  
16 LIES.—If a public housing agency determines that  
17 there are insufficient numbers of elderly families to  
18 fill all the units in a development (or portion of a  
19 development) designated under paragraph (1) for oc-  
20 cupancy by only elderly families, the agency may  
21 provide that near-elderly families may occupy dwell-  
22 ing units in the development (or portion).

23 (b) STANDARDS REGARDING EVICTIONS.—Except as  
24 provided in subtitle C of title VI, any tenant who is law-  
25 fully residing in a dwelling unit in a public housing devel-

1 opment may not be evicted or otherwise required to vacate  
2 such unit because of the designation of the development  
3 (or portion of a development) pursuant to this section or  
4 because of any action taken by the Secretary or any public  
5 housing agency pursuant to this section.

6 (c) RELOCATION ASSISTANCE.—A public housing  
7 agency that designates any existing development or build-  
8 ing, or portion thereof, for occupancy as provided under  
9 subsection (a)(1) shall provide, to each person and family  
10 who agrees to be relocated in connection with such des-  
11 ignation—

12 (1) notice of the designation and an explanation  
13 of available relocation benefits, as soon as is prac-  
14 ticable for the agency and the person or family;

15 (2) access to comparable housing (including ap-  
16 propriate services and design features), which may  
17 include choice-based rental housing assistance under  
18 title III, at a rental rate paid by the tenant that is  
19 comparable to that applicable to the unit from which  
20 the person or family has vacated; and

21 (3) payment of actual, reasonable moving ex-  
22 penses.

23 (d) REQUIRED INCLUSIONS IN LOCAL HOUSING  
24 MANAGEMENT PLAN.—A public housing agency may des-  
25 ignate a development (or portion of a development) for

1 occupancy under subsection (a)(1) only if the agency, as  
2 part of the agency's local housing management plan—

3 (1) establishes that the designation of the devel-  
4 opment is necessary—

5 (A) to achieve the housing goals for the ju-  
6 risdiction under the comprehensive housing af-  
7 fordability strategy under section 105 of the  
8 Cranston-Gonzalez National Affordable Hous-  
9 ing Act; or

10 (B) to meet the housing needs of the low-  
11 income population of the jurisdiction; and

12 (2) includes a description of—

13 (A) the development (or portion of a devel-  
14 opment) to be designated;

15 (B) the types of tenants for which the de-  
16 velopment is to be designated;

17 (C) any supportive services to be provided  
18 to tenants of the designated development (or  
19 portion);

20 (D) how the design and related facilities  
21 (as such term is defined in section 202(d)(8) of  
22 the Housing Act of 1959) of the development  
23 accommodate the special environmental needs  
24 of the intended occupants; and

1           (E) any plans to secure additional re-  
2           sources or housing assistance to provide assist-  
3           ance to families that may have been housed if  
4           occupancy in the development were not re-  
5           stricted pursuant to this section.

6 For purposes of this subsection, the term “supportive  
7 services” means services designed to meet the special  
8 needs of residents. Notwithstanding section 107, the Sec-  
9 retary may approve a local housing management plan  
10 without approving the portion of the plan covering des-  
11 ignation of a development pursuant to this section.

12       (e) EFFECTIVENESS.—

13           (1) INITIAL 5-YEAR EFFECTIVENESS.—The in-  
14           formation required under subsection (d) shall be in  
15           effect for purposes of this section during the 5-year  
16           period that begins upon notification under section  
17           107(a) of the public housing agency that the infor-  
18           mation complies with the requirements under section  
19           106 and this section.

20           (2) RENEWAL.—Upon the expiration of the 5-  
21           year period under paragraph (1) or any 2-year pe-  
22           riod under this paragraph, an agency may extend  
23           the effectiveness of the designation and information  
24           for an additional 2-year period (that begins upon  
25           such expiration) by submitting to the Secretary any

1 information needed to update the information. The  
2 Secretary may not limit the number of times a pub-  
3 lic housing agency extends the effectiveness of a des-  
4 ignation and information under this paragraph.

5 (3) TREATMENT OF EXISTING PLANS.—Not-  
6 withstanding any other provision of this section, a  
7 public housing agency shall be considered to have  
8 submitted the information required under this sec-  
9 tion if the agency has submitted to the Secretary an  
10 application and allocation plan under section 7 of  
11 the United States Housing Act of 1937 (as in effect  
12 before the effective date of the repeal under section  
13 601(b) of this Act) that has not been approved or  
14 disapproved before such effective date.

15 (4) TRANSITION PROVISION.—Any application  
16 and allocation plan approved under section 7 of the  
17 United States Housing Act of 1937 (as in effect be-  
18 fore the effective date of the repeal under section  
19 601(b) of this Act) before such effective date shall  
20 be considered to be the information required to be  
21 submitted under this section and that is in effect for  
22 purposes of this section for the 5-year period begin-  
23 ning upon such approval.

24 (f) INAPPLICABILITY OF UNIFORM RELOCATION AS-  
25 SISTANCE AND REAL PROPERTY ACQUISITIONS POLICY

1 ACT OF 1970.—No resident of a public housing develop-  
2 ment shall be considered to be displaced for purposes of  
3 the Uniform Relocation Assistance and Real Property Ac-  
4 quisitions Policy Act of 1970 because of the designation  
5 of any existing development or building, or portion thereof,  
6 for occupancy as provided under subsection (a) of this sec-  
7 tion.

8 (g) USE OF AMOUNTS.—Any amounts appropriated  
9 pursuant to section 10(b) of the Housing Opportunity  
10 Program Extension Act of 1996 (Public Law 104–120)  
11 may also be used, to the extent or in such amounts as  
12 are or have been provided in advance in appropriation  
13 Acts, for choice-based rental housing assistance under title  
14 III for public housing agencies to implement this section.

## 15 **Subtitle C—Management**

### 16 **SEC. 231. MANAGEMENT PROCEDURES.**

17 (a) SOUND MANAGEMENT.—A public housing agency  
18 that receives grant amounts under this title shall establish  
19 and comply with procedures and practices sufficient to en-  
20 sure that the public housing developments owned or ad-  
21 ministered by the agency are operated in a sound manner.

22 (b) ACCOUNTING SYSTEM FOR RENTAL COLLEC-  
23 TIONS AND COSTS.—

24 (1) ESTABLISHMENT.—Each public housing  
25 agency that receives grant amounts under this title

1 shall establish and maintain a system of accounting  
2 for rental collections and costs (including adminis-  
3 trative, utility, maintenance, repair, and other oper-  
4 ating costs) for each project and operating cost cen-  
5 ter (as determined by the Secretary).

6 (2) ACCESS TO RECORDS.—Each public housing  
7 agency shall make available to the general public the  
8 information required pursuant to paragraph (1) re-  
9 garding collections and costs.

10 (3) EXEMPTION.—The Secretary may permit  
11 authorities owning or operating fewer than 500  
12 dwelling units to comply with the requirements of  
13 this subsection by accounting on an agency-wide  
14 basis.

15 (c) MANAGEMENT BY OTHER ENTITIES.—Except as  
16 otherwise provided under this Act, a public housing agency  
17 may contract with any other entity to perform any of the  
18 management functions for public housing owned or oper-  
19 ated by the public housing agency.

20 **SEC. 232. HOUSING QUALITY REQUIREMENTS.**

21 (a) IN GENERAL.—Each public housing agency that  
22 receives grant amounts under this Act shall maintain its  
23 public housing in a condition that complies—

24 (1) in the case of public housing located in a ju-  
25 risdiction which has in effect laws, regulations,

1 standards, or codes regarding habitability of residen-  
2 tial dwellings, with such applicable laws, regulations,  
3 standards, or codes; or

4 (2) in the case of public housing located in a ju-  
5 risdiction which does not have in effect laws, regula-  
6 tions, standards, or codes described in paragraph  
7 (1), with the housing quality standards established  
8 under subsection (b).

9 (b) FEDERAL HOUSING QUALITY STANDARDS.—The  
10 Secretary shall establish housing quality standards under  
11 this subsection that ensure that public housing dwelling  
12 units are safe, clean, and healthy. Such standards shall  
13 include requirements relating to habitability, including  
14 maintenance, health and sanitation factors, condition, and  
15 construction of dwellings, and shall, to the greatest extent  
16 practicable, be consistent with the standards established  
17 under section 328(c). The Secretary shall differentiate be-  
18 tween major and minor violations of such standards.

19 (c) DETERMINATIONS.—Each public housing agency  
20 providing housing assistance shall identify, in the local  
21 housing management plan of the agency, whether the  
22 agency is utilizing the standard under paragraph (1) or  
23 (2) of subsection (a).

24 (d) ANNUAL INSPECTIONS.—Each public housing  
25 agency that owns or operates public housing shall make

1 an annual inspection of each public housing development  
2 to determine whether units in the development are main-  
3 tained in accordance with the requirements under sub-  
4 section (a). The agency shall retain the results of such  
5 inspections and, upon the request of the Secretary, the  
6 Inspector General for the Department of Housing and  
7 Urban Development, or any auditor conducting an audit  
8 under section 541, shall make such results available.

9 **SEC. 233. EMPLOYMENT OF RESIDENTS.**

10 Section 3 of the Housing and Urban Development  
11 Act of 1968 (12 U.S.C. 1701u) is amended—

12 (1) in subsection (c)(1)—

13 (A) in subparagraph (A)—

14 (i) by striking “public and Indian  
15 housing agencies” and inserting “public  
16 housing agencies and recipients of grants  
17 under the Native American Housing As-  
18 sistance and Self-Determination Act of  
19 1996”; and

20 (ii) by striking “development assist-  
21 ance” and all that follows through the end  
22 and inserting “assistance provided under  
23 title II of the Housing Opportunity and  
24 Responsibility Act of 1997 and used for

1 the housing production, operation, or cap-  
2 ital needs.”; and

3 (B) in subparagraph (B)(ii), by striking  
4 “managed by the public or Indian housing  
5 agency” and inserting “assisted by the public  
6 housing agency or the recipient of a grant  
7 under the Native American Housing Assistance  
8 and Self-Determination Act of 1996”;

9 (2) in subsection (d)(1)—

10 (A) in subparagraph (A)—

11 (i) by striking “public and Indian  
12 housing agencies” and inserting “public  
13 housing agencies and recipients of grants  
14 under the Native American Housing As-  
15 sistance and Self-Determination Act of  
16 1996”; and

17 (ii) by striking “development assist-  
18 ance” and all that follows through “section  
19 14 of that Act” and inserting “assistance  
20 provided under title II of the Housing Op-  
21 portunity and Responsibility Act of 1997  
22 and used for the housing production, oper-  
23 ation, or capital needs”; and

24 (B) in subparagraph (B)(ii), by striking  
25 “operated by the public or Indian housing agen-

1           cy” and inserting “assisted by the public hous-  
2           ing agency or the recipient of a grant under the  
3           Native American Housing Assistance and Self-  
4           Determination Act of 1996”;

5           (3) in subsections (c)(1)(A) and (d)(1)(A), by  
6           striking “make their best efforts,” each place it ap-  
7           pears and inserting “to the maximum extent that is  
8           possible and”;

9           (4) in subsection (c)(1)(A), by striking “to  
10          give” and inserting “give”; and

11          (5) in subsection (d)(1)(A), by striking “to  
12          award” and inserting “award”.

13 **SEC. 234. RESIDENT COUNCILS AND RESIDENT MANAGE-**  
14 **MENT CORPORATIONS.**

15          (a) RESIDENT COUNCILS.—The residents of a public  
16 housing development may establish a resident council for  
17 the development for purposes of consideration of issues re-  
18 lating to residents, representation of resident interests,  
19 and coordination and consultation with a public housing  
20 agency. A resident council shall be an organization or as-  
21 sociation that—

22           (1) is nonprofit in character;

23           (2) is representative of the residents of the eli-  
24          gible housing;

1           (3) adopts written procedures providing for the  
2 election of officers on a regular basis; and

3           (4) has a democratically elected governing  
4 board, which is elected by the residents of the eligi-  
5 ble housing on a regular basis.

6           (b) RESIDENT MANAGEMENT CORPORATIONS.—

7           (1) ESTABLISHMENT.—The residents of a pub-  
8 lic housing development may establish a resident  
9 management corporation for the purpose of assum-  
10 ing the responsibility for the management of the de-  
11 velopment under section 235 or purchasing a devel-  
12 opment.

13           (2) REQUIREMENTS.—A resident management  
14 corporation shall be a corporation that—

15                   (A) is nonprofit in character;

16                   (B) is organized under the laws of the  
17 State in which the development is located;

18                   (C) has as its sole voting members the  
19 residents of the development; and

20                   (D) is established by the resident council  
21 for the development or, if there is not a resident  
22 council, by a majority of the households of the  
23 development.

1 **SEC. 235. MANAGEMENT BY RESIDENT MANAGEMENT COR-**  
2 **PORATION.**

3 (a) **AUTHORITY.**—A public housing agency may enter  
4 into a contract under this section with a resident manage-  
5 ment corporation to provide for the management of public  
6 housing developments by the corporation.

7 (b) **CONTRACT.**—A contract under this section for  
8 management of public housing developments by a resident  
9 management corporation shall establish the respective  
10 management rights and responsibilities of the corporation  
11 and the public housing agency. The contract shall be con-  
12 sistent with the requirements of this Act applicable to pub-  
13 lic housing development and may include specific terms  
14 governing management personnel and compensation, ac-  
15 cess to public housing records, submission of and adher-  
16 ence to budgets, rent collection procedures, resident in-  
17 come verification, resident eligibility determinations, resi-  
18 dent eviction, the acquisition of supplies and materials and  
19 such other matters as may be appropriate. The contract  
20 shall be treated as a contracting out of services.

21 (c) **BONDING AND INSURANCE.**—Before assuming  
22 any management responsibility for a public housing devel-  
23 opment, the resident management corporation shall pro-  
24 vide fidelity bonding and insurance, or equivalent protec-  
25 tion. Such bonding and insurance, or its equivalent, shall  
26 be adequate to protect the Secretary and the public hous-

1 ing agency against loss, theft, embezzlement, or fraudulent  
2 acts on the part of the resident management corporation  
3 or its employees.

4 (d) BLOCK GRANT ASSISTANCE AND INCOME.—A  
5 contract under this section shall provide for—

6 (1) the public housing agency to provide a por-  
7 tion of the block grant assistance under this title to  
8 the resident management corporation for purposes of  
9 operating the public housing development covered by  
10 the contract and performing such other eligible ac-  
11 tivities with respect to the development as may be  
12 provided under the contract;

13 (2) the amount of income expected to be de-  
14 rived from the development itself (from sources such  
15 as rents and charges);

16 (3) the amount of income to be provided to the  
17 development from the other sources of income of the  
18 public housing agency (such as interest income, ad-  
19 ministrative fees, and rents); and

20 (4) any income generated by a resident man-  
21 agement corporation of a public housing develop-  
22 ment that exceeds the income estimated under the  
23 contract shall be used for eligible activities under  
24 section 203(a).

25 (e) CALCULATION OF TOTAL INCOME.—

1           (1) MAINTENANCE OF SUPPORT.—Subject to  
2 paragraph (2), the amount of assistance provided by  
3 a public housing agency to a public housing develop-  
4 ment managed by a resident management corpora-  
5 tion may not be reduced during the 3-year period be-  
6 ginning on the date on which the resident manage-  
7 ment corporation is first established for the develop-  
8 ment.

9           (2) REDUCTIONS AND INCREASES IN SUP-  
10 PORT.—If the total income of a public housing agen-  
11 cy is reduced or increased, the income provided by  
12 the public housing agency to a public housing devel-  
13 opment managed by a resident management corpora-  
14 tion shall be reduced or increased in proportion to  
15 the reduction or increase in the total income of the  
16 agency, except that any reduction in block grant  
17 amounts under this title to the agency that occurs  
18 as a result of fraud, waste, or mismanagement by  
19 the agency shall not affect the amount provided to  
20 the resident management corporation.

21 **SEC. 236. TRANSFER OF MANAGEMENT OF CERTAIN HOUS-**  
22 **ING TO INDEPENDENT MANAGER AT RE-**  
23 **QUEST OF RESIDENTS.**

24           (a) AUTHORITY.—The Secretary may transfer the re-  
25 sponsibility and authority for management of specified

1 housing (as such term is defined in subsection (h)) from  
2 a public housing agency to an eligible management entity,  
3 in accordance with the requirements of this section, if—

4           (1) such housing is owned or operated by a  
5 public housing agency that is designated as a trou-  
6 bled agency under section 533(a); and

7           (2) the Secretary determines that—

8                   (A) such housing has deferred mainte-  
9 nance, physical deterioration, or obsolescence of  
10 major systems and other deficiencies in the  
11 physical plant of the project;

12                   (B) such housing is occupied predomi-  
13 nantly by families with children who are in a  
14 severe state of distress, characterized by such  
15 factors as high rates of unemployment, teenage  
16 pregnancy, single-parent households, long-term  
17 dependency on public assistance and minimal  
18 educational achievement;

19                   (C) such housing is located in an area such  
20 that the housing is subject to recurrent vandal-  
21 ism and criminal activity (including drug-relat-  
22 ed criminal activity); and

23                   (D) the residents can demonstrate that the  
24 elements of distress for such housing specified  
25 in subparagraphs (A) through (C) can be rem-

1           edied by an entity that has a demonstrated ca-  
2           pacity to manage, with reasonable expenses for  
3           modernization.

4 Such a transfer may be made only as provided in this sec-  
5 tion, pursuant to the approval by the Secretary of a re-  
6 quest for the transfer made by a majority vote of the resi-  
7 dents for the specified housing, after consultation with the  
8 public housing agency for the specified housing.

9           (b) BLOCK GRANT ASSISTANCE.—Pursuant to a con-  
10 tract under subsection (c), the Secretary shall require the  
11 public housing agency for specified housing to provide to  
12 the manager for the housing, from any block grant  
13 amounts under this title for the agency, fair and reason-  
14 able amounts for operating costs for the housing. The  
15 amount made available under this subsection to a manager  
16 shall be determined by the Secretary based on the share  
17 for the specified housing of the total block grant amounts  
18 for the public housing agency transferring the housing,  
19 taking into consideration the operating and capital im-  
20 provement needs of the specified housing, the operating  
21 and capital improvement needs of the remaining public  
22 housing units managed by the public housing agency, and  
23 the local housing management plan of such agency.

24           (c) CONTRACT BETWEEN SECRETARY AND MAN-  
25 AGER.—

1           (1) REQUIREMENTS.—Pursuant to the approval  
2 of a request under this section for transfer of the  
3 management of specified housing, the Secretary shall  
4 enter into a contract with the eligible management  
5 entity.

6           (2) TERMS.— A contract under this subsection  
7 shall contain provisions establishing the rights and  
8 responsibilities of the manager with respect to the  
9 specified housing and the Secretary and shall be  
10 consistent with the requirements of this Act applica-  
11 ble to public housing developments.

12          (d) COMPLIANCE WITH LOCAL HOUSING MANAGE-  
13 MENT PLAN.—A manager of specified housing under this  
14 section shall comply with the approved local housing man-  
15 agement plan applicable to the housing and shall submit  
16 such information to the public housing agency from which  
17 management was transferred as may be necessary for such  
18 agency to prepare and update its local housing manage-  
19 ment plan.

20          (e) DEMOLITION AND DISPOSITION BY MANAGER.—  
21 A manager under this section may demolish or dispose of  
22 specified housing only if, and in the manner, provided for  
23 in the local housing management plan for the agency  
24 transferring management of the housing.

1 (f) LIMITATION ON PHA LIABILITY.—A public hous-  
2 ing agency that is not a manager for specified housing  
3 shall not be liable for any act or failure to act by a man-  
4 ager or resident council for the specified housing.

5 (g) TREATMENT OF MANAGER.—To the extent not  
6 inconsistent with this section and to the extent the Sec-  
7 retary determines not inconsistent with the purposes of  
8 this Act, a manager of specified housing under this section  
9 shall be considered to be a public housing agency for pur-  
10 poses of this title.

11 (h) DEFINITIONS.—For purposes of this section, the  
12 following definitions shall apply:

13 (1) ELIGIBLE MANAGEMENT ENTITY.—The  
14 term “eligible management entity” means, with re-  
15 spect to any public housing development, any of the  
16 following entities:

17 (A) NONPROFIT ORGANIZATION.—A public  
18 or private nonprofit organization, which shall—

19 (i) include a resident management  
20 corporation or resident management orga-  
21 nization and, as determined by the Sec-  
22 retary, a public or private nonprofit orga-  
23 nization sponsored by the public housing  
24 agency that owns the development; and

1 (ii) not include the public housing  
2 agency that owns the development.

3 (B) FOR-PROFIT ENTITY.—A for-profit en-  
4 tity that has demonstrated experience in provid-  
5 ing low-income housing.

6 (C) STATE OR LOCAL GOVERNMENT.—A  
7 State or local government, including an agency  
8 or instrumentality thereof.

9 (D) PUBLIC HOUSING AGENCY.—A public  
10 housing agency (other than the public housing  
11 agency that owns the development).

12 The term does not include a resident council.

13 (2) MANAGER.—The term “manager” means  
14 any eligible management entity that has entered into  
15 a contract under this section with the Secretary for  
16 the management of specified housing.

17 (3) NONPROFIT.—The term “nonprofit” means,  
18 with respect to an organization, association, corpora-  
19 tion, or other entity, that no part of the net earnings  
20 of the entity inures to the benefit of any member,  
21 founder, contributor, or individual.

22 (4) PRIVATE NONPROFIT ORGANIZATION.—The  
23 term “private nonprofit organization” means any  
24 private organization (including a State or locally  
25 chartered organization) that—

1 (A) is incorporated under State or local  
2 law;

3 (B) is nonprofit in character;

4 (C) complies with standards of financial  
5 accountability acceptable to the Secretary; and

6 (D) has among its purposes significant ac-  
7 tivities related to the provision of decent hous-  
8 ing that is affordable to low-income families.

9 (5) PUBLIC HOUSING AGENCY.—The term  
10 “public housing agency” has the meaning given such  
11 term in section 103(a).

12 (6) PUBLIC NONPROFIT ORGANIZATION.—The  
13 term “public nonprofit organization” means any  
14 public entity that is nonprofit in character.

15 (7) SPECIFIED HOUSING.—The term “specified  
16 housing” means a public housing development or de-  
17 velopments, or a portion of a development or devel-  
18 opments, for which the transfer of management is  
19 requested under this section. The term includes one  
20 or more contiguous buildings and an area of contig-  
21 uous row houses, but in the case of a single building,  
22 the building shall be sufficiently separable from the  
23 remainder of the development of which it is part to  
24 make transfer of the management of the building  
25 feasible for purposes of this section.

1 **SEC. 237. RESIDENT OPPORTUNITY PROGRAM.**

2 (a) PURPOSE.—The purpose of this section is to en-  
3 courage increased resident management of public housing  
4 developments, as a means of improving existing living con-  
5 ditions in public housing developments, by providing in-  
6 creased flexibility for public housing developments that are  
7 managed by residents by—

8 (1) permitting the retention, and use for certain  
9 purposes, of any revenues exceeding operating and  
10 project costs; and

11 (2) providing funding, from amounts otherwise  
12 available, for technical assistance to promote forma-  
13 tion and development of resident management enti-  
14 ties.

15 For purposes of this section, the term “public housing de-  
16 velopment” includes one or more contiguous buildings or  
17 an area of contiguous row houses the elected resident  
18 councils of which approve the establishment of a resident  
19 management corporation and otherwise meet the require-  
20 ments of this section.

21 (b) PROGRAM REQUIREMENTS.—

22 (1) RESIDENT COUNCIL.—As a condition of en-  
23 tering into a resident opportunity program, the  
24 elected resident council of a public housing develop-  
25 ment shall approve the establishment of a resident  
26 management corporation that complies with the re-

1        requirements of section 234(b)(2). When such ap-  
2        proval is made by the elected resident council of a  
3        building or row house area, the resident opportunity  
4        program shall not interfere with the rights of other  
5        families residing in the development or harm the ef-  
6        ficient operation of the development. The resident  
7        management corporation and the resident council  
8        may be the same organization, if the organization  
9        complies with the requirements applicable to both  
10       the corporation and council.

11            (2) PUBLIC HOUSING MANAGEMENT SPECIAL-  
12        IST.—The resident council of a public housing devel-  
13        opment, in cooperation with the public housing agen-  
14        cy, shall select a qualified public housing manage-  
15        ment specialist to assist in determining the feasibil-  
16        ity of, and to help establish, a resident management  
17        corporation and to provide training and other duties  
18        agreed to in the daily operations of the development.

19            (3) MANAGEMENT RESPONSIBILITIES.—A resi-  
20        dent management corporation that qualifies under  
21        this section, and that supplies insurance and bond-  
22        ing or equivalent protection sufficient to the Sec-  
23        retary and the public housing agency, shall enter  
24        into a contract with the agency establishing the re-  
25        spective management rights and responsibilities of

1 the corporation and the agency. The contract shall  
2 be treated as a contracting out of services and shall  
3 be subject to the requirements under section 235 for  
4 such contracts.

5 (4) ANNUAL AUDIT.—The books and records of  
6 a resident management corporation operating a pub-  
7 lic housing development shall be audited annually by  
8 a certified public accountant. A written report of  
9 each such audit shall be forwarded to the public  
10 housing agency and the Secretary.

11 (c) COMPREHENSIVE IMPROVEMENT ASSISTANCE.—  
12 Public housing developments managed by resident man-  
13 agement corporations may be provided with modernization  
14 assistance from grant amounts under this title for pur-  
15 poses of renovating such developments. If such renovation  
16 activities (including the planning and architectural design  
17 of the rehabilitation) are administered by a resident man-  
18 agement corporation, the public housing agency involved  
19 may not retain, for any administrative or other reason,  
20 any portion of the assistance provided pursuant to this  
21 subsection unless otherwise provided by contract.

22 (d) WAIVER OF FEDERAL REQUIREMENTS.—

23 (1) WAIVER OF REGULATORY REQUIRE-  
24 MENTS.—Upon the request of any resident manage-  
25 ment corporation and public housing agency, and

1 after notice and an opportunity to comment is af-  
2 fforded to the affected residents, the Secretary may  
3 waive (for both the resident management corporation  
4 and the public housing agency) any requirement es-  
5 tablished by the Secretary (and not specified in any  
6 statute) that the Secretary determines to unneces-  
7 sarily increase the costs or restrict the income of a  
8 public housing development.

9 (2) WAIVER TO PERMIT EMPLOYMENT.—Upon  
10 the request of any resident management corporation,  
11 the Secretary may, subject to applicable collective  
12 bargaining agreements, permit residents of such de-  
13 velopment to volunteer a portion of their labor.

14 (3) EXCEPTIONS.—The Secretary may not  
15 waive under this subsection any requirement with re-  
16 spect to income eligibility for purposes of section  
17 222, family rental payments under section 225, ten-  
18 ant or applicant protections, employee organizing  
19 rights, or rights of employees under collective bar-  
20 gaining agreements.

21 (e) OPERATING ASSISTANCE AND DEVELOPMENT IN-  
22 COME.—

23 (1) CALCULATION OF OPERATING SUBSIDY.—

24 The grant amounts received under this title by a  
25 public housing agency used for operating fund activi-

1 ties under section 203(a)(2) that are allocated to a  
2 public housing development managed by a resident  
3 management corporation shall not be less than per  
4 unit monthly amount of such assistance used by the  
5 public housing agency in the previous year, as deter-  
6 mined on an individual development basis.

7 (2) CONTRACT REQUIREMENTS.—Any contract  
8 for management of a public housing development en-  
9 tered into by a public housing agency and a resident  
10 management corporation shall specify the amount of  
11 income expected to be derived from the development  
12 itself (from sources such as rents and charges) and  
13 the amount of income funds to be provided to the  
14 development from the other sources of income of the  
15 agency (such as assistance for operating activities  
16 under section 203(a)(2), interest income, adminis-  
17 trative fees, and rents).

18 (f) RESIDENT MANAGEMENT TECHNICAL ASSIST-  
19 ANCE AND TRAINING.—

20 (1) FINANCIAL ASSISTANCE.—To the extent  
21 budget authority is available under this title, the  
22 Secretary shall provide financial assistance to resi-  
23 dent management corporations or resident councils  
24 that obtain, by contract or otherwise, technical as-  
25 sistance for the development of resident management

1 entities, including the formation of such entities, the  
2 development of the management capability of newly  
3 formed or existing entities, the identification of the  
4 social support needs of residents of public housing  
5 developments, and the securing of such support. In  
6 addition, the Secretary may provide financial assist-  
7 ance to resident management corporations or resi-  
8 dent councils for activities sponsored by resident or-  
9 ganizations for economic uplift, such as job training,  
10 economic development, security, and other self-suffi-  
11 ciency activities beyond those related to the manage-  
12 ment of public housing. The Secretary may require  
13 resident councils or resident management corpora-  
14 tions to utilize public housing agencies or other  
15 qualified organizations as contract administrators  
16 with respect to financial assistance provided under  
17 this paragraph.

18 (2) LIMITATION ON ASSISTANCE.—The finan-  
19 cial assistance provided under this subsection with  
20 respect to any public housing development may not  
21 exceed \$100,000.

22 (3) PROHIBITION.—A resident management  
23 corporation or resident council may not, before the  
24 award to the corporation or council of a grant  
25 amount under this subsection, enter into any con-

1 tract or other agreement with any entity to provide  
2 such entity with amounts from the grant for provid-  
3 ing technical assistance or carrying out other activi-  
4 ties eligible for assistance with amounts under this  
5 subsection. Any such agreement entered into in vio-  
6 lation of this paragraph shall be void and unenforce-  
7 able.

8 (4) FUNDING.—Of any amounts made available  
9 under section 282(1) for use under the capital fund,  
10 the Secretary may use to carry out this subsection  
11 \$15,000,000 for fiscal year 1998.

12 (5) LIMITATION REGARDING ASSISTANCE  
13 UNDER HOPE GRANT PROGRAM.—The Secretary may  
14 not provide financial assistance under this sub-  
15 section to any resident management corporation or  
16 resident council with respect to which assistance for  
17 the development or formation of such entity is pro-  
18 vided under title III of the United States Housing  
19 Act of 1937 (as in effect before the effective date of  
20 the repeal under section 601(b) of this Act).

21 (6) TECHNICAL ASSISTANCE AND CLEARING-  
22 HOUSE.—The Secretary may use up to 10 percent of  
23 the amount made available pursuant to paragraph  
24 (4)—

1           (A) to provide technical assistance, directly  
2           or by grant or contract, and

3           (B) to receive, collect, process, assemble,  
4           and disseminate information,  
5           in connection with activities under this subsection.

6           (g) ASSESSMENT AND REPORT BY SECRETARY.—Not  
7 later than 3 years after the date of the enactment of this  
8 Act, the Secretary shall—

9           (1) conduct an evaluation and assessment of  
10          resident management, and particularly of the effect  
11          of resident management on living conditions in pub-  
12          lic housing; and

13          (2) submit to the Congress a report setting  
14          forth the findings of the Secretary as a result of the  
15          evaluation and assessment and including any rec-  
16          ommendations the Secretary determines to be appro-  
17          priate.

18          (h) APPLICABILITY.—Any management contract be-  
19          tween a public housing agency and a resident management  
20          corporation that is entered into after the date of the enact-  
21          ment of the Stewart B. McKinney Homeless Assistance  
22          Amendments Act of 1988 shall be subject to this section  
23          and any regulations issued to carry out this section.

## 1           **Subtitle D—Homeownership**

### 2   **SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.**

3           (a) IN GENERAL.—A public housing agency may  
4 carry out a homeownership program in accordance with  
5 this section and the local housing management plan of the  
6 agency to make public housing dwelling units, public hous-  
7 ing developments, and other housing projects available for  
8 purchase by low-income families. An agency may transfer  
9 a unit only pursuant to a homeownership program ap-  
10 proved by the Secretary. Notwithstanding section 107, the  
11 Secretary may approve a local housing management plan  
12 without approving the portion of the plan regarding a  
13 homeownership program pursuant to this section. In the  
14 case of the portion of a plan regarding the homeownership  
15 program that is submitted separately pursuant to the pre-  
16 ceding sentence, the Secretary shall approve or disapprove  
17 such portion not later than 60 days after the submission  
18 of such portion.

19           (b) PARTICIPATING UNITS.—A program under this  
20 section may cover any existing public housing dwelling  
21 units or projects, and may include other dwelling units and  
22 housing owned, operated, or assisted, or otherwise ac-  
23 quired for use under such program, by the public housing  
24 agency.

25           (c) ELIGIBLE PURCHASERS.—

1           (1) LOW-INCOME REQUIREMENT.—Only low-in-  
2           come families assisted by a public housing agency,  
3           other low-income families, and entities formed to fa-  
4           cilitate such sales by purchasing units for resale to  
5           low-income families shall be eligible to purchase  
6           housing under a homeownership program under this  
7           section.

8           (2) OTHER REQUIREMENTS.—A public housing  
9           agency may establish other requirements or limita-  
10          tions for families to purchase housing under a home-  
11          ownership program under this section, including re-  
12          quirements or limitations regarding employment or  
13          participation in employment counseling or training  
14          activities, criminal activity, participation in home-  
15          ownership counseling programs, evidence of regular  
16          income, and other requirements. In the case of pur-  
17          chase by an entity for resale to low-income families,  
18          the entity shall sell the units to low-income families  
19          within 5 years from the date of its acquisition of the  
20          units. The entity shall use any net proceeds from the  
21          resale and from managing the units, as determined  
22          in accordance with guidelines of the Secretary, for  
23          housing purposes, such as funding resident organiza-  
24          tions and reserves for capital replacements.

1 (d) FINANCING AND ASSISTANCE.—A homeownership  
2 program under this section may provide financing for ac-  
3 quisition of housing by families purchasing under the pro-  
4 gram or by the public housing agency for sale under this  
5 program in any manner considered appropriate by the  
6 agency (including sale to a resident management corpora-  
7 tion).

8 (e) DOWNPAYMENT REQUIREMENT.—

9 (1) IN GENERAL.—Each family purchasing  
10 housing under a homeownership program under this  
11 section shall be required to provide from its own re-  
12 sources a downpayment in connection with any loan  
13 for acquisition of the housing, in an amount deter-  
14 mined by the public housing agency. Except as pro-  
15 vided in paragraph (2), the agency shall permit the  
16 family to use grant amounts, gifts from relatives,  
17 contributions from private sources, and similar  
18 amounts as downpayment amounts in such pur-  
19 chase,

20 (2) DIRECT FAMILY CONTRIBUTION.—In pur-  
21 chasing housing pursuant to this section, each fam-  
22 ily shall contribute an amount of the downpayment,  
23 from resources of the family other than grants, gifts,  
24 contributions, or other similar amounts referred to

1 in paragraph (1), that is not less than 1 percent of  
2 the purchase price.

3 (f) OWNERSHIP INTERESTS.—A homeownership pro-  
4 gram under this section may provide for sale to the pur-  
5 chasing family of any ownership interest that the public  
6 housing agency considers appropriate under the program,  
7 including ownership in fee simple, a condominium interest,  
8 an interest in a limited dividend cooperative, a shared ap-  
9 preciation interest with a public housing agency providing  
10 financing.

11 (g) RESALE.—

12 (1) AUTHORITY AND LIMITATION.—A home-  
13 ownership program under this section shall permit  
14 the resale of a dwelling unit purchased under the  
15 program by an eligible family, but shall provide such  
16 limitations on resale as the agency considers appro-  
17 priate (whether the family purchases directly from  
18 the agency or from another entity) for the agency to  
19 recapture—

20 (A) from any economic gain derived from  
21 any such resale occurring during the 5-year pe-  
22 riod beginning upon purchase of the dwelling  
23 unit by the eligible family, a portion of the  
24 amount of any financial assistance provided

1 under the program by the agency to the eligible  
2 family; and

3 (B) after the expiration of such 5-year pe-  
4 riod, only such amounts as are equivalent to the  
5 assistance provided under this section by the  
6 agency to the purchaser.

7 (2) CONSIDERATIONS.—The limitations referred  
8 to in paragraph (1) may provide for consideration of  
9 the aggregate amount of assistance provided under  
10 the program to the family, the contribution to equity  
11 provided by the purchasing eligible family, the period  
12 of time elapsed between purchase under the home-  
13 ownership program and resale, the reason for resale,  
14 any improvements to the property made by the eligi-  
15 ble family, any appreciation in the value of the prop-  
16 erty, and any other factors that the agency considers  
17 appropriate.

18 (h) SALE OF CERTAIN SCATTERED-SITE HOUSING.—  
19 A public housing agency that the Secretary has deter-  
20 mined to be a high-performing agency may use the pro-  
21 ceeds from the disposition of scattered-site public housing  
22 under a homeownership program under this section to  
23 purchase replacement scattered-site dwelling units, to the  
24 extent such use is provided for in the local housing man-  
25 agement plan for the agency approved under section 107.

1 Any such replacement dwelling units shall be considered  
2 public housing for purposes of this Act.

3 (i) INAPPLICABILITY OF DISPOSITION REQUIRE-  
4 MENTS.—The provisions of section 261 shall not apply to  
5 disposition of public housing dwelling units under a home-  
6 ownership program under this section, except that any  
7 dwelling units sold under such a program shall be treated  
8 as public housing dwelling units for purposes of sub-  
9 sections (e) and (f) of section 261.

10 **Subtitle E—Disposition, Demoli-**  
11 **tion, and Revitalization of De-**  
12 **velopments**

13 **SEC. 261. REQUIREMENTS FOR DEMOLITION AND DISPOSI-**  
14 **TION OF DEVELOPMENTS.**

15 (a) AUTHORITY AND FLEXIBILITY.—A public hous-  
16 ing agency may demolish, dispose of, or demolish and dis-  
17 pose of nonviable or nonmarketable public housing devel-  
18 opments of the agency in accordance with this section.

19 (b) LOCAL HOUSING MANAGEMENT PLAN REQUIRE-  
20 MENT.—A public housing agency may take any action to  
21 demolish or dispose of a public housing development (or  
22 a portion of a development) only if such demolition or dis-  
23 position complies with the provisions of this section and  
24 is in accordance with the local housing management plan  
25 for the agency. Notwithstanding section 107, the Sec-

1   retary may approve a local housing management plan  
2   without approving the portion of the plan covering demoli-  
3   tion or disposition pursuant to this section.

4       (c) PURPOSE OF DEMOLITION OR DISPOSITION.—A  
5   public housing agency may demolish or dispose of a public  
6   housing development (or portion of a development) only  
7   if the agency provides sufficient evidence to the Secretary  
8   that—

9           (1) the development (or portion thereof) is se-  
10   verely distressed or obsolete;

11          (2) the development (or portion thereof) is in a  
12   location making it unsuitable for housing purposes;

13          (3) the development (or portion thereof) has de-  
14   sign or construction deficiencies that make cost-ef-  
15   fective rehabilitation infeasible;

16          (4) assuming that reasonable rehabilitation and  
17   management intervention for the development has  
18   been completed and paid for, the anticipated revenue  
19   that would be derived from charging market-based  
20   rents for units in the development (or portion there-  
21   of) would not cover the anticipated operating costs  
22   and replacement reserves of the development (or  
23   portion) at full occupancy and the development (or  
24   portion) would constitute a substantial burden on  
25   the resources of the public housing agency;

1           (5) retention of the development (or portion  
2 thereof) is not in the best interests of the residents  
3 of the public housing agency because—

4           (A) developmental changes in the area sur-  
5 rounding the development adversely affect the  
6 health or safety of the residents or the feasible  
7 operation of the development by the public  
8 housing agency;

9           (B) demolition or disposition will allow the  
10 acquisition, development, or rehabilitation of  
11 other properties which will be more efficiently  
12 or effectively operated as low-income housing;  
13 or

14           (C) other factors exist that the agency de-  
15 termines are consistent with the best interests  
16 of the residents and the agency and not incon-  
17 sistent with other provisions of this Act;

18           (6) in the case only of demolition or disposition  
19 of a portion of a development, the demolition or dis-  
20 position will help to ensure the remaining useful life  
21 of the remainder of the development; or

22           (7) in the case only of property other than  
23 dwelling units—

24           (A) the property is excess to the needs of  
25 a development; or

1 (B) the demolition or disposition is inci-  
2 dental to, or does not interfere with, continued  
3 operation of a development.

4 The evidence required under this subsection shall include,  
5 as a condition of demolishing or disposing of a public  
6 housing development (or portion of a development) esti-  
7 mated to have a value of \$100,000 or more, a statement  
8 of the market value of the development (or portion), which  
9 has been determined by a party not having any interest  
10 in the housing or the public housing agency and pursuant  
11 to not less than 2 professional, independent appraisals of  
12 the development (or portion).

13 (d) CONSULTATION.—A public housing agency may  
14 demolish or dispose of a public housing development (or  
15 portion of a development) only if the agency notifies and  
16 confers regarding the demolition or disposition with—

17 (1) the residents of the development (or por-  
18 tion); and

19 (2) appropriate local government officials.

20 (e) COUNSELING.—A public housing agency may de-  
21 molish or dispose of a public housing development (or a  
22 portion of a development) only if the agency provides any  
23 necessary counseling for families displaced by such action  
24 to facilitate relocation.

1 (f) USE OF PROCEEDS.—Any net proceeds from the  
2 disposition of a public housing development (or portion of  
3 a development) shall be used for—

4 (1) housing assistance for low-income families  
5 that is consistent with the low-income housing needs  
6 of the community, through acquisition, development,  
7 or rehabilitation of, or homeownership programs for,  
8 other low-income housing or the provision of choice-  
9 based assistance under title III for such families;

10 (2) supportive services relating to job training  
11 or child care for residents of a development or devel-  
12 opments; or

13 (3) leveraging amounts for securing commercial  
14 enterprises, on-site in public housing developments  
15 of the public housing agency, appropriate to serve  
16 the needs of the residents.

17 (g) RELOCATION.—A public housing agency that de-  
18 molishes or disposes of a public housing development (or  
19 portion of a development thereof) shall ensure that—

20 (1) each family that is a resident of the devel-  
21 opment (or portion) that is demolished or disposed  
22 of is relocated to other safe, clean, healthy, and af-  
23 fordable housing, which is, to the maximum extent  
24 practicable, housing of the family's choice, including  
25 choice-based assistance under title III (provided that

1 with respect to choice-based assistance, the preced-  
2 ing requirement shall be fulfilled only upon the relo-  
3 cation of the such family into such housing);

4 (2) the public housing agency does not take any  
5 action to dispose of any unit until any resident to  
6 be displaced is relocated in accordance with para-  
7 graph (1); and

8 (3) each resident family to be displaced is paid  
9 relocation expenses, and the rent to be paid initially  
10 by the resident following relocation does not exceed  
11 the amount permitted under section 225(a).

12 (h) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGA-  
13 NIZATIONS AND RESIDENT MANAGEMENT CORPORA-  
14 TIONS.—

15 (1) IN GENERAL.—A public housing agency  
16 may not dispose of a public housing development (or  
17 portion of a development) unless the agency has, be-  
18 fore such disposition, offered to sell the property, as  
19 provided in this subsection, to each resident organi-  
20 zation and resident management corporation operat-  
21 ing at the development for continued use as low-in-  
22 come housing, and no such organization or corpora-  
23 tion purchases the property pursuant to such offer.  
24 A resident organization may act, for purposes of this

1 subsection, through an entity formed to facilitate  
2 homeownership under subtitle D.

3 (2) TIMING.—Disposition of a development (or  
4 portion thereof) under this section may not take  
5 place—

6 (A) before the expiration of the period dur-  
7 ing which any such organization or corporation  
8 may notify the agency of interest in purchasing  
9 the property, which shall be the 30-day period  
10 beginning on the date that the agency first pro-  
11 vides notice of the proposed disposition of the  
12 property to such resident organizations and  
13 resident management corporations;

14 (B) if an organization or corporation sub-  
15 mits notice of interest in accordance with sub-  
16 paragraph (A), before the expiration of the pe-  
17 riod during which such organization or corpora-  
18 tion may obtain a commitment for financing to  
19 purchase the property, which shall be the 60-  
20 day period beginning upon the submission to  
21 the agency of the notice of interest; or

22 (C) if, during the period under subpara-  
23 graph (B), an organization or corporation ob-  
24 tains such financing commitment and makes a  
25 bona fide offer to the agency to purchase the

1           property for a price equal to or exceeding the  
2           applicable offer price under paragraph (3).

3           The agency shall sell the property pursuant to any  
4           purchase offer described in subparagraph (C).

5           (3) TERMS OF OFFER.—An offer by a public  
6           housing agency to sell a property in accordance with  
7           this subsection shall involve a purchase price that re-  
8           flects the market value of the property, the reason  
9           for the sale, the impact of the sale on the surround-  
10          ing community, and any other factors that the agen-  
11          cy considers appropriate.

12          (i) INFORMATION FOR LOCAL HOUSING MANAGE-  
13          MENT PLAN.—A public housing agency may demolish or  
14          dispose of a public housing development (or portion there-  
15          of) only if it includes in the applicable local housing man-  
16          agement plan information sufficient to describe—

17               (1) the housing to be demolished or disposed of;

18               (2) the purpose of the demolition or disposition  
19               under subsection (c) and why the demolition or dis-  
20               position complies with the requirements under sub-  
21               section (c), and includes evidence of the market  
22               value of the development (or portion) required under  
23               subsection (c);

24               (3) how the consultations required under sub-  
25               section (d) will be made;

1           (4) how the net proceeds of the disposition will  
2           be used in accordance with subsection (f);

3           (5) how the agency will relocate residents, if  
4           necessary, as required under subsection (g); and

5           (6) that the agency has offered the property for  
6           acquisition by resident organizations and resident  
7           management corporations in accordance with sub-  
8           section (h).

9           (j) **SITE AND NEIGHBORHOOD STANDARDS EXEMP-**  
10          **TION.**—Notwithstanding any other provision of law, a  
11          public housing agency may provide for development of  
12          public housing dwelling units on the same site or in the  
13          same neighborhood as any dwelling units demolished, pur-  
14          suant to a plan under this section, but only if such devel-  
15          opment provides for significantly fewer dwelling units.

16          (k) **TREATMENT OF REPLACEMENT UNITS.**—

17                 (1) **PROVISION OF OTHER HOUSING ASSIST-**  
18                 **ANCE.**—In connection with any demolition or dis-  
19                 position of public housing under this section, a pub-  
20                 lic housing agency may provide for other housing as-  
21                 sistance for low-income families that is consistent  
22                 with the low-income housing needs of the commu-  
23                 nity, including—

24                         (A) the provision of choice-based assistance  
25                         under title III; and

1 (B) the development, acquisition, or lease  
2 by the agency of dwelling units, which dwelling  
3 units shall—

4 (i) be eligible to receive assistance  
5 with grant amounts provided under this  
6 title; and

7 (ii) be made available for occupancy,  
8 operated, and managed in the manner re-  
9 quired for public housing, and subject to  
10 the other requirements applicable to public  
11 housing dwelling units.

12 (2) TREATMENT OF INDIVIDUALS.—For pur-  
13 poses of this subsection, an individual between the  
14 ages of 18 and 21, inclusive, shall, at the discretion  
15 of the individual, be considered a family.

16 (1) USE OF NEW DWELLING UNITS.—A public hous-  
17 ing agency demolishing or disposing of a public housing  
18 development (or portion thereof) under this section shall  
19 seek, where practical, to ensure that, if housing units are  
20 provided on any property that was previously used for the  
21 public housing demolished or disposed of, not less than  
22 25 percent of such dwelling units shall be dwelling units  
23 reserved for occupancy during the remaining useful life of  
24 the housing by low-income families.

1 (m) PERMISSIBLE RELOCATION WITHOUT PLAN.—

2 If a public housing agency determines that because of an  
3 emergency situation public housing dwelling units are se-  
4 verely uninhabitable, the public housing agency may relo-  
5 cate residents of such dwelling units before the submission  
6 of a local housing management plan providing for demoli-  
7 tion or disposition of such units.

8 (n) CONSOLIDATION OF OCCUPANCY WITHIN OR

9 AMONG BUILDINGS.—Nothing in this section may be con-  
10 strued to prevent a public housing agency from consolidat-  
11 ing occupancy within or among buildings of a public hous-  
12 ing development, or among developments, or with other  
13 housing for the purpose of improving living conditions of,  
14 or providing more efficient services to, residents.

15 (o) DE MINIMIS EXCEPTION TO DEMOLITION RE-

16 QUIREMENTS.—Notwithstanding any other provision of  
17 this section, in any 5-year period a public housing agency  
18 may demolish not more than the lesser of 5 dwelling units  
19 or 5 percent of the total dwelling units owned and oper-  
20 ated by the public housing agency, without providing for  
21 such demolition in a local housing management plan, but  
22 only if the space occupied by the demolished unit is used  
23 for meeting the service or other needs of public housing  
24 residents or the demolished unit was beyond repair.

1 **SEC. 262. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND CHOICE-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.**  
2  
3

4 (a) **PURPOSES.**—The purpose of this section is to  
5 provide assistance to public housing agencies for the pur-  
6 poses of—

7 (1) reducing the density and improving the liv-  
8 ing environment for public housing residents of se-  
9 verely distressed public housing developments  
10 through the demolition of obsolete public housing de-  
11 velopments (or portions thereof);

12 (2) revitalizing sites (including remaining public  
13 housing dwelling units) on which such public hous-  
14 ing developments are located and contributing to the  
15 improvement of the surrounding neighborhood;

16 (3) providing housing that will avoid or de-  
17 crease the concentration of very low-income families;  
18 and

19 (4) providing choice-based assistance in accord-  
20 ance with title III for the purpose of providing re-  
21 placement housing and assisting residents to be dis-  
22 placed by the demolition.

23 (b) **GRANT AUTHORITY.**—The Secretary may make  
24 grants available to public housing agencies as provided in  
25 this section.

1           (c) CONTRIBUTION REQUIREMENT.—The Secretary  
2 may not make any grant under this section to any appli-  
3 cant unless the applicant certifies to the Secretary that  
4 the applicant will supplement the amount of assistance  
5 provided under this section with an amount of funds from  
6 sources other than this section equal to not less than 5  
7 percent of the amount provided under this section, includ-  
8 ing amounts from other Federal sources, any State or  
9 local government sources, any private contributions, and  
10 the value of any in-kind services or administrative costs  
11 provided.

12           (d) ELIGIBLE ACTIVITIES.—Grants under this sec-  
13 tion may be used for activities to carry out revitalization  
14 programs for severely distressed public housing, includ-  
15 ing—

16           (1) architectural and engineering work, includ-  
17 ing the redesign, reconstruction, or redevelopment of  
18 a severely distressed public housing development, in-  
19 cluding the site on which the development is located;

20           (2) the demolition, sale, or lease of the site, in  
21 whole or in part;

22           (3) covering the administrative costs of the ap-  
23 plicant, which may not exceed such portion of the  
24 assistance provided under this section as the Sec-  
25 retary may prescribe;

1 (4) payment of reasonable legal fees;

2 (5) providing reasonable moving expenses for  
3 residents displaced as a result of the revitalization of  
4 the development;

5 (6) economic development activities that pro-  
6 mote the economic self-sufficiency of residents under  
7 the revitalization program;

8 (7) necessary management improvements;

9 (8) leveraging other resources, including addi-  
10 tional housing resources, retail supportive services,  
11 jobs, and other economic development uses on or  
12 near the development that will benefit future resi-  
13 dents of the site;

14 (9) replacement housing and housing assistance  
15 under title III;

16 (10) transitional security activities; and

17 (11) necessary supportive services, except that  
18 not more than 10 percent of the amount of any  
19 grant may be used for activities under this para-  
20 graph.

21 (e) APPLICATION AND SELECTION.—

22 (1) APPLICATION.—An application for a grant  
23 under this section shall contain such information  
24 and shall be submitted at such time and in accord-

1       ance with such procedures, as the Secretary shall  
2       prescribe.

3               (2) SELECTION CRITERIA.—The Secretary shall  
4       establish selection criteria for the award of grants  
5       under this section, which shall include—

6               (A) the relationship of the grant to the  
7       local housing management plan for the public  
8       housing agency and how the grant will result in  
9       a revitalized site that will enhance the neighbor-  
10      hood in which the development is located;

11              (B) the capability and record of the appli-  
12      cant public housing agency, or any alternative  
13      management agency for the agency, for manag-  
14      ing large-scale redevelopment or modernization  
15      projects, meeting construction timetables, and  
16      obligating amounts in a timely manner;

17              (C) the extent to which the public housing  
18      agency could undertake such activities without  
19      a grant under this section;

20              (D) the extent of involvement of residents,  
21      State and local governments, private service  
22      providers, financing entities, and developers, in  
23      the development of a revitalization program for  
24      the development; and

1 (E) the amount of funds and other re-  
2 sources to be leveraged by the grant.

3 The Secretary shall give preference in selection to  
4 any public housing agency that has been awarded a  
5 planning grant under section 24(c) of the United  
6 States Housing Act of 1937 (as in effect before the  
7 effective date of the repeal under section 601(b) of  
8 this Act).

9 (f) COST LIMITS.—Subject to the provisions of this  
10 section, the Secretary—

11 (1) shall establish cost limits on eligible activi-  
12 ties under this section sufficient to provide for effec-  
13 tive revitalization programs; and

14 (2) may establish other cost limits on eligible  
15 activities under this section.

16 (g) DEMOLITION AND REPLACEMENT.—Any severely  
17 distressed public housing demolished or disposed of pursu-  
18 ant to a revitalization plan and any public housing pro-  
19 duced in lieu of such severely distressed housing, shall be  
20 subject to the provisions of section 261.

21 (h) ADMINISTRATION BY OTHER ENTITIES.—The  
22 Secretary may require a grantee under this section to  
23 make arrangements satisfactory to the Secretary for use  
24 of an entity other than the public housing agency to carry  
25 out activities assisted under the revitalization plan, if the

1 Secretary determines that such action will help to effec-  
2 tuate the purposes of this section.

3 (i) WITHDRAWAL OF FUNDING.—If a grantee under  
4 this section does not proceed expeditiously, in the deter-  
5 mination of the Secretary, the Secretary shall withdraw  
6 any grant amounts under this section that have not been  
7 obligated by the public housing agency. The Secretary  
8 shall redistribute any withdrawn amounts to one or more  
9 public housing agencies eligible for assistance under this  
10 section or to one or more other entities capable of proceed-  
11 ing expeditiously in the same locality in carrying out the  
12 revitalization plan of the original grantee.

13 (j) DEFINITIONS.—For purposes of this section, the  
14 following definitions shall apply:

15 (1) APPLICANT.—The term “applicant”  
16 means—

17 (A) any public housing agency that is not  
18 designated as troubled pursuant to section  
19 533(a);

20 (B) any public housing agency or private  
21 housing management agent selected, or receiver  
22 appointed pursuant, to section 545; and

23 (C) any public housing agency that is des-  
24 ignated as troubled pursuant to section 533(a)  
25 that—

1 (i) is so designated principally for rea-  
2 sons that will not affect the capacity of the  
3 agency to carry out a revitalization pro-  
4 gram;

5 (ii) is making substantial progress to-  
6 ward eliminating the deficiencies of the  
7 agency; or

8 (iii) is otherwise determined by the  
9 Secretary to be capable of carrying out a  
10 revitalization program.

11 (2) PRIVATE NONPROFIT CORPORATION.—The  
12 term “private nonprofit organization” means any  
13 private nonprofit organization (including a State or  
14 locally chartered nonprofit organization) that—

15 (A) is incorporated under State or local  
16 law;

17 (B) has no part of its net earnings inuring  
18 to the benefit of any member, founder, contrib-  
19 utor, or individual;

20 (C) complies with standards of financial  
21 accountability acceptable to the Secretary; and

22 (D) has among its purposes significant ac-  
23 tivities related to the provision of decent hous-  
24 ing that is affordable to very low-income fami-  
25 lies.

1           (3) SEVERELY DISTRESSED PUBLIC HOUS-  
2           ING.—The term “severely distressed public housing”  
3           means a public housing development (or building in  
4           a development) that—

5                   (A) requires major redesign, reconstruction  
6                   or redevelopment, or partial or total demolition,  
7                   to correct serious deficiencies in the original de-  
8                   sign (including inappropriately high population  
9                   density), deferred maintenance, physical dete-  
10                  rioration or obsolescence of major systems and  
11                  other deficiencies in the physical plant of the  
12                  development;

13                  (B) is a significant contributing factor to  
14                  the physical decline of and disinvestment by  
15                  public and private entities in the surrounding  
16                  neighborhood;

17                  (C)(i) is occupied predominantly by fami-  
18                  lies who are very low-income families with chil-  
19                  dren, are unemployed, and dependent on var-  
20                  ious forms of public assistance; and

21                  (ii) has high rates of vandalism and crimi-  
22                  nal activity (including drug-related criminal ac-  
23                  tivity) in comparison to other housing in the  
24                  area;

1 (D) cannot be revitalized through assist-  
2 ance under other programs, such as the public  
3 housing block grant program under this title, or  
4 the programs under sections 9 and 14 of the  
5 United States Housing Act of 1937 (as in effect  
6 before the effective date of the repeal under sec-  
7 tion 601(b) of this Act), because of cost con-  
8 straints and inadequacy of available amounts;  
9 and

10 (E) in the case of individual buildings, is,  
11 in the Secretary's determination, sufficiently  
12 separable from the remainder of the develop-  
13 ment of which the building is part to make use  
14 of the building feasible for purposes of this sec-  
15 tion.

16 (4) SUPPORTIVE SERVICES.—The term “sup-  
17 portive services” includes all activities that will pro-  
18 mote upward mobility, self-sufficiency, and improved  
19 quality of life for the residents of the public housing  
20 development involved, including literacy training, job  
21 training, day care, and economic development activi-  
22 ties.

23 (k) ANNUAL REPORT.—The Secretary shall submit  
24 to the Congress an annual report setting forth—

1           (1) the number, type, and cost of public hous-  
2           ing units revitalized pursuant to this section;

3           (2) the status of developments identified as se-  
4           verely distressed public housing;

5           (3) the amount and type of financial assistance  
6           provided under and in conjunction with this section;  
7           and

8           (4) the recommendations of the Secretary for  
9           statutory and regulatory improvements to the pro-  
10          gram established by this section.

11         (1) FUNDING.—

12           (1) AUTHORIZATION OF APPROPRIATIONS.—  
13           There are authorized to be appropriated for grants  
14           under this section \$500,000,000 for each of fiscal  
15           years 1998, 1999, and 2000.

16           (2) TECHNICAL ASSISTANCE.—Of the amount  
17           appropriated pursuant to paragraph (1) for any fis-  
18           cal year, the Secretary may use not more than 0.50  
19           percent for technical assistance. Such assistance  
20           may be provided directly or indirectly by grants, con-  
21           tracts, or cooperative agreements, and shall include  
22           training, and the cost of necessary travel for partici-  
23           pants in such training, by or to officials of the De-  
24           partment of Housing and Urban Development, of  
25           public housing agencies, and of residents.

1 (m) SUNSET.—No assistance may be provided under  
2 this section after September 30, 2000.

3 (n) TREATMENT OF PREVIOUS SELECTIONS.—A  
4 public housing agency that has been selected to receive  
5 amounts under the notice of funding availability for fiscal  
6 year 1996 amounts for the HOPE VI program (provided  
7 under the heading "PUBLIC HOUSING DEMOLITION, SITE  
8 REVITALIZATION, AND REPLACEMENT HOUSING GRANTS"  
9 in title II of the Departments of Veterans Affairs and  
10 Housing and Urban Development, and Independent Agen-  
11 cies Appropriations Act, 1996 (42 U.S.C. 1437l note) (en-  
12 acted as section 101(e) of Omnibus Consolidated Rescis-  
13 sions and Appropriations Act of 1996 (Public Law 104-  
14 134; 110 Stat. 1321–269)) may apply to the Secretary  
15 of Housing and Urban Development for a waiver of the  
16 total development cost rehabilitation requirement other-  
17 wise applicable under such program, and the Secretary  
18 may waive such requirement, but only (1) to the extent  
19 that a designated site for use of such amounts does not  
20 have dwelling units that are considered to be obsolete  
21 under Department of Housing and Urban Development  
22 regulations in effect upon the date of the enactment of  
23 this Act, and (2) if the Secretary determines that the pub-  
24 lic housing agency will continue to comply with the pur-  
25 poses of the program notwithstanding such waiver.

1 **SEC. 263. VOLUNTARY VOUCHER SYSTEM FOR PUBLIC**  
2 **HOUSING.**

3 (a) IN GENERAL.—A public housing agency may con-  
4 vert any public housing development (or portion thereof)  
5 owned and operated by the agency to a system of choice-  
6 based rental housing assistance under title III, in accord-  
7 ance with this section.

8 (b) ASSESSMENT AND PLAN REQUIREMENT.—In  
9 converting under this section to a choice-based rental  
10 housing assistance system, the public housing agency shall  
11 develop a conversion assessment and plan under this sub-  
12 section, in consultation with the appropriate public offi-  
13 cials and with significant participation by the residents of  
14 the development (or portion thereof), which assessment  
15 and plan shall—

16 (1) be consistent with and part of the local  
17 housing management plan for the agency;

18 (2) describe the conversion and future use or  
19 disposition of the public housing development, in-  
20 cluding an impact analysis on the affected commu-  
21 nity;

22 (3) include a cost analysis that demonstrates  
23 whether or not the cost (both on a net present value  
24 basis and in terms of new budget authority require-  
25 ments) of providing choice-based rental housing as-  
26 sistance under title III for the same families in sub-

1       stantially similar dwellings over the same period of  
2       time is less expensive than continuing public housing  
3       assistance in the public housing development pro-  
4       posed for conversion for the remaining useful life of  
5       the development;

6               (4) identify the actions, if any, that the public  
7       housing agency will take with regard to converting  
8       any public housing development or developments (or  
9       portions thereof) of the agency to a system of  
10      choice-based rental housing assistance under title  
11      III;

12              (5) require the public housing agency to—

13                      (A) notify the families residing in the pub-  
14      lic housing development subject to the conver-  
15      sion, in accordance with any guidelines issued  
16      by the Secretary governing such notifications,  
17      that—

18                              (i) the development will be removed  
19      from the inventory of the public housing  
20      agency; and

21                              (ii) the families displaced by such ac-  
22      tion will receive choice-based housing as-  
23      sistance;

1 (B) provide any necessary counseling for  
2 families displaced by such action to facilitate re-  
3 location; and

4 (C) provide any reasonable relocation ex-  
5 penses for families displaced by such action;  
6 and

7 (6) ensure that each family that is a resident  
8 of the development is relocated to other safe, clean,  
9 and healthy affordable housing, which is, to the  
10 maximum extent practicable, housing of the family's  
11 choice, including choice-based assistance under title  
12 III (provided that with respect to choice-based as-  
13 sistance, the preceding requirement shall be fulfilled  
14 only upon the relocation of such family into such  
15 housing).

16 (c) STREAMLINED ASSESSMENT AND PLAN.—At the  
17 discretion of the Secretary or at the request of a public  
18 housing agency, the Secretary may waive any or all of the  
19 requirements of subsection (b) or otherwise require a  
20 streamlined assessment with respect to any public housing  
21 development or class of public housing developments.

22 (d) IMPLEMENTATION OF CONVERSION PLAN.—

23 (1) IN GENERAL.—A public housing agency  
24 may implement a conversion plan only if the conver-

1 sion assessment under this section demonstrates  
2 that the conversion—

3 (A) will not be more expensive than con-  
4 tinuing to operate the public housing develop-  
5 ment (or portion thereof) as public housing;  
6 and

7 (B) will principally benefit the residents of  
8 the public housing development (or portion  
9 thereof) to be converted, the public housing  
10 agency, and the community.

11 (2) DISAPPROVAL.—The Secretary shall dis-  
12 approve a conversion plan only if the plan is plainly  
13 inconsistent with the conversion assessment under  
14 subsection (b) or there is reliable information and  
15 data available to the Secretary that contradicts that  
16 conversion assessment.

17 (e) OTHER REQUIREMENTS.—To the extent approved  
18 by the Secretary, the funds used by the public housing  
19 agency to provide choice-based rental housing assistance  
20 under title III shall be added to the housing assistance  
21 payment contract administered by the public housing  
22 agency or any entity administering the contract on behalf  
23 of the public housing agency.

24 (f) SAVINGS PROVISION.—This section does not af-  
25 fect any contract or other agreement entered into under

1 section 22 of the United States Housing Act of 1937 (as  
2 such section existed before the effective date of the repeal  
3 under section 601(b) of this Act).

## 4 **Subtitle F—Mixed-Finance Public** 5 **Housing**

### 6 **SEC. 271. AUTHORITY.**

7 Notwithstanding sections 203 and 262, the Secretary  
8 may, upon such terms and conditions as the Secretary  
9 may prescribe, authorize a public housing agency to pro-  
10 vide for the use of grant amounts allocated and provided  
11 from the capital fund or from a grant under section 262,  
12 to produce mixed- finance housing developments, or re-  
13 place or revitalize existing public housing dwelling units  
14 with mixed-finance housing developments, but only if the  
15 agency submits to the Secretary a plan for such housing  
16 that is approved pursuant to section 273 by the Secretary.

### 17 **SEC. 272. MIXED-FINANCE HOUSING DEVELOPMENTS.**

18 (a) IN GENERAL.—For purposes of this subtitle, the  
19 term “mixed-finance housing” means low-income housing  
20 or mixed-income housing (as described in section  
21 221(e)(2)) for which the financing for production or re-  
22 talization is provided, in part, from entities other than the  
23 public housing agency.

24 (b) PRODUCTION.—A mixed-finance housing develop-  
25 ment shall be produced or revitalized, and owned—

1           (1) by a public housing agency or by an entity  
2           affiliated with a public housing agency;

3           (2) by a partnership, a limited liability com-  
4           pany, or other entity in which the public housing  
5           agency (or an entity affiliated with a public housing  
6           agency) is a general partner, is a managing member,  
7           or otherwise participates in the activities of the en-  
8           tity;

9           (3) by any entity that grants to the public  
10          housing agency the option to purchase the public  
11          housing project during the 20-year period beginning  
12          on the date of initial occupancy of the public hous-  
13          ing project in accordance with section 42(l)(7) of the  
14          Internal Revenue Code of 1986; or

15          (4) in accordance with such other terms and  
16          conditions as the Secretary may prescribe by regula-  
17          tion.

18          This subsection may not be construed to require produc-  
19          tion or revitalization, and ownership, by the same entity.

20          **SEC. 273. MIXED-FINANCE HOUSING PLAN.**

21          The Secretary may approve a plan for production or  
22          revitalization of mixed-finance housing under this subtitle  
23          only if the Secretary determines that—

24                 (1) the public housing agency has the ability, or  
25                 has provided for an entity under section 272(b) that

1 has the ability, to use the amounts provided for use  
2 under the plan for such housing, effectively, either  
3 directly or through contract management;

4 (2) the plan provides permanent financing com-  
5 mitments from a sufficient number of sources other  
6 than the public housing agency, which may include  
7 banks and other conventional lenders, States, units  
8 of general local government, State housing finance  
9 agencies, secondary market entities, and other finan-  
10 cial institutions;

11 (3) the plan provides for use of amounts pro-  
12 vided under section 271 by the public housing agen-  
13 cy for financing the mixed-income housing in the  
14 form of grants, loans, advances, or other debt or eq-  
15 uity investments, including collateral or credit en-  
16 hancement of bonds issued by the agency or any  
17 State or local governmental agency for production or  
18 revitalization of the development; and

19 (4) the plan complies with any other criteria  
20 that the Secretary may establish.

21 **SEC. 274. RENT LEVELS FOR HOUSING FINANCED WITH**  
22 **LOW-INCOME HOUSING TAX CREDIT.**

23 With respect to any dwelling unit in a mixed-finance  
24 housing development that is a low-income dwelling unit  
25 for which amounts from a block grant under this title are

1 used and that is assisted pursuant to the low-income hous-  
2 ing tax credit under section 42 of the Internal Revenue  
3 Code of 1986, the rents charged to the residents of the  
4 unit shall be determined in accordance with this title, but  
5 shall not in any case exceed the amounts allowable under  
6 such section 42.

7 **SEC. 275. CARRY-OVER OF ASSISTANCE FOR REPLACED**  
8 **HOUSING.**

9 In the case of a mixed-finance housing development  
10 that is replacement housing for public housing demolished  
11 or disposed of, or is the result of the revitalization of exist-  
12 ing public housing, the share of assistance received from  
13 the capital fund and the operating fund by the public  
14 housing agency that owned or operated the housing demol-  
15 ished, disposed of, or revitalized shall not be reduced be-  
16 cause of such demolition, disposition, or revitalization  
17 after the commencement of such demolition, disposition,  
18 or revitalization, unless—

19 (1) upon the expiration of the 18-month period  
20 beginning upon the approval of the plan under sec-  
21 tion 273 for the mixed-finance housing development,  
22 the agency does not have binding commitments for  
23 production or revitalization, or a construction con-  
24 tract, for such development;

1           (2) upon the expiration of the 4-year period be-  
2           ginning upon the approval of the plan, the mixed-fi-  
3           nance housing development is not substantially  
4           ready for occupancy and is placed under the block  
5           grant contract for the agency under section 201; or

6           (3) the number of dwelling units in the mixed-  
7           finance housing development that are made available  
8           for occupancy only by low-income families is sub-  
9           stantially less than the number of such dwelling  
10          units in the public housing demolished, disposed of,  
11          or revitalized.

12       The Secretary may extend the period under paragraph (1)  
13       or (2) for a public housing agency if the Secretary deter-  
14       mines that circumstances beyond the control of the agency  
15       caused the agency to fail to meet the deadline under such  
16       paragraph.

## 17       **Subtitle G—General Provisions**

### 18       **SEC. 281. PAYMENT OF NON-FEDERAL SHARE.**

19       Rental or use-value of buildings or facilities paid for,  
20       in whole or in part, from production, modernization, or  
21       operation costs financed under this title may be used as  
22       the non-Federal share required in connection with activi-  
23       ties undertaken under Federal grant-in-aid programs  
24       which provide social, educational, employment, and other

1 services to the residents in a project assisted under this  
2 title.

3 **SEC. 282. AUTHORIZATION OF APPROPRIATIONS FOR**  
4 **BLOCK GRANTS.**

5 There are authorized to be appropriated for grants  
6 under this title, the following amounts:

7 (1) CAPITAL FUND.—For the allocations from  
8 the capital fund for grants, \$2,500,000,000 for each  
9 of fiscal years 1998, 1999, 2000, 2001, and 2002.

10 (2) OPERATING FUND.—For the allocations  
11 from the operating fund for grants, \$2,900,000,000  
12 for each of fiscal years 1998, 1999, 2000, 2001, and  
13 2002.

14 **SEC. 283. FUNDING FOR OPERATION SAFE HOME.**

15 Of any amounts made available for fiscal years 1998  
16 and 1999 for carrying out the Community Partnerships  
17 Against Crime Act of 1997 (as so designated pursuant to  
18 section 624(a) of this Act), not more than \$20,000,000  
19 shall be available in each such fiscal year, for use under  
20 the Operation Safe Home program administered by the  
21 Office of the Inspector General of the Department of  
22 Housing and Urban Development, for law enforcement ef-  
23 forts to combat violent crime on or near the premises of  
24 public and federally assisted housing.

1 **SEC. 284. FUNDING FOR RELOCATION OF VICTIMS OF DO-**  
2 **MESTIC VIOLENCE.**

3 Of any amounts made available for fiscal years 1998,  
4 1999, 2000, 2001, and 2002 for choice-based housing as-  
5 sistance under title III of this Act, not more than  
6 \$700,000 shall be available in each such fiscal year for  
7 relocating residents of public housing (including providing  
8 assistance for costs of relocation and housing assistance  
9 under title III of this Act) who are residing in public hous-  
10 ing, who have been subject to domestic violence, and for  
11 whom provision of assistance is likely to reduce or elimi-  
12 nate the threat of subsequent violence to the members of  
13 the family. The Secretary shall establish procedures for  
14 eligibility and administration of assistance under this sec-  
15 tion.

16 **TITLE III—CHOICE-BASED RENT-**  
17 **AL HOUSING AND HOME-**  
18 **OWNERSHIP ASSISTANCE FOR**  
19 **LOW-INCOME FAMILIES**  
20 **Subtitle A—Allocation**

21 **SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE**  
22 **AMOUNTS.**

23 To the extent that amounts to carry out this title are  
24 made available, the Secretary may enter into contracts  
25 with public housing agencies for each fiscal year to provide  
26 housing assistance under this title.

1 **SEC. 302. CONTRACTS WITH PHA'S.**

2 (a) **CONDITION OF ASSISTANCE.**—The Secretary may  
3 provide amounts under this title to a public housing agen-  
4 cy for a fiscal year only if the Secretary has entered into  
5 a contract under this section with the public housing agen-  
6 cy, under which the Secretary shall provide such agency  
7 with amounts (in the amount of the allocation for the  
8 agency determined pursuant to section 304) for housing  
9 assistance under this title for low-income families.

10 (b) **USE FOR HOUSING ASSISTANCE.**—A contract  
11 under this section shall require a public housing agency  
12 to use amounts provided under this title to provide hous-  
13 ing assistance in any manner authorized under this title.

14 (c) **ANNUAL OBLIGATION OF AUTHORITY.**—A con-  
15 tract under this title shall provide amounts for housing  
16 assistance for 1 fiscal year covered by the contract.

17 (d) **ENFORCEMENT OF HOUSING QUALITY REQUIRE-**  
18 **MENTS.**—Each contract under this section shall require  
19 the public housing agency administering assistance pro-  
20 vided under the contract—

21 (1) to ensure compliance, under each housing  
22 assistance payments contract entered into pursuant  
23 to the contract under this section, with the provi-  
24 sions of the housing assistance payments contract  
25 included pursuant to section 351(c)(4); and



1           (1) IN GENERAL.—When amounts for assist-  
2           ance under this title are first made available for res-  
3           ervation, after reserving amounts in accordance with  
4           subsections (b)(3) and (c), the Secretary shall allo-  
5           cate such amounts, only among public housing agen-  
6           cies meeting the requirements under this title to re-  
7           ceive such assistance, on the basis of a formula that  
8           is established in accordance with paragraph (2) and  
9           based upon appropriate criteria to reflect the needs  
10          of different States, areas, and communities, using  
11          the most recent data available from the Bureau of  
12          the Census of the Department of Commerce and the  
13          comprehensive housing affordability strategy under  
14          section 105 of the Cranston-Gonzalez National Af-  
15          fordable Housing Act (or any consolidated plan in-  
16          corporating such strategy) for the applicable juris-  
17          diction. The Secretary may establish a minimum al-  
18          location amount, in which case only the public hous-  
19          ing agencies that, pursuant to the formula, are pro-  
20          vided an amount equal to or greater than the mini-  
21          mum allocation amount, shall receive an allocation.

22          (2) REGULATIONS.—The formula under this  
23          subsection shall be established by regulation issued  
24          by the Secretary. Notwithstanding sections 563(a)  
25          and 565(a) of title 5, United States Code, any pro-

1 posed regulation containing such formula shall be is-  
2 sued pursuant to a negotiated rulemaking procedure  
3 under subchapter III of chapter 5 of such title and  
4 the Secretary shall establish a negotiated rulemaking  
5 committee for development of any such proposed  
6 regulations.

7 (b) ALLOCATION CONSIDERATIONS.—

8 (1) LIMITATION ON REALLOCATION FOR AN-  
9 OTHER STATE.—Any amounts allocated for a State  
10 or areas or communities within a State that are not  
11 likely to be used within the fiscal year for which the  
12 amounts are provided shall not be reallocated for use  
13 in another State, unless the Secretary determines  
14 that other areas or communities within the same  
15 State (that are eligible for amounts under this title)  
16 cannot use the amounts within the same fiscal year.

17 (2) EFFECT OF RECEIPT OF TENANT-BASED AS-  
18 SISTANCE FOR DISABLED FAMILIES.—The Secretary  
19 may not consider the receipt by a public housing  
20 agency of assistance under section 811(b)(1) of the  
21 Cranston-Gonzalez National Affordable Housing  
22 Act, or the amount received, in approving amounts  
23 under this title for the agency or in determining the  
24 amount of such assistance to be provided to the  
25 agency.

1           (3) EXEMPTION FROM FORMULA ALLOCA-  
2           TION.—The formula allocation requirements of sub-  
3           section (a) shall not apply to any assistance under  
4           this title that is approved in appropriation Acts for  
5           uses that the Secretary determines are incapable of  
6           geographic allocation, including amendments of ex-  
7           isting housing assistance payments contracts, re-  
8           newal of such contracts, assistance to families that  
9           would otherwise lose assistance due to the decision  
10          of the project owner to prepay the project mortgage  
11          or not to renew the housing assistance payments  
12          contract, assistance to prevent displacement from  
13          public or assisted housing or to provide replacement  
14          housing in connection with the demolition or disposi-  
15          tion of public housing, assistance for relocation from  
16          public housing, assistance in connection with protec-  
17          tion of crime witnesses, assistance for conversion  
18          from leased housing contracts under section 23 of  
19          the United States Housing Act of 1937 (as in effect  
20          before the enactment of the Housing and Commu-  
21          nity Development Act of 1974), and assistance in  
22          support of the property disposition and portfolio  
23          management functions of the Secretary.  
24          (c) RECAPTURE OF AMOUNTS.—

1           (1) **AUTHORITY.**—In each fiscal year, from any  
2 budget authority made available for assistance under  
3 this title or section 8 of the United States Housing  
4 Act of 1937 (as in effect before the effective date of  
5 the repeal under section 601(b) of this Act) that is  
6 obligated to a public housing agency but remains un-  
7 obligated by the agency upon the expiration of the  
8 8-month period beginning upon the initial availabil-  
9 ity of such amounts for obligation by the agency, the  
10 Secretary may deobligate an amount, as determined  
11 by the Secretary, not exceeding 50 percent of such  
12 unobligated amount.

13           (2) **USE.**—The Secretary may reallocate and  
14 transfer any amounts deobligated under paragraph  
15 (1) only to public housing agencies in areas that the  
16 Secretary determines have received less funding than  
17 other areas, based on the relative needs of all areas.

18 **SEC. 305. ADMINISTRATIVE FEES.**

19           (a) **FEE FOR ONGOING COSTS OF ADMINISTRA-**  
20 **TION.**—

21           (1) **IN GENERAL.**—The Secretary shall establish  
22 fees for the costs of administering the choice-based  
23 housing assistance program under this title.

24           (2) **FISCAL YEAR 1998.**—

1 (A) CALCULATION.—For fiscal year 1998,  
2 the fee for each month for which a dwelling  
3 unit is covered by a contract for assistance  
4 under this title shall be—

5 (i) in the case of a public housing  
6 agency that, on an annual basis, is admin-  
7 istering a program for not more than 600  
8 dwelling units, 7.65 percent of the base  
9 amount; and

10 (ii) in the case of an agency that, on  
11 an annual basis, is administering a pro-  
12 gram for more than 600 dwelling units—

13 (I) for the first 600 units, 7.65  
14 percent of the base amount; and

15 (II) for any additional dwelling  
16 units under the program, 7.0 percent  
17 of the base amount.

18 (B) BASE AMOUNT.—For purposes of this  
19 paragraph, the base amount shall be the higher  
20 of—

21 (i) the fair market rental established  
22 under section 8(c) of the United States  
23 Housing Act of 1937 (as in effect imme-  
24 diately before the effective date of the re-  
25 peal under section 601(b) of this Act) for

1 fiscal year 1993 for a 2-bedroom existing  
2 rental dwelling unit in the market area of  
3 the agency, and

4 (ii) the amount that is the lesser of  
5 (I) such fair market rental for fiscal year  
6 1994 or (II) 103.5 percent of the amount  
7 determined under clause (i),

8 adjusted based on changes in wage data or  
9 other objectively measurable data that reflect  
10 the costs of administering the program, as de-  
11 termined by the Secretary. The Secretary may  
12 require that the base amount be not less than  
13 a minimum amount and not more than a maxi-  
14 mum amount.

15 (3) SUBSEQUENT FISCAL YEARS.—For subse-  
16 quent fiscal years, the Secretary shall publish a no-  
17 tice in the Federal Register, for each geographic  
18 area, establishing the amount of the fee that would  
19 apply for public housing agencies administering the  
20 program, based on changes in wage data or other  
21 objectively measurable data that reflect the costs of  
22 administering the program, as determined by the  
23 Secretary.

24 (4) INCREASE.—The Secretary may increase  
25 the fee if necessary to reflect the higher costs of ad-

1 ministering small programs and programs operating  
2 over large geographic areas.

3 (b) FEE FOR PRELIMINARY EXPENSES.—The Sec-  
4 retary shall also establish reasonable fees (as determined  
5 by the Secretary) for—

6 (1) the costs of preliminary expenses, in the  
7 amount of \$500, for a public housing agency, but  
8 only in the first year that the agency administers a  
9 choice-based housing assistance program under this  
10 title, and only if, immediately before the effective  
11 date of this Act, the agency was not administering  
12 a tenant-based rental assistance program under the  
13 United States Housing Act of 1937 (as in effect im-  
14 mediately before such effective date), in connection  
15 with its initial increment of assistance received;

16 (2) the costs incurred in assisting families who  
17 experience difficulty (as determined by the Sec-  
18 retary) in obtaining appropriate housing under the  
19 programs; and

20 (3) extraordinary costs approved by the Sec-  
21 retary.

22 (c) TRANSFER OF FEES IN CASES OF CONCURRENT  
23 GEOGRAPHICAL JURISDICTION.—In each fiscal year, if  
24 any public housing agency provides tenant-based rental as-  
25 sistance under section 8 of the United States Housing Act

1 of 1937 or housing assistance under this title on behalf  
2 of a family who uses such assistance for a dwelling unit  
3 that is located within the jurisdiction of such agency but  
4 is also within the jurisdiction of another public housing  
5 agency, the Secretary shall take such steps as may be nec-  
6 essary to ensure that the public housing agency that pro-  
7 vides the services for a family receives all or part of the  
8 administrative fee under this section (as appropriate).

9 **SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.**

10 (a) IN GENERAL.—There is authorized to be appro-  
11 priated for providing public housing agencies with housing  
12 assistance under this title, such sums as may be necessary  
13 for each of fiscal years 1998, 1999, 2000, 2001, and 2002  
14 to provide amounts for incremental assistance under this  
15 title, for renewal of expiring contracts under section 302  
16 of this Act and renewal under this title of expiring con-  
17 tracts for tenant-based rental assistance under section 8  
18 of the United States Housing Act of 1937 (as in effect  
19 before the effective date of the repeal under section 601(b)  
20 of this Act), and for replacement needs for public housing  
21 under title II.

22 (b) ASSISTANCE FOR DISABLED FAMILIES.—

23 (1) AUTHORIZATION OF APPROPRIATIONS.—

24 There is authorized to be appropriated, for choice-  
25 based housing assistance under this title to be used

1 in accordance with paragraph (2), \$50,000,000 for  
2 fiscal year 1998, and such sums as may be nec-  
3 essary for each subsequent fiscal year.

4 (2) USE.—The Secretary shall provide amounts  
5 made available under paragraph (1) to public hous-  
6 ing agencies only for use to provide housing assist-  
7 ance under this title for nonelderly disabled families  
8 (including such families relocating pursuant to des-  
9 ignation of a public housing development under sec-  
10 tion 227 or the establishment of occupancy restric-  
11 tions in accordance with section 658 of the Housing  
12 and Community Development Act of 1992 and other  
13 nonelderly disabled families who have applied to the  
14 agency for housing assistance under this title).

15 (3) ALLOCATION OF AMOUNTS.—The Secretary  
16 shall allocate and provide amounts made available  
17 under paragraph (1) to public housing agencies as  
18 the Secretary determines appropriate based on the  
19 relative levels of need among the authorities for as-  
20 sistance for families described in paragraph (1).

21 (c) ASSISTANCE FOR WITNESS RELOCATION.—Of the  
22 amounts made available for choice-based housing assist-  
23 ance under this title for each fiscal year, the Secretary,  
24 in consultation with the Inspector General, shall make  
25 available such sums as may be necessary for such housing

1 assistance for the relocation of witnesses in connection  
2 with efforts to combat crime in public and assisted hous-  
3 ing pursuant to requests from law enforcement and prose-  
4 cutive agencies.

5 **SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.**

6 (a) IN GENERAL.—Any amounts made available to  
7 a public housing agency under a contract for annual con-  
8 tributions for assistance under section 8 of the United  
9 States Housing Act of 1937 (as in effect before the effec-  
10 tive date of the repeal under section 601(b) of this Act)  
11 that have not been obligated for such assistance by such  
12 agency before such effective date shall be used to provide  
13 assistance under this title, except to the extent the Sec-  
14 retary determines such use is inconsistent with existing  
15 commitments.

16 (b) EXCEPTION.—Subsection (a) shall not apply to  
17 any amounts made available under a contract for housing  
18 constructed or substantially rehabilitated pursuant to sec-  
19 tion 8(b)(2) of the United States Housing Act of 1937,  
20 as in effect before October 1, 1983.

1 **SEC. 308. RECAPTURE AND REUSE OF ANNUAL CONTRACT**  
2 **PROJECT RESERVES UNDER CHOICE-BASED**  
3 **HOUSING ASSISTANCE AND SECTION 8 TEN-**  
4 **ANT-BASED ASSISTANCE PROGRAMS.**

5 To the extent that the Secretary determines that the  
6 amount in the reserve account for annual contributions  
7 contracts (for housing assistance under this title or ten-  
8 ant-based assistance under section 8 of the United States  
9 Housing Act of 1937) that is under contract with a public  
10 housing agency for such assistance is in excess of the  
11 amounts needed by the agency, the Secretary shall recap-  
12 ture such excess amount. The Secretary may hold recap-  
13 tured amounts in reserve until needed to enter into,  
14 amend, or renew contracts under this title or to amend  
15 or renew contracts under section 8 of such Act for tenant-  
16 based assistance with any agency.

17 **Subtitle B—Choice-Based Housing**  
18 **Assistance for Eligible Families**

19 **SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR AS-**  
20 **SISTANCE.**

21 (a) **LOW-INCOME REQUIREMENT.**—Housing assist-  
22 ance under this title may be provided only on behalf of  
23 a family that—

24 (1) at the time that such assistance is initially  
25 provided on behalf of the family, is determined by

1 the public housing agency to be a low-income family;  
2 or

3 (2) qualifies to receive such assistance under  
4 any other provision of Federal law.

5 (b) INCOME TARGETING.—Of the families initially as-  
6 sisted under this title by a public housing agency in any  
7 year, not less than 40 percent shall be families whose in-  
8 comes do not exceed 30 percent of the area median in-  
9 come, as determined by the Secretary with adjustments  
10 for smaller and larger families. The Secretary may estab-  
11 lish income ceiling higher or lower than 30 percent of the  
12 area median income on the basis of the Secretary's find-  
13 ings that such variations are necessary because of unusu-  
14 ally high or low family incomes.

15 (c) REVIEWS OF FAMILY INCOMES.—

16 (1) IN GENERAL.—Reviews of family incomes  
17 for purposes of this title shall be subject to the pro-  
18 visions of section 904 of the Stewart B. McKinney  
19 Homeless Assistance Amendments Act of 1988 and  
20 shall be conducted upon the initial provision of hous-  
21 ing assistance for the family and thereafter not less  
22 than annually.

23 (2) PROCEDURES.—Each public housing agency  
24 administering housing assistance under this title  
25 shall establish procedures that are appropriate and

1 necessary to ensure that income data provided to the  
2 agency and owners by families applying for or re-  
3 ceiving housing assistance from the agency is com-  
4 plete and accurate.

5 (d) PREFERENCES FOR ASSISTANCE.—

6 (1) AUTHORITY TO ESTABLISH.—Any public  
7 housing agency that receives amounts under this  
8 title may establish a system for making housing as-  
9 sistance available on behalf of eligible families that  
10 provides preference for such assistance to eligible  
11 families having certain characteristics.

12 (2) CONTENT.—Each system of preferences es-  
13 tablished pursuant to this subsection shall be based  
14 upon local housing needs and priorities, as deter-  
15 mined by the public housing agency using generally  
16 accepted data sources, including any information ob-  
17 tained pursuant to an opportunity for public com-  
18 ment as provided under section 106(e) and under  
19 the requirements applicable to the comprehensive  
20 housing affordability strategy for the relevant juris-  
21 diction.

22 (3) SENSE OF THE CONGRESS.—It is the sense  
23 of the Congress that, to the greatest extent prac-  
24 ticable, public housing agencies involved in the selec-  
25 tion of tenants under the provisions of this title

1 should adopt preferences for individuals who are vic-  
2 tims of domestic violence.

3 (e) PORTABILITY OF HOUSING ASSISTANCE.—

4 (1) NATIONAL PORTABILITY.—An eligible fam-  
5 ily that is selected to receive or is receiving assist-  
6 ance under this title may rent any eligible dwelling  
7 unit in any area where a program is being adminis-  
8 tered under this title. Notwithstanding the preceding  
9 sentence, a public housing agency may require that  
10 any family not living within the jurisdiction of the  
11 public housing agency at the time the family applies  
12 for assistance from the agency shall, during the 12-  
13 month period beginning on the date of initial receipt  
14 of housing assistance made available on behalf of the  
15 family from such agency, lease and occupy an eligi-  
16 ble dwelling unit located within the jurisdiction  
17 served by the agency. The agency for the jurisdiction  
18 into which the family moves shall have the respon-  
19 sibility for administering assistance for the family.

20 (2) SOURCE OF FUNDING FOR A FAMILY THAT  
21 MOVES.—For a family that has moved into the juris-  
22 diction of a public housing agency and that, at the  
23 time of the move, has been selected to receive, or is  
24 receiving, assistance provided by another agency, the  
25 agency for the jurisdiction into which the family has

1 moved may, in its discretion, cover the cost of assist-  
2 ing the family under its contract with the Secretary  
3 or through reimbursement from the other agency  
4 under that agency's contract.

5 (3) AUTHORITY TO DENY ASSISTANCE TO CER-  
6 TAIN FAMILIES WHO MOVE.—A family may not re-  
7 ceive housing assistance as provided under this sub-  
8 section if the family has moved from a dwelling unit  
9 in violation of the lease for the dwelling unit.

10 (4) FUNDING ALLOCATIONS.—In providing as-  
11 sistance amounts under this title for public housing  
12 agencies for any fiscal year, the Secretary may give  
13 consideration to any reduction or increase in the  
14 number of resident families under the program of an  
15 agency in the preceding fiscal year as a result of this  
16 subsection.

17 (f) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC  
18 VIOLENCE.—A public housing agency shall be subject to  
19 the restrictions regarding release of information relating  
20 to the identity and new residence of any family receiving  
21 housing assistance who was a victim of domestic violence  
22 that are applicable to shelters pursuant to the Family Vio-  
23 lence Prevention and Services Act. The agency shall work  
24 with the United States Postal Service to establish proce-

1 dures consistent with the confidentiality provisions in the  
2 Violence Against Women Act of 1994.

3 **SEC. 322. RESIDENT CONTRIBUTION.**

4 (a) AMOUNT.—

5 (1) MONTHLY RENT CONTRIBUTION.—An as-  
6 sisted family shall contribute on a monthly basis for  
7 the rental of an assisted dwelling unit an amount  
8 that the public housing agency determines is appro-  
9 priate with respect to the family and the unit, but  
10 which—

11 (A) shall not be less than the minimum  
12 monthly rental contribution determined under  
13 subsection (b); and

14 (B) shall not exceed the greatest of—

15 (i) 30 percent of the monthly adjusted  
16 income of the family;

17 (ii) 10 percent of the monthly income  
18 of the family; and

19 (iii) if the family is receiving pay-  
20 ments for welfare assistance from a public  
21 agency and a part of such payments, ad-  
22 justed in accordance with the actual hous-  
23 ing costs of the family, is specifically des-  
24 ignated by such agency to meet the hous-

1                   ing costs of the family, the portion of such  
2                   payments that is so designated.

3                   (2) EXCESS RENTAL AMOUNT.—In any case in  
4                   which the monthly rent charged for a dwelling unit  
5                   pursuant to the housing assistance payments con-  
6                   tract exceeds the applicable payment standard (es-  
7                   tablished under section 353) for the dwelling unit,  
8                   the assisted family residing in the unit shall contrib-  
9                   ute (in addition to the amount of the monthly rent  
10                  contribution otherwise determined under paragraph  
11                  (1) for such family) such entire excess rental  
12                  amount.

13                  (b) MINIMUM MONTHLY RENTAL CONTRIBUTION.—

14                  (1) IN GENERAL.—The public housing agency  
15                  shall determine the amount of the minimum monthly  
16                  rental contribution of an assisted family (which rent  
17                  shall include any amount allowed for utilities),  
18                  which—

19                         (A) shall be based upon factors including  
20                         the adjusted income of the family and any other  
21                         factors that the agency considers appropriate;

22                         (B) shall be not less than \$25, nor more  
23                         than \$50; and

24                         (C) may be increased annually by the  
25                         agency, except that no such annual increase

1 may exceed 10 percent of the amount of the  
2 minimum monthly contribution in effect for the  
3 preceding year.

4 (2) HARDSHIP PROVISIONS.—

5 (A) IN GENERAL.—Notwithstanding para-  
6 graph (1), a public housing agency shall grant  
7 an exemption in whole or in part from payment  
8 of the minimum monthly rental contribution es-  
9 tablished under this paragraph to any assisted  
10 family unable to pay such amount because of fi-  
11 nancial hardship, which shall include situations  
12 in which (i) the family has lost eligibility for or  
13 is awaiting an eligibility determination for a  
14 Federal, State, or local assistance program, in-  
15 cluding a family that includes a member who is  
16 an alien lawfully admitted for permanent resi-  
17 dence under the Immigration and Nationality  
18 Act who would be entitled to public benefits but  
19 for title IV of the Personal Responsibility and  
20 Work Opportunity Reconciliation Act of 1996;  
21 (ii) the family would be evicted as a result of  
22 imposition of the minimum rent; (iii) the in-  
23 come of the family has decreased because of  
24 changed circumstance, including loss of employ-  
25 ment; and (iv) a death in the family has oc-

1 curred; and other situations as may be deter-  
2 mined by the agency.

3 (B) WAITING PERIOD.—If an assisted fam-  
4 ily requests a hardship exemption under this  
5 paragraph and the public housing agency rea-  
6 sonably determines the hardship to be of a tem-  
7 porary nature, an exemption shall not be grant-  
8 ed during the 90-day period beginning upon the  
9 making of a request for the exemption. An as-  
10 sisted family may not be evicted during such  
11 90-day period for nonpayment of rent. In such  
12 a case, if the assisted family thereafter dem-  
13 onstrates that the financial hardship is of a  
14 long-term basis, the agency shall retroactively  
15 exempt the family from the applicability of the  
16 minimum rent requirement for such 90-day pe-  
17 riod.

18 (c) TREATMENT OF CHANGES IN RENTAL CON-  
19 TRIBUTION.—

20 (1) NOTIFICATION OF CHANGES.—A public  
21 housing agency shall promptly notify the owner of  
22 an assisted dwelling unit of any change in the resi-  
23 dent contribution by the assisted family residing in  
24 the unit that takes effect immediately or at a later  
25 date.

## 1 (2) COLLECTION OF RETROACTIVE CHANGES.—

2 In the case of any change in the rental contribution  
3 of an assisted family that affects rental payments  
4 previously made, the public housing agency shall col-  
5 lect any additional amounts required to be paid by  
6 the family under such change directly from the fam-  
7 ily and shall refund any excess rental contribution  
8 paid by the family directly to the family.

9 (d) PHASE-IN OF RENT CONTRIBUTION IN-  
10 CREASES.—

11 (1) IN GENERAL.—Except as provided in para-  
12 graph (2), for any family that is receiving tenant-  
13 based rental assistance under section 8 of the Unit-  
14 ed States Housing Act of 1937 upon the initial ap-  
15 plicability of the provisions of this title to such fam-  
16 ily, if the monthly contribution for rental of an as-  
17 sisted dwelling unit to be paid by the family upon  
18 such initial applicability is greater than the amount  
19 paid by the family under the provisions of the Unit-  
20 ed States Housing Act of 1937 immediately before  
21 such applicability, any such resulting increase in  
22 rent contribution shall be—

23 (A) phased in equally over a period of not  
24 less than 3 years, if such increase is 30 percent

1 or more of such contribution before initial ap-  
2 plicability; and

3 (B) limited to not more than 10 percent  
4 per year if such increase is more than 10 per-  
5 cent but less than 30 percent of such contribu-  
6 tion before initial applicability.

7 (2) EXCEPTION.—The minimum rent contribu-  
8 tion requirement under subsection (b)(1) shall apply  
9 to each family described in paragraph (1) of this  
10 subsection, notwithstanding such paragraph.

11 **SEC. 323. RENTAL INDICATORS.**

12 (a) IN GENERAL.—The Secretary shall establish and  
13 issue rental indicators under this section periodically, but  
14 not less than annually, for existing rental dwelling units  
15 that are eligible dwelling units. The Secretary shall estab-  
16 lish and issue the rental indicators by housing market area  
17 (as the Secretary shall establish) for various sizes and  
18 types of dwelling units.

19 (b) AMOUNT.—For a market area, the rental indica-  
20 tor established under subsection (a) for a dwelling unit  
21 of a particular size and type in the market area shall be  
22 a dollar amount that reflects the rental amount for a  
23 standard quality rental unit of such size and type in the  
24 market area that is an eligible dwelling unit.

1           (c) **EFFECTIVE DATE.**—The Secretary shall cause  
2 the proposed rental indicators established under sub-  
3 section (a) for each market area to be published in the  
4 Federal Register with reasonable time for public comment,  
5 and such rental indicators shall become effective upon the  
6 date of publication in final form in the Federal Register.

7           (d) **ANNUAL ADJUSTMENT.**—Each rental indicator in  
8 effect under this section shall be adjusted to be effective  
9 on October 1 of each year to reflect changes, based on  
10 the most recent available data trended so that the indica-  
11 tors will be current for the year to which they apply, in  
12 rents for existing rental dwelling units of various sizes and  
13 types in the market area suitable for occupancy by families  
14 assisted under this title.

15 **SEC. 324. LEASE TERMS.**

16           Rental assistance may be provided for an eligible  
17 dwelling unit only if the assisted family and the owner of  
18 the dwelling unit enter into a lease for the unit that—

19               (1) provides for a single lease term of 12  
20 months and continued tenancy after such term  
21 under a periodic tenancy on a month-to-month basis;

22               (2) contains terms and conditions specifying  
23 that termination of tenancy during the term of a  
24 lease shall be subject to the provisions set forth in  
25 sections 642 and 643; and

1           (3) is set forth in the standard form, which is  
2           used in the local housing market area by the owner  
3           and applies generally to any other tenants in the  
4           property who are not assisted families, together with  
5           any addendum necessary to include the many terms  
6           required under this section.

7           A lease may include any addenda appropriate to set forth  
8           the provisions under this title.

9           **SEC. 325. TERMINATION OF TENANCY.**

10          Each housing assistance payments contract shall pro-  
11          vide that the owner shall conduct the termination of ten-  
12          ancy of any tenant of an assisted dwelling unit under the  
13          contract in accordance with applicable State or local laws,  
14          including providing any notice of termination required  
15          under such laws.

16          **SEC. 326. ELIGIBLE OWNERS.**

17          (a) **OWNERSHIP ENTITY.**—Rental assistance under  
18          this title may be provided for any eligible dwelling unit  
19          for which the owner is any public agency, private person  
20          or entity (including a cooperative), nonprofit organization,  
21          agency of the Federal Government, or public housing  
22          agency.

23          (b) **INELIGIBLE OWNERS.**—

24                  (1) **IN GENERAL.**—Notwithstanding subsection

25                  (a), a public housing agency—

1 (A) may not enter into a housing assist-  
2 ance payments contract (or renew an existing  
3 contract) covering a dwelling unit that is owned  
4 by an owner who is debarred, suspended, or  
5 subject to limited denial of participation under  
6 part 24 of title 24, Code of Federal Regula-  
7 tions;

8 (B) may prohibit, or authorize the termi-  
9 nation or suspension of, payment of housing as-  
10 sistance under a housing assistance payments  
11 contract in effect at the time such debarment,  
12 suspension, or limited denial of participation  
13 takes effect.

14 If the public housing agency takes action under sub-  
15 paragraph (B), the agency shall take such actions as  
16 may be necessary to protect assisted families who  
17 are affected by the action, which may include the  
18 provision of additional assistance under this title to  
19 such families.

20 (2) PROHIBITION OF SALE OR RENTAL TO RE-  
21 LATED PARTIES.—The Secretary shall establish  
22 guidelines to prevent housing assistance payments  
23 for a dwelling unit that is owned by any spouse,  
24 child, or other party who allows an owner described  
25 in paragraph (1) to maintain control of the unit.

1 **SEC. 327. SELECTION OF DWELLING UNITS.**

2 (a) FAMILY CHOICE.—The determination of the  
3 dwelling unit in which an assisted family resides and for  
4 which housing assistance is provided under this title shall  
5 be made solely by the assisted family, subject to the provi-  
6 sions of this title and any applicable law.

7 (b) DEED RESTRICTIONS.—Housing assistance may  
8 not be used in any manner that abrogates any local deed  
9 restriction that applies to any housing consisting of 1 to  
10 4 dwelling units. Nothing in this section may be construed  
11 to affect the provisions or applicability of the Fair Hous-  
12 ing Act.

13 **SEC. 328. ELIGIBLE DWELLING UNITS.**

14 (a) IN GENERAL.—A dwelling unit shall be an eligible  
15 dwelling unit for purposes of this title only if the public  
16 housing agency to provide housing assistance for the  
17 dwelling unit determines that the dwelling unit—

18 (1) is an existing dwelling unit that is not lo-  
19 cated within a nursing home or the grounds of any  
20 penal, reformatory, medical, mental, or similar pub-  
21 lic or private institution; and

22 (2) complies—

23 (A) in the case of a dwelling unit located  
24 in a jurisdiction which has in effect laws, regu-  
25 lations, standards, or codes regarding habit-

1 ability of residential dwellings, with such appli-  
2 cable laws, regulations, standards, or codes; or

3 (B) in the case of a dwelling unit located  
4 in a jurisdiction which does not have in effect  
5 laws, regulations, standards, or codes described  
6 in subparagraph (A), with the housing quality  
7 standards established under subsection (c).

8 Each public housing agency providing housing assistance  
9 shall identify, in the local housing management plan for  
10 the agency, whether the agency is utilizing the standard  
11 under subparagraph (A) or (B) of paragraph (2).

12 (b) DETERMINATIONS.—

13 (1) IN GENERAL.—A public housing agency  
14 shall make the determinations required under sub-  
15 section (a) pursuant to an inspection of the dwelling  
16 unit conducted before any assistance payment is  
17 made for the unit.

18 (2) EXPEDITIOUS INSPECTION.—Inspections of  
19 dwelling units under this subsection shall be made  
20 before the expiration of the 15-day period beginning  
21 upon a request by the resident or landlord to the  
22 public housing agency. The performance of the agen-  
23 cy in meeting the 15-day inspection deadline shall be  
24 taken into account in assessing the performance of  
25 the agency.

1           (c) FEDERAL HOUSING QUALITY STANDARDS.—The  
2 Secretary shall establish housing quality standards under  
3 this subsection that ensure that assisted dwelling units are  
4 safe, clean, and healthy. Such standards shall include re-  
5 quirements relating to habitability, including maintenance,  
6 health and sanitation factors, condition, and construction  
7 of dwellings, and shall, to the greatest extent practicable,  
8 be consistent with the standards established under section  
9 232(b). The Secretary shall differentiate between major  
10 and minor violations of such standards.

11           (d) ANNUAL INSPECTIONS.—Each public housing  
12 agency providing housing assistance shall make an annual  
13 inspection of each assisted dwelling unit during the term  
14 of the housing assistance payments contracts for the unit  
15 to determine whether the unit is maintained in accordance  
16 with the requirements under subsection (a)(2). The agency  
17 shall retain the records of the inspection for a reasonable  
18 time and shall make the records available upon request  
19 to the Secretary, the Inspector General for the Depart-  
20 ment of Housing and Urban Development, and any audi-  
21 tor conducting an audit under section 541.

22           (e) INSPECTION GUIDELINES.—The Secretary shall  
23 establish procedural guidelines and performance standards  
24 to facilitate inspections of dwelling units and conform such  
25 inspections with practices utilized in the private housing

1 market. Such guidelines and standards shall take into con-  
2 sideration variations in local laws and practices of public  
3 housing agencies and shall provide flexibility to authorities  
4 appropriate to facilitate efficient provision of assistance  
5 under this title.

6 (f) **RULE OF CONSTRUCTION.**—This section may not  
7 be construed to prevent the provision of housing assistance  
8 in connection with supportive services for elderly or dis-  
9 abled families.

10 **SEC. 329. HOMEOWNERSHIP OPTION.**

11 (a) **IN GENERAL.**—A public housing agency providing  
12 housing assistance under this title may provide home-  
13 ownership assistance to assist eligible families to purchase  
14 a dwelling unit (including purchase under lease-purchase  
15 homeownership plans).

16 (b) **REQUIREMENTS.**—A public housing agency pro-  
17 viding homeownership assistance under this section shall,  
18 as a condition of an eligible family receiving such assist-  
19 ance, require the family to—

20 (1) demonstrate that the family has sufficient  
21 income from employment or other sources (other  
22 than public assistance), as determined in accordance  
23 with requirements established by the agency; and

24 (2) meet any other initial or continuing require-  
25 ments established by the public housing agency.

1 (c) DOWNPAYMENT REQUIREMENT.—

2 (1) IN GENERAL.—A public housing agency  
3 may establish minimum downpayment requirements,  
4 if appropriate, in connection with loans made for the  
5 purchase of dwelling units for which homeownership  
6 assistance is provided under this section. If the  
7 agency establishes a minimum downpayment re-  
8 quirement, the agency shall permit the family to use  
9 grant amounts, gifts from relatives, contributions  
10 from private sources, and similar amounts as down-  
11 payment amounts in such purchase, subject to the  
12 requirements of paragraph (2).

13 (2) DIRECT FAMILY CONTRIBUTION.—In pur-  
14 chasing housing pursuant to this section subject to  
15 a downpayment requirement, each family shall con-  
16 tribute an amount of the downpayment, from re-  
17 sources of the family other than grants, gifts, con-  
18 tributions, or other similar amounts referred to in  
19 paragraph (1), that is not less than 1 percent of the  
20 purchase price.

21 (d) INELIGIBILITY UNDER OTHER PROGRAMS.—A  
22 family may not receive homeownership assistance pursu-  
23 ant to this section during any period when assistance is  
24 being provided for the family under other Federal home-  
25 ownership assistance programs, as determined by the Sec-

1 retary, including assistance under the HOME Investment  
2 Partnerships Act, the Homeownership and Opportunity  
3 Through HOPE Act, title II of the Housing and Commu-  
4 nity Development Act of 1987, and section 502 of the  
5 Housing Act of 1949.

6 **SEC. 330. ASSISTANCE FOR RENTAL OF MANUFACTURED**  
7 **HOMES.**

8 (a) **AUTHORITY.**—Nothing in this title may be con-  
9 strued to prevent a public housing agency from providing  
10 housing assistance under this title on behalf of a low-in-  
11 come family for the rental of—

12 (1) a manufactured home that is the principal  
13 residence of the family and the real property on  
14 which the home is located; or

15 (2) the real property on which is located a man-  
16 ufactured home, which is owned by the family and  
17 is the principal residence of the family.

18 (b) **ASSISTANCE FOR CERTAIN FAMILIES OWNING**  
19 **MANUFACTURED HOMES.**—

20 (1) **AUTHORITY.**—Notwithstanding section 351  
21 or any other provision of this title, a public housing  
22 agency that receives amounts under a contract  
23 under section 302 may enter into a housing assist-  
24 ance payment contract to make assistance payments

1 under this title to a family that owns a manufac-  
2 tured home, but only as provided in paragraph (2).

3 (2) LIMITATIONS.—In the case only of a low-in-  
4 come family that owns a manufactured home, rents  
5 the real property on which it is located, and to  
6 whom housing assistance under this title has been  
7 made available for the rental of such property, the  
8 public housing agency making such assistance avail-  
9 able shall enter into a contract to make housing as-  
10 sistance payments under this title directly to the  
11 family (rather than to the owner of such real prop-  
12 erty) if—

13 (A) the owner of the real property refuses  
14 to enter into a contract to receive housing as-  
15 sistance payments pursuant to section 351(a);

16 (B) the family was residing in such manu-  
17 factured home on such real property at the time  
18 such housing assistance was initially made  
19 available on behalf of the family;

20 (C) the family provides such assurances to  
21 the agency, as the Secretary may require, to en-  
22 sure that amounts from the housing assistance  
23 payments are used for rental of the real prop-  
24 erty; and

1 (D) the rental of the real property other-  
2 wise complies with the requirements for assist-  
3 ance under this title.

4 A contract pursuant to this subsection shall be sub-  
5 ject to the provisions of section 351 and any other  
6 provisions applicable to housing assistance payments  
7 contracts under this title, except that the Secretary  
8 may provide such exceptions as the Secretary consid-  
9 ers appropriate to facilitate the provision of assist-  
10 ance under this subsection.

11 **Subtitle C—Payment of Housing**  
12 **Assistance on Behalf of Assisted**  
13 **Families**

14 **SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.**

15 (a) IN GENERAL.—Each public housing agency that  
16 receives amounts under a contract under section 302 may  
17 enter into housing assistance payments contracts with  
18 owners of existing dwelling units to make housing assist-  
19 ance payments to such owners in accordance with this  
20 title.

21 (b) PHA ACTING AS OWNER.—A public housing  
22 agency may enter into a housing assistance payments con-  
23 tract to make housing assistance payments under this title  
24 to itself (or any agency or instrumentality thereof) as the  
25 owner of dwelling units (other than public housing), and

1 the agency shall be subject to the same requirements that  
2 are applicable to other owners, except that the determina-  
3 tions under section 328(a) and 354(b) shall be made by  
4 a competent party not affiliated with the agency, and the  
5 agency shall be responsible for any expenses of such deter-  
6 minations.

7 (c) PROVISIONS.—Each housing assistance payments  
8 contract shall—

9 (1) have a term of not more than 12 months;

10 (2) require that the assisted dwelling unit may  
11 be rented only pursuant to a lease that complies  
12 with the requirements of section 324;

13 (3) comply with the requirements of sections  
14 325, 642, and 643 (relating to termination of ten-  
15 ancy);

16 (4) require the owner to maintain the dwelling  
17 unit in accordance with the applicable standards  
18 under section 328(a)(2); and

19 (5) provide that the screening and selection of  
20 eligible families for assisted dwelling units shall be  
21 the function of the owner.

22 **SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**

23 (a) UNITS HAVING GROSS RENT EXCEEDING PAY-  
24 MENT STANDARD.—In the case of a dwelling unit bearing  
25 a gross rent that exceeds the payment standard estab-

1 lished under section 353 for a dwelling unit of the applica-  
2 ble size and located in the market area in which such as-  
3 sisted dwelling unit is located, the amount of the monthly  
4 assistance payment shall be the amount by which such  
5 payment standard exceeds the amount of the resident con-  
6 tribution determined in accordance with section 322(a)(1).

7 (b) SHOPPING INCENTIVE FOR UNITS HAVING  
8 GROSS RENT NOT EXCEEDING PAYMENT STANDARD.—

9 In the case of an assisted family renting an eligible dwell-  
10 ing unit bearing a gross rent that does not exceed the pay-  
11 ment standard established under section 353 for a dwell-  
12 ing unit of the applicable size and located in the market  
13 area in which such assisted dwelling unit is located, the  
14 following requirements shall apply:

15 (1) AMOUNT OF MONTHLY ASSISTANCE PAY-  
16 MENT.—The amount of the monthly assistance pay-  
17 ment for housing assistance under this title on be-  
18 half of the assisted family shall be the amount by  
19 which the gross rent for the dwelling unit exceeds  
20 the amount of the resident contribution.

21 (2) ESCROW OF SHOPPING INCENTIVE SAV-  
22 INGS.—An amount equal to 50 percent of the dif-  
23 ference between payment standard and the gross  
24 rent for the dwelling unit shall be placed in an inter-  
25 est bearing escrow account on behalf of such family

1 on a monthly basis by the public housing agency.  
2 Amounts in the escrow account shall be made avail-  
3 able to the assisted family on an annual basis.

4 (3) DEFICIT REDUCTION.—The public housing  
5 agency making housing assistance payments on be-  
6 half of such assisted family in a fiscal year shall re-  
7 serve from amounts made available to the agency for  
8 assistance payments for such fiscal year an amount  
9 equal to the amount described in paragraph (2). At  
10 the end of each fiscal year, the Secretary shall re-  
11 capture any such amounts reserved by public hous-  
12 ing agencies and such amounts shall be covered into  
13 the General Fund of the Treasury of the United  
14 States.

15 For purposes of this section, in the case of a family receiv-  
16 ing homeownership assistance under section 329, the term  
17 “gross rent” shall mean the homeownership costs to the  
18 family as determined in accordance with guidelines of the  
19 Secretary.

20 **SEC. 353. PAYMENT STANDARDS.**

21 (a) ESTABLISHMENT.—Each public housing agency  
22 providing housing assistance under this title shall establish  
23 payment standards under this section for various areas,  
24 and sizes and types of dwelling units, for use in determin-

1 ing the amount of monthly housing assistance payment  
2 to be provided on behalf of assisted families.

3 (b) USE OF RENTAL INDICATORS.—The payment  
4 standard for each size and type of housing for each market  
5 area shall be an amount that is not less than 80 percent,  
6 and not greater than 120 percent, of the rental indicator  
7 established under section 323 for such size and type for  
8 such area.

9 (c) REVIEW.—If the Secretary determines, at any  
10 time, that a significant percentage of the assisted families  
11 who are assisted by a public housing agency and are occu-  
12 pying dwelling units of a particular size are paying more  
13 than 30 percent of their adjusted incomes for rent, the  
14 Secretary shall review the payment standard established  
15 by the agency for such size dwellings. If, pursuant to the  
16 review, the Secretary determines that such payment stand-  
17 ard is not appropriate to serve the needs of the low-income  
18 population of the jurisdiction served by the agency (taking  
19 into consideration rental costs in the area), as identified  
20 in the approved community improvement plan of the agen-  
21 cy, the Secretary may require the public housing agency  
22 to modify the payment standard.

23 **SEC. 354. REASONABLE RENTS.**

24 (a) ESTABLISHMENT.—The rent charged for a dwell-  
25 ing unit for which rental assistance is provided under this

1 title shall be established pursuant to negotiation and  
2 agreement between the assisted family and the owner of  
3 the dwelling unit.

4 (b) REASONABLENESS.—

5 (1) DETERMINATION.—A public housing agency  
6 providing rental assistance under this title for a  
7 dwelling unit shall, before commencing assistance  
8 payments for a unit (with respect to initial contract  
9 rents and any rent revisions), determine whether the  
10 rent charged for the unit exceeds the rents charged  
11 for comparable units in the applicable private unas-  
12 sisted market.

13 (2) UNREASONABLE RENTS.—If the agency de-  
14 termines that the rent charged for a dwelling unit  
15 exceeds such comparable rents, the agency shall—

16 (A) inform the assisted family renting the  
17 unit that such rent exceeds the rents for com-  
18 parable unassisted units in the market; and

19 (B) refuse to provide housing assistance  
20 payments for such unit.

21 **SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT**  
22 **RENTAL UNITS.**

23 If an assisted family vacates a dwelling unit for which  
24 rental assistance is provided under a housing assistance  
25 payments contract before the expiration of the term of the

1 lease for the unit, rental assistance pursuant to such con-  
2 tract may not be provided for the unit after the month  
3 during which the unit was vacated.

## 4                   **Subtitle D—General and** 5                   **Miscellaneous Provisions**

### 6 **SEC. 371. DEFINITIONS.**

7           For purposes of this title:

8                   (1) **ASSISTED DWELLING UNIT.**—The term “as-  
9                   sisted dwelling unit” means a dwelling unit in which  
10                   an assisted family resides and for which housing as-  
11                   sistance payments are made under this title.

12                   (2) **ASSISTED FAMILY.**—The term “assisted  
13                   family” means an eligible family on whose behalf  
14                   housing assistance payments are made under this  
15                   title or who has been selected and approved for  
16                   housing assistance.

17                   (3) **CHOICE-BASED.**—The term “choice-based”  
18                   means, with respect to housing assistance, that the  
19                   assistance is not attached to a dwelling unit but can  
20                   be used for any eligible dwelling unit selected by the  
21                   eligible family.

22                   (4) **ELIGIBLE DWELLING UNIT.**—The term “eli-  
23                   gible dwelling unit” means a dwelling unit that com-  
24                   plies with the requirements under section 328 for  
25                   consideration as an eligible dwelling unit.

1           (5) ELIGIBLE FAMILY.—The term “eligible  
2 family” means a family that meets the requirements  
3 under section 321(a) for assistance under this title.

4           (6) HOMEOWNERSHIP ASSISTANCE.—The term  
5 “homeownership assistance” means housing assist-  
6 ance provided under section 329 for the ownership  
7 of a dwelling unit.

8           (7) HOUSING ASSISTANCE.—The term “housing  
9 assistance” means choice-based assistance provided  
10 under this title on behalf of low-income families for  
11 the rental or ownership of an eligible dwelling unit.

12           (8) HOUSING ASSISTANCE PAYMENTS CON-  
13 TRACT.—The term “housing assistance payments  
14 contract” means a contract under section 351 be-  
15 tween a public housing agency (or the Secretary)  
16 and an owner to make housing assistance payments  
17 under this title to the owner on behalf of an assisted  
18 family.

19           (9) PUBLIC HOUSING AGENCY.—The terms  
20 “public housing agency” and “agency” have the  
21 meaning given such terms in section 103, except  
22 that the terms include—

23                   (A) a consortia of public housing agencies  
24                   that the Secretary determines has the capacity  
25                   and capability to administer a program for

1 housing assistance under this title in an effi-  
2 cient manner;

3 (B) any other entity that, upon the effec-  
4 tive date of this Act, was administering any  
5 program for tenant-based rental assistance  
6 under section 8 of the United States Housing  
7 Act of 1937 (as in effect before the effective  
8 date of the repeal under section 601(b) of this  
9 Act), pursuant to a contract with the Secretary  
10 or a public housing agency; and

11 (C) with respect to any area in which no  
12 public housing agency has been organized or  
13 where the Secretary determines that a public  
14 housing agency is unwilling or unable to imple-  
15 ment this title, or is not performing effec-  
16 tively—

17 (i) the Secretary or another entity  
18 that by contract agrees to receive assist-  
19 ance amounts under this title and enter  
20 into housing assistance payments contracts  
21 with owners and perform the other func-  
22 tions of public housing agency under this  
23 title; or

24 (ii) notwithstanding any provision of  
25 State or local law, a public housing agency

1           for another area that contracts with the  
2           Secretary to administer a program for  
3           housing assistance under this title, without  
4           regard to any otherwise applicable limita-  
5           tions on its area of operation.

6           (10) OWNER.—The term “owner” means the  
7           person or entity having the legal right to lease or  
8           sublease dwelling units. Such term includes any  
9           principals, general partners, primary shareholders,  
10          and other similar participants in any entity owning  
11          a multifamily housing project, as well as the entity  
12          itself.

13          (11) RENT.—The terms “rent” and “rental”  
14          include, with respect to members of a cooperative,  
15          the charges under the occupancy agreements be-  
16          tween such members and the cooperative.

17          (12) RENTAL ASSISTANCE.—The term “rental  
18          assistance” means housing assistance provided  
19          under this title for the rental of a dwelling unit.

20 **SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

21          (a) AUTHORITY TO RETAIN RECOVERED  
22          AMOUNTS.—The Secretary shall permit public housing  
23          agencies administering housing assistance under this title  
24          to retain, out of amounts obtained by the authorities from  
25          tenants that are due as a result of fraud and abuse, an

1 amount (determined in accordance with regulations issued  
2 by the Secretary) equal to the greater of—

3 (1) 50 percent of the amount actually collected;

4 or

5 (2) the actual, reasonable, and necessary ex-  
6 penses related to the collection, including costs of in-  
7 vestigation, legal fees, and collection agency fees.

8 (b) USE.—Amounts retained by an agency shall be  
9 made available for use in support of the affected program  
10 or project, in accordance with regulations issued by the  
11 Secretary. If the Secretary is the principal party initiating  
12 or sustaining an action to recover amounts from families  
13 or owners, the provisions of this section shall not apply.

14 (c) RECOVERY.—Amounts may be recovered under  
15 this section—

16 (1) by an agency through a lawsuit (including  
17 settlement of the lawsuit) brought by the agency or  
18 through court-ordered restitution pursuant to a  
19 criminal proceeding resulting from an agency's in-  
20 vestigation where the agency seeks prosecution of a  
21 family or where an agency seeks prosecution of an  
22 owner;

23 (2) through administrative repayment agree-  
24 ments with a family or owner entered into as a re-  
25 sult of an administrative grievance procedure con-

1 ducted by an impartial decisionmaker in accordance  
2 with section 110; or

3 (3) through an agreement between the parties.

4 **SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRA-**  
5 **TION OF ASSISTED FAMILIES.**

6 (a) IN GENERAL.—The Secretary shall conduct a  
7 study of the geographic areas in the State of Illinois served  
8 by the Housing Authority of Cook County and the Chicago  
9 Housing Authority and submit to the Congress a report  
10 and a specific proposal, which addresses and resolves the  
11 issues of—

12 (1) the adverse impact on local communities  
13 due to geographic concentration of assisted house-  
14 holds under the tenant-based housing programs  
15 under section 8 of the United States Housing Act of  
16 1937 (as in effect upon the enactment of this Act)  
17 and under this title; and

18 (2) facilitating the deconcentration of such as-  
19 sisted households by providing broader housing  
20 choices to such households.

21 The study shall be completed, and the report shall be sub-  
22 mitted, not later than 90 days after the date of the enact-  
23 ment of this Act.

1 (b) CONCENTRATION.—For purposes of this section,  
2 the term “concentration” means, with respect to any area  
3 within a census tract, that—

4 (1) 15 percent or more of the households resid-  
5 ing within such area have incomes which do not ex-  
6 ceed the poverty level; or

7 (2) 15 percent or more of the total affordable  
8 housing stock located within such area is assisted  
9 housing.

10 (c) EFFECTIVE DATE.—This section shall take effect  
11 on the date of the enactment of this Act.

12 **SEC. 374. STUDY REGARDING RENTAL ASSISTANCE.**

13 The Secretary shall conduct a nationwide study of the  
14 choice-based housing assistance program under this title  
15 and the tenant-based rental assistance program under sec-  
16 tion 8 of the United States Housing Act of 1937 (as in  
17 effect pursuant to section 601(c) and 602(b)). The study  
18 shall, for various localities—

19 (1) determine who are the providers of the  
20 housing in which families assisted under such pro-  
21 grams reside;

22 (2) describe and analyze the physical and demo-  
23 graphic characteristics of the housing in which such  
24 assistance is used, including, for housing in which at  
25 least one such assisted family resides, the total num-

1       ber of units in the housing and the number of units  
2       in the housing for which such assistance is provided;

3           (3) determine the total number of units for  
4       which such assistance is provided;

5           (4) describe the durations that families remain  
6       on waiting lists before being provided such housing  
7       assistance; and

8           (5) assess the extent and quality of participa-  
9       tion of housing owners in such assistance programs  
10       in relation to the local housing market, including  
11       comparing—

12           (A) the quality of the housing assisted to  
13       the housing generally available in the same  
14       market; and

15           (B) the extent to which housing is avail-  
16       able to be occupied using such assistance to the  
17       extent to which housing is generally available in  
18       the same market.

19       The Secretary shall submit a report describing the results  
20       of the study to the Congress not later than the expiration  
21       of the 2-year period beginning on the date of the enact-  
22       ment of this Act.

1           **TITLE IV—HOME RULE**  
2           **FLEXIBLE GRANT OPTION**

3 **SEC. 401. PURPOSE.**

4           The purpose of this title is to give local governments  
5 and municipalities the flexibility to design creative ap-  
6 proaches for providing and administering Federal housing  
7 assistance based on the particular needs of the commu-  
8 nities that—

9           (1) give incentives to low-income families with  
10 children where the head of household is working,  
11 seeking work, or preparing for work by participating  
12 in job training, educational programs, or programs  
13 that assist people to obtain employment and become  
14 economically self-sufficient;

15           (2) reduce cost and achieve greater cost-effec-  
16 tiveness in Federal housing assistance expenditures;

17           (3) increase housing choices for low-income  
18 families; and

19           (4) reduce excessive geographic concentration of  
20 assisted families.

21 **SEC. 402. FLEXIBLE GRANT PROGRAM.**

22           (a) **AUTHORITY AND USE.**—The Secretary shall carry  
23 out a program under which a jurisdiction may, upon the  
24 application of the jurisdiction and the review and approval  
25 of the Secretary, receive, combine, and enter into perform-

1 ance-based contracts for the use of amounts of covered  
2 housing assistance in a period consisting of not less than  
3 1 nor more than 5 fiscal years in the manner determined  
4 appropriate by the participating jurisdiction—

5 (1) to provide housing assistance and services  
6 for low-income families in a manner that facilitates  
7 the transition of such families to work;

8 (2) to reduce homelessness;

9 (3) to increase homeownership among low-in-  
10 come families; and

11 (4) for other housing purposes for low-income  
12 families determined by the participating jurisdiction.

13 (b) INAPPLICABILITY OF CATEGORICAL PROGRAM  
14 REQUIREMENTS.—

15 (1) IN GENERAL.—Except as provided in para-  
16 graph (2) and section 405, the provisions of this Act  
17 regarding use of amounts made available under each  
18 of the programs included as covered housing assist-  
19 ance and the program requirements applicable to  
20 each such program shall not apply to amounts re-  
21 ceived by a jurisdiction pursuant to this title.

22 (2) APPLICABILITY OF CERTAIN LAWS.—This  
23 title may not be construed to exempt assistance  
24 under this Act from, or make inapplicable any provi-  
25 sion of this Act or of any other law that requires

1 that assistance under this Act be provided in compli-  
2 ance with—

3 (A) title VI of the Civil Rights Act of 1964  
4 (42 U.S.C. 2000d et seq.);

5 (B) the Fair Housing Act (42 U.S.C. 3601  
6 et seq.);

7 (C) section 504 of the Rehabilitation Act  
8 of 1973 (29 U.S.C. 701 et seq.);

9 (D) title IX of the Education Amendments  
10 of 1972 (86 Stat. 373 et seq.);

11 (E) the Age Discrimination Act of 1975  
12 (42 U.S.C. 6101 et seq.);

13 (F) the Americans with Disabilities Act of  
14 1990; or

15 (G) the National Environmental Policy Act  
16 of 1969 and other provisions of law that further  
17 protection of the environment (as specified in  
18 regulations that shall be issued by the Sec-  
19 retary).

20 (c) EFFECT ON PROGRAM ALLOCATIONS FOR COV-  
21 ERED HOUSING ASSISTANCE.—The amount of assistance  
22 received pursuant to this title by a participating jurisdic-  
23 tion shall not be decreased, because of participation in the  
24 program under this title, from the sum of the amounts  
25 that otherwise would be made available for or within the

1 participating jurisdiction under the programs included as  
2 covered housing assistance.

3 **SEC. 403. COVERED HOUSING ASSISTANCE.**

4 For purposes of this title, the term “covered housing  
5 assistance” means—

6 (1) operating assistance provided under section  
7 9 of the United States Housing Act of 1937 (as in  
8 effect before the effective date of the repeal under  
9 section 601(b) of this Act);

10 (2) modernization assistance provided under  
11 section 14 of such Act;

12 (3) assistance provided under section 8 of such  
13 Act for the certificate and voucher programs;

14 (4) assistance for public housing provided under  
15 title II of this Act; and

16 (5) choice-based rental assistance provided  
17 under title III of this Act.

18 Such term does not include any amounts obligated for as-  
19 sistance under existing contracts for project-based assist-  
20 ance under section 8 of the United States Housing Act  
21 of 1937 or section 601(f) of this Act.

22 **SEC. 404. PROGRAM REQUIREMENTS.**

23 (a) **ELIGIBLE FAMILIES.**—Each family on behalf of  
24 whom assistance is provided for rental or homeownership  
25 of a dwelling unit using amounts made available pursuant

1 to this title shall be a low-income family. Each dwelling  
2 unit assisted using amounts made available pursuant to  
3 this title shall be available for occupancy only by families  
4 that are low-income families at the time of their initial  
5 occupancy of the unit.

6 (b) COMPLIANCE WITH ASSISTANCE PLAN.—A par-  
7 ticipating jurisdiction shall provide assistance using  
8 amounts received pursuant to this title in the manner set  
9 forth in the plan of the jurisdiction approved by the Sec-  
10 retary under section 406(a)(2).

11 (c) RENT POLICY.—A participating jurisdiction shall  
12 ensure that the rental contributions charged to families  
13 assisted with amounts received pursuant to this title—

14 (1) do not exceed the amount that would be  
15 chargeable under title II to such families were such  
16 families residing in public housing assisted under  
17 such title; or

18 (2) are established, pursuant to approval by the  
19 Secretary of a proposed rent structure included in  
20 the application under section 406, at levels that are  
21 reasonable and designed to eliminate any disincen-  
22 tives for members of the family to obtain employ-  
23 ment and attain economic self-sufficiency.

24 (d) HOUSING QUALITY STANDARDS.—

1           (1) COMPLIANCE.—A participating jurisdiction  
2 shall ensure that housing assisted with amounts re-  
3 ceived pursuant to this title is maintained in a con-  
4 dition that complies—

5           (A) in the case of housing located in a ju-  
6 risdiction which has in effect laws, regulations,  
7 standards, or codes regarding habitability of  
8 residential dwellings, with such applicable laws,  
9 regulations, standards, or codes; or

10          (B) in the case of housing located in a ju-  
11 risdiction which does not have in effect laws,  
12 regulations, standards, or codes described in  
13 paragraph (1), with the housing quality stand-  
14 ards established under paragraph (2).

15          (2) FEDERAL HOUSING QUALITY STANDARDS.—  
16 The Secretary shall establish housing quality stand-  
17 ards under this paragraph that ensure that dwelling  
18 units assisted under this title are safe, clean, and  
19 healthy. Such standards shall include requirements  
20 relating to habitability, including maintenance,  
21 health and sanitation factors, condition, and con-  
22 struction of dwellings, and shall, to the greatest ex-  
23 tent practicable, be consistent with the standards es-  
24 tablished under sections 232(b) and 328(c). The

1 Secretary shall differentiate between major and  
2 minor violations of such standards.

3 (e) NUMBER OF FAMILIES ASSISTED.—A participat-  
4 ing jurisdiction shall ensure that, in providing assistance  
5 with amounts received pursuant to this title in each fiscal  
6 year, not less than substantially the same total number  
7 of eligible low-income families are assisted as would have  
8 been assisted had the amounts of covered housing assist-  
9 ance not been combined for use under this title.

10 (f) CONSISTENCY WITH WELFARE PROGRAM.—A  
11 participating jurisdiction shall ensure that assistance pro-  
12 vided with amounts received pursuant to this title is pro-  
13 vided in a manner that is consistent with the welfare, pub-  
14 lic assistance, or other economic self-sufficiency programs  
15 operating in the jurisdiction by facilitating the transition  
16 of assisted families to work, which may include requiring  
17 compliance with the requirements under such welfare,  
18 public assistance, or self-sufficiency programs as a condi-  
19 tion of receiving housing assistance with amounts provided  
20 under this title.

21 (g) TREATMENT OF CURRENTLY ASSISTED FAMI-  
22 LIES.—

23 (1) CONTINUATION OF ASSISTANCE.—A partici-  
24 pating jurisdiction shall ensure that each family that  
25 was receiving housing assistance or residing in an

1       assisted dwelling unit pursuant to any of the pro-  
2       grams included as covered housing assistance imme-  
3       diately before the jurisdiction initially provides as-  
4       sistance pursuant to this title shall be offered assist-  
5       ance or an assisted dwelling unit under the program  
6       of the jurisdiction under this title.

7               (2) PHASE-IN OF RENT CONTRIBUTION IN-  
8       CREASES.—For any family that was receiving hous-  
9       ing assistance pursuant to any of the programs in-  
10      cluded as covered housing assistance immediately be-  
11      fore the jurisdiction initially provides assistance pur-  
12      suant to this title, if the monthly contribution for  
13      rental of a dwelling unit assisted under this title to  
14      be paid by the family upon initial applicability of  
15      this title is greater than the amount paid by the  
16      family immediately before such applicability, any  
17      such resulting increase in rent contribution shall  
18      be—

19               (A) phased in equally over a period of not  
20               less than 3 years, if such increase is 30 percent  
21               or more of such contribution before initial ap-  
22               plicability; and

23               (B) limited to not more than 10 percent  
24               per year if such increase is more than 10 per-

1 cent but less than 30 percent of such contribu-  
2 tion before initial applicability.

3 (h) AMOUNT OF ASSISTANCE.—In providing housing  
4 assistance using amounts received pursuant to this title,  
5 the amount of assistance provided by a participating juris-  
6 diction on behalf of each assisted low-income family shall  
7 be sufficient so that if the family used such assistance to  
8 rent a dwelling unit having a rent equal to the 40th per-  
9 centile of rents for standard quality rental units of the  
10 same size and type in the same market area, the contribu-  
11 tion toward rental paid by the family would be affordable  
12 (as such term is defined by the jurisdiction) to the family.

13 (i) PORTABILITY.—A participating jurisdiction shall  
14 ensure that financial assistance for housing provided with  
15 amounts received pursuant to this title may be used by  
16 a family moving from an assisted dwelling unit located  
17 within the jurisdiction to obtain a dwelling unit located  
18 outside of the jurisdiction.

19 (j) PREFERENCES.—In providing housing assistance  
20 using amounts received pursuant to this title, a participat-  
21 ing jurisdiction may establish a system for making hous-  
22 ing assistance available that provides preference for assist-  
23 ance to families having certain characteristics. A system  
24 of preferences established pursuant to this subsection shall  
25 be based on local housing needs and priorities, as deter-

1 mined by the jurisdiction using generally accepted data  
2 sources.

3 (k) COMMUNITY WORK REQUIREMENT.—

4 (1) APPLICABILITY OF REQUIREMENTS FOR  
5 PHA'S.—Except as provided in paragraph (2), par-  
6 ticipating jurisdictions, families assisted with  
7 amounts received pursuant to this title, and dwelling  
8 units assisted with amounts received pursuant to  
9 this title, shall be subject to the provisions of section  
10 105 to the same extent that such provisions apply  
11 with respect to public housing agencies, families re-  
12 siding in public housing dwelling units and families  
13 assisted under title III, and public housing dwelling  
14 units and dwelling units assisted under title III.

15 (2) LOCAL COMMUNITY SERVICE ALTER-  
16 NATIVE.—Paragraph (1) shall not apply to a partici-  
17 pating jurisdiction that, pursuant to approval by the  
18 Secretary of a proposal included in the application  
19 under section 406, is carrying out a local program  
20 that is designed to foster community service by fami-  
21 lies assisted with amounts received pursuant to this  
22 title.

23 (l) INCOME TARGETING.—In providing housing as-  
24 sistance using amounts received pursuant to this title in  
25 any fiscal year, a participating jurisdiction shall ensure

1 that the number of families having incomes that do not  
2 exceed 30 percent of the area median income that are ini-  
3 tially assisted under this title during such fiscal year is  
4 not less than substantially the same number of families  
5 having such incomes that would be initially assisted in  
6 such jurisdiction during such fiscal year under titles II  
7 and III pursuant to sections 222(c) and 321(b)).

8 **SEC. 405. APPLICABILITY OF CERTAIN PROVISIONS.**

9 (a) PUBLIC HOUSING DEMOLITION AND DISPOS-  
10 TION REQUIREMENTS.—Section 261 shall continue to  
11 apply to public housing notwithstanding any use of the  
12 housing under this title.

13 (b) LABOR STANDARDS.—Section 112 shall apply to  
14 housing assisted with amounts provided pursuant to this  
15 title, other than housing assisted solely due to occupancy  
16 by families receiving tenant-based assistance.

17 **SEC. 406. APPLICATION.**

18 (a) IN GENERAL.—The Secretary shall provide for  
19 jurisdictions to submit applications to receive and use cov-  
20 ered housing assistance amounts as authorized in this title  
21 for periods of not less than 1 and not more than 5 fiscal  
22 years. An application—

23 (1) shall be submitted only after the jurisdiction  
24 provides for citizen participation through a public  
25 hearing and, if appropriate, other means;

1           (2) shall include a plan developed by the juris-  
2           diction for the provision of housing assistance with  
3           amounts received pursuant to this title that takes  
4           into consideration comments from the public hearing  
5           and any other public comments on the proposed pro-  
6           gram, and comments from current and prospective  
7           residents who would be affected, and that includes  
8           criteria for meeting each of the requirements under  
9           section 404 and this title;

10           (3) shall describe how the plan for use of  
11           amounts will assist in meeting the goals set forth in  
12           section 401;

13           (4) shall propose standards for measuring per-  
14           formance in using assistance provided pursuant to  
15           this title based on the performance standards under  
16           subsection (b)(2);

17           (5) shall propose the length of the period for  
18           which the jurisdiction is applying for assistance  
19           under this title;

20           (6) may include a request assistance for train-  
21           ing and technical assistance to assist with design of  
22           the program and to participate in a detailed evalua-  
23           tion;

24           (7) shall—

1           (A) in the case of the application of any  
2 jurisdiction within whose boundaries are areas  
3 subject to any other unit of general local gov-  
4 ernment, include the signed consent of the ap-  
5 propriate executive official of such unit to the  
6 application; and

7           (B) in the case of the application of a con-  
8 sortia of units of general local government (as  
9 provided under section 409(1)(B)), include the  
10 signed consent of the appropriate executive offi-  
11 cials of each unit included in the consortia;

12           (8) shall include information sufficient, in the  
13 determination of the Secretary—

14           (A) to demonstrate that the jurisdiction  
15 has or will have management and administra-  
16 tive capacity sufficient to carry out the plan  
17 under paragraph (2);

18           (B) to demonstrate that carrying out the  
19 plan will not result in excessive duplication of  
20 administrative efforts and costs, particularly  
21 with respect to activities performed by public  
22 housing agencies operating within the bound-  
23 aries of the jurisdiction;

1 (C) to describe the function and activities  
2 to be carried out by such public housing agen-  
3 cies affected by the plan; and

4 (D) to demonstrate that the amounts re-  
5 ceived by the jurisdiction will be maintained  
6 separate from other funds available to the juris-  
7 diction and will be used only to carry out the  
8 plan; and

9 (9) shall include information describing how the  
10 jurisdiction will make decisions regarding asset man-  
11 agement of housing for low-income families under  
12 programs for covered housing assistance or assisted  
13 with grant amounts under this title.

14 A plan required under paragraph (2) to be included in  
15 the application may be contained in a memorandum of  
16 agreement or other document executed by a jurisdiction  
17 and public housing agency, if such document is submitted  
18 together with the application.

19 (b) REVIEW, APPROVAL, AND PERFORMANCE STAND-  
20 ARDS.—

21 (1) REVIEW.—The Secretary shall review appli-  
22 cations for assistance pursuant to this title and shall  
23 approve or disapprove such applications within 60  
24 days after their submission. The Secretary shall pro-  
25 vide affected public housing agencies an opportunity

1 to review an application submitted under this sub-  
2 section and to provide written comments on the ap-  
3 plication, which shall be a period of not less than 30  
4 days ending before the Secretary approves or dis-  
5 approves the application. If the Secretary determines  
6 that the application complies with the requirements  
7 of this title, the Secretary shall offer to enter into  
8 an agreement with jurisdiction providing for assist-  
9 ance pursuant to this title and incorporating a re-  
10 quirement that the jurisdiction achieve a particular  
11 level of performance in each of the areas for which  
12 performance standards are established under para-  
13 graph (2). If the Secretary determines that an appli-  
14 cation does not comply with the requirements of this  
15 title, the Secretary shall notify the jurisdiction sub-  
16 mitting the application of the reasons for such dis-  
17 approval and actions that may be taken to make the  
18 application approvable. Upon approving or dis-  
19 approving an application under this paragraph, the  
20 Secretary shall make such determination publicly  
21 available in writing together with a written state-  
22 ment of the reasons for such determination.

23 (2) PERFORMANCE STANDARDS.—The Sec-  
24 retary shall establish standards for measuring per-  
25 formance of jurisdictions in the following areas:

1           (A) Success in moving dependent low-in-  
2           come families to economic self-sufficiency.

3           (B) Success in reducing the numbers of  
4           long-term homeless families.

5           (C) Decrease in the per-family cost of pro-  
6           viding assistance.

7           (D) Reduction of excessive geographic con-  
8           centration of assisted families.

9           (E) Any other performance goals that the  
10          Secretary may prescribe.

11          (3) APPROVAL.—If the Secretary and a juris-  
12          diction that the Secretary determines has submitted  
13          an application meeting the requirements of this title  
14          enter into an agreement referred to in paragraph  
15          (1), the Secretary shall approve the application and  
16          provide covered housing assistance for the jurisdic-  
17          tion in the manner authorized under this title. The  
18          Secretary may not approve any application for as-  
19          sistance pursuant to this title unless the Secretary  
20          and jurisdiction enter into an agreement referred to  
21          in paragraph (1). The Secretary shall establish re-  
22          quirements for the approval of applications under  
23          this section submitted by public housing agencies  
24          designated under section 533(a) as troubled, which  
25          may include additional or different criteria deter-

1       mined by the Secretary to be more appropriate for  
2       such agencies.

3       (c) STATUS OF PHA'S.—Nothing in this section or  
4 title may be construed to require any change in the legal  
5 status of any public housing agency or in any legal rela-  
6 tionship between a jurisdiction and a public housing agen-  
7 cy as a condition of participation in the program under  
8 this title.

9       **SEC. 407. TRAINING.**

10       The Secretary, in consultation with representatives of  
11 public and assisted housing interests, shall provide train-  
12 ing and technical assistance relating to providing assist-  
13 ance under this title and conduct detailed evaluations of  
14 up to 30 jurisdictions for the purpose of identifying  
15 replicable program models that are successful at carrying  
16 out the purposes of this title.

17       **SEC. 408. ACCOUNTABILITY.**

18       (a) PERFORMANCE GOALS.—The Secretary shall  
19 monitor the performance of participating jurisdictions in  
20 providing assistance pursuant to this title based on the  
21 performance standards contained in the agreements en-  
22 tered into pursuant to section 406(b)(1).

23       (b) KEEPING RECORDS.—Each participating juris-  
24 diction shall keep such records as the Secretary may pre-  
25 scribe as reasonably necessary to disclose the amounts and

1 the disposition of amounts provided pursuant to this title,  
2 to ensure compliance with the requirements of this title  
3 and to measure performance against the performance  
4 goals under subsection (a).

5 (c) REPORTS.—Each participating jurisdiction agen-  
6 cy shall submit to the Secretary a report, or series of re-  
7 ports, in a form and at a time specified by the Secretary.  
8 The reports shall—

9 (1) document the use of funds made available  
10 under this title;

11 (2) provide such information as the Secretary  
12 may request to assist the Secretary in assessing the  
13 program under this title; and

14 (3) describe and analyze the effect of assisted  
15 activities in addressing the purposes of this title.

16 (d) ACCESS TO DOCUMENTS BY SECRETARY.—The  
17 Secretary shall have access for the purpose of audit and  
18 examination to any books, documents, papers, and records  
19 that are pertinent to assistance in connection with, and  
20 the requirements of, this title.

21 (e) ACCESS TO DOCUMENTS BY COMPTROLLER GEN-  
22 ERAL.—The Comptroller General of the United States, or  
23 any of the duly authorized representatives of the Comp-  
24 troller General, shall have access for the purpose of audit  
25 and examination to any books, documents, papers, and

1 records that are pertinent to assistance in connection with,  
2 and the requirements of, this title.

3 **SEC. 409. DEFINITIONS.**

4 For purposes of this title, the following definitions  
5 shall apply:

6 (1) JURISDICTION.—The term “jurisdiction”  
7 means—

8 (A) a unit of general local government (as  
9 such term is defined in section 104 of the Cran-  
10 ston-Gonzalez National Affordable Housing  
11 Act) that has boundaries, for purposes of carry-  
12 ing out this title, that—

13 (i) wholly contain the area within  
14 which a public housing agency is author-  
15 ized to operate; and

16 (ii) do not contain any areas con-  
17 tained within the boundaries of any other  
18 participating jurisdiction; and

19 (B) a consortia of such units of general  
20 local government, organized for purposes of this  
21 title.

22 (2) PARTICIPATING JURISDICTION.—The term  
23 “participating jurisdiction” means, with respect to a  
24 period for which such approval is made, a jurisdic-  
25 tion that has been approved under section 406(b)(3)

1 to receive assistance pursuant to this title for such  
2 fiscal year.

3 **TITLE V—ACCOUNTABILITY AND**  
4 **OVERSIGHT OF PUBLIC HOUS-**  
5 **ING AGENCIES**

6 **Subtitle A—Study of Alternative**  
7 **Methods for Evaluating Public**  
8 **Housing Agencies**

9 **SEC. 501. IN GENERAL.**

10 The Secretary of Housing and Urban Development  
11 shall provide under section 505 for a study to be con-  
12 ducted to determine the effectiveness of various alternative  
13 methods of evaluating the performance of public housing  
14 agencies and other providers of federally assisted housing.

15 **SEC. 502. PURPOSES.**

16 The purposes of the study under this subtitle shall  
17 be—

18 (1) to identify and examine various methods of  
19 evaluating and improving the performance of public  
20 housing agencies in administering public housing  
21 and tenant-based rental assistance programs and of  
22 other providers of federally assisted housing, which  
23 are alternatives to oversight by the Department of  
24 Housing and Urban Development; and

1           (2) to identify specific monitoring and oversight  
2           activities currently conducted by the Department of  
3           Housing and Urban Development that are insuffi-  
4           cient or ineffective in accurately and efficiently as-  
5           sessing the performance of public housing agencies  
6           and other providers of federally assisted housing,  
7           and to evaluate whether such activities should be  
8           eliminated, modified, or transferred to other entities  
9           (including government and private entities) to in-  
10          crease accuracy and effectiveness and improve mon-  
11          itoring.

12 **SEC. 503. EVALUATION OF VARIOUS PERFORMANCE EVAL-**  
13 **UATION SYSTEMS.**

14          To carry out the purpose under section 502(1), the  
15          study under this subtitle shall identify, and analyze and  
16          assess the costs and benefits of, the following methods of  
17          regulating and evaluating the performance of public hous-  
18          ing agencies and other providers of federally assisted hous-  
19          ing:

20               (1) **CURRENT SYSTEM.**—The system pursuant  
21          to the United States Housing Act of 1937 (as in ef-  
22          fect upon the enactment of this Act), including the  
23          methods and requirements under such system for re-  
24          porting, auditing, reviewing, sanctioning, and mon-  
25          itoring of such agencies and housing providers and

1 the public housing management assessment program  
2 pursuant to subtitle C of this title (and section 6(j)  
3 of the United States Housing Act of 1937 (as in ef-  
4 fect upon the enactment of this Act)).

5 (2) ACCREDITATION MODELS.—Various models  
6 that are based upon accreditation of such agencies  
7 and housing providers, subject to the following re-  
8 quirements:

9 (A) The study shall identify and analyze  
10 various models used in other industries and  
11 professions for accreditation and determine the  
12 extent of their applicability to the programs for  
13 public housing and federally assisted housing.

14 (B) If any accreditation models are deter-  
15 mined to be applicable to the public and feder-  
16 ally assisted housing programs, the study shall  
17 identify appropriate goals, objectives, and pro-  
18 cedures for an accreditation program for such  
19 agencies housing providers.

20 (C) The study shall evaluate the effective-  
21 ness of establishing an independent accredita-  
22 tion and evaluation entity to assist, supplement,  
23 or replace the role of the Department of Hous-  
24 ing and Urban Development in assessing and

1 monitoring the performance of such agencies  
2 and housing providers.

3 (D) The study shall identify the necessary  
4 and appropriate roles and responsibilities of  
5 various entities that would be involved in an ac-  
6 creditation program, including the Department  
7 of Housing and Urban Development, the In-  
8 spector General of the Department, an accredi-  
9 tation entity, independent auditors and examin-  
10 ers, local entities, and public housing agencies.

11 (E) The study shall determine the costs in-  
12 volved in developing and maintaining such an  
13 independent accreditation program.

14 (F) The study shall analyze the need for  
15 technical assistance to assist public housing  
16 agencies in improving performance and identify  
17 the most effective methods to provide such as-  
18 sistance.

19 (3) PERFORMANCE BASED MODELS.—Various  
20 performance-based models, including systems that  
21 establish performance goals or targets, assess the  
22 compliance with such goals or targets, and provide  
23 for incentives or sanctions based on performance rel-  
24 ative to such goals or targets.

1           (4) LOCAL REVIEW AND MONITORING MOD-  
2           ELS.—Various models providing for local, resident,  
3           and community review and monitoring of such agen-  
4           cies and housing providers, including systems for re-  
5           view and monitoring by local and State govern-  
6           mental bodies and agencies.

7           (5) PRIVATE MODELS.—Various models using  
8           private contractors for review and monitoring of  
9           such agencies and housing providers.

10          (6) OTHER MODELS.—Various models of any  
11          other systems that may be more effective and effi-  
12          cient in regulating and evaluating such agencies and  
13          housing providers.

14 **SEC. 504. CONSULTATION.**

15          The entity that, pursuant to section 505, carries out  
16          the study under this subtitle shall, in carrying out the  
17          study, consult with individuals and organization experi-  
18          enced in managing public housing, private real estate  
19          managers, representatives from State and local govern-  
20          ments, residents of public housing, families and individ-  
21          uals receiving choice- or tenant-based assistance, the Sec-  
22          retary of Housing and Urban Development, the Inspector  
23          General of the Department of Housing and Urban Devel-  
24          opment, and the Comptroller General of the United  
25          States.

1 **SEC. 505. CONTRACT TO CONDUCT STUDY.**

2 (a) IN GENERAL.—Subject to subsection (b), the Sec-  
3 retary shall enter into a contract with a public or nonprofit  
4 private entity to conduct the study under this subtitle,  
5 using amounts made available pursuant to section 507.

6 (b) NATIONAL ACADEMY OF PUBLIC ADMINISTRA-  
7 TION.—The Secretary shall request the National Academy  
8 of Public Administration to enter into the contract under  
9 paragraph (1) to conduct the study under this subtitle.  
10 If such Academy declines to conduct the study, the Sec-  
11 retary shall carry out such paragraph through other public  
12 or nonprofit private entities.

13 **SEC. 506. REPORT.**

14 (a) INTERIM REPORT.—The Secretary shall ensure  
15 that not later than the expiration of the 6-month period  
16 beginning on the date of the enactment of this Act, the  
17 entity conducting the study under this subtitle submits to  
18 the Congress an interim report describing the actions  
19 taken to carry out the study, the actions to be taken to  
20 complete the study, and any findings and recommenda-  
21 tions available at the time.

22 (b) FINAL REPORT.—The Secretary shall ensure  
23 that—

24 (1) not later than the expiration of the 12-  
25 month period beginning on the date of the enact-  
26 ment of this Act, the study required under this sub-

1 title is completed and a report describing the find-  
2 ings and recommendations as a result of the study  
3 is submitted to the Congress; and

4 (2) before submitting the report under this sub-  
5 section to the Congress, the report is submitted to  
6 the Secretary and national organizations for public  
7 housing agencies at such time to provide the Sec-  
8 retary and such agencies an opportunity to review  
9 the report and provide written comments on the re-  
10 port, which shall be included together with the re-  
11 port upon submission to the Congress under para-  
12 graph (1).

13 **SEC. 507. FUNDING.**

14 Of any amounts made available under title V of the  
15 Housing and Urban Development Act of 1970 for policy  
16 development and research for fiscal year 1998, \$500,000  
17 shall be available to carry out this subtitle.

18 **SEC. 508. EFFECTIVE DATE.**

19 This subtitle shall take effect on the date of the en-  
20 actment of this Act.

21 **Subtitle B—Housing Evaluation**  
22 **and Accreditation Board**

23 **SEC. 521. ESTABLISHMENT.**

24 (a) IN GENERAL.—There is established an independ-  
25 ent agency in the executive branch of the Government to

1 be known as the Housing Foundation and Accreditation  
2 Board (in this title referred to as the “Board”).

3 (b) REQUIREMENT FOR CONGRESSIONAL REVIEW OF  
4 STUDY.—Notwithstanding any other provision of this Act,  
5 sections 523, 524, and 525 shall not take effect and the  
6 Board shall not have any authority to take any action  
7 under such sections (or otherwise) unless there is enacted  
8 a law specifically providing for the repeal of this sub-  
9 section. This subsection may not be construed to prevent  
10 the appointment of the Board under section 522.

11 (c) EFFECTIVE DATE.—This section shall take effect  
12 on the date of the enactment of this Act.

13 **SEC. 522. MEMBERSHIP.**

14 (a) IN GENERAL.—The Board shall be composed of  
15 12 members appointed by the President not later than 180  
16 days after the date of the final report regarding the study  
17 required under subtitle A is submitted to the Congress  
18 pursuant to section 506(b), as follows:

19 (1) 4 members shall be appointed from among  
20 10 individuals recommended by the Secretary of  
21 Housing and Urban Development.

22 (2) 4 members shall be appointed from among  
23 10 individuals recommended by the Chairman and  
24 Ranking Minority Member of the Committee on  
25 Banking, Housing, and Urban Affairs of the Senate.

1           (3) 4 members appointed from among 10 indi-  
2           viduals recommended by the Chairman and Ranking  
3           Minority Member of the Committee on Banking and  
4           Financial Services of the House of Representatives.

5           (b) QUALIFICATIONS.—

6           (1) REQUIRED REPRESENTATION.—The Board  
7           shall at all times have the following members:

8           (A) 2 members who are residents of public  
9           housing or dwelling units assisted under title  
10          III of this Act or the provisions of section 8 of  
11          the United States Housing Act of 1937 (as in  
12          effect before the effective date of the repeal  
13          under section 601(b) of this Act).

14          (B) At least 2, but not more than 4 mem-  
15          bers who are executive directors of public hous-  
16          ing agencies.

17          (C) 1 member who is a member of the In-  
18          stitute of Real Estate Managers.

19          (D) 1 member who is the owner of a multi-  
20          family housing project assisted under a pro-  
21          gram administered by the Secretary of Housing  
22          and Urban Development.

23          (2) REQUIRED EXPERIENCE.—The Board shall  
24          at all times have as members individuals with the  
25          following experience:

1 (A) At least 1 individual who has extensive  
2 experience in the residential real estate finance  
3 business.

4 (B) At least 1 individual who has extensive  
5 experience in operating a nonprofit organization  
6 that provides affordable housing.

7 (C) At least 1 individual who has extensive  
8 experience in construction of multifamily hous-  
9 ing.

10 (D) At least 1 individual who has extensive  
11 experience in the management of a community  
12 development corporation.

13 (E) At least 1 individual who has extensive  
14 experience in auditing participants in govern-  
15 ment programs.

16 A single member of the board with the appropriate  
17 experience may satisfy the requirements of more  
18 than 1 subparagraph of this paragraph. A single  
19 member of the board with the appropriate qualifica-  
20 tions and experience may satisfy the requirements of  
21 a subparagraph of paragraph (1) and a subpara-  
22 graph of this paragraph.

23 (c) POLITICAL AFFILIATION.—Not more than 6  
24 members of the Board may be of the same political party.

25 (d) TERMS.—

1           (1) IN GENERAL.—Each member of the Board  
2 shall be appointed for a term of 4 years, except as  
3 provided in paragraphs (2) and (3).

4           (2) TERMS OF INITIAL APPOINTEES.—As des-  
5 ignated by the President at the time of appointment,  
6 of the members first appointed—

7           (A) 3 shall be appointed for terms of 1  
8 year;

9           (B) 3 shall be appointed for terms of 2  
10 years;

11           (C) 3 shall be appointed for terms of 3  
12 years; and

13           (D) 3 shall be appointed for terms of 4  
14 years.

15           (3) VACANCIES.—Any member appointed to fill  
16 a vacancy occurring before the expiration of the  
17 term for which the member's predecessor was ap-  
18 pointed shall be appointed only for the remainder of  
19 that term. A member may serve after the expiration  
20 of that member's term until a successor has taken  
21 office. A vacancy in the Board shall be filled in the  
22 manner in which the original appointment was  
23 made.

24           (e) CHAIRPERSON.—The Board shall elect a chair-  
25 person from among members of the Board.

1 (f) QUORUM.—A majority of the members of the  
2 Board shall constitute a quorum for the transaction of  
3 business.

4 (g) VOTING.—Each member of the Board shall be en-  
5 titled to 1 vote, which shall be equal to the vote of every  
6 other member of the Board.

7 (h) PROHIBITION ON ADDITIONAL PAY.—Members of  
8 the Board shall serve without compensation, but shall be  
9 reimbursed for travel, subsistence, and other necessary ex-  
10 penses incurred in the performance of their duties as  
11 members of the Board.

12 **SEC. 523. FUNCTIONS.**

13 The purpose of this subtitle is to establish the Board  
14 as a nonpolitical entity to carry out, not later than the  
15 expiration of the 12-month period beginning upon the ap-  
16 pointment under section 522 of all of the initial members  
17 of the Board (or such other date as may be provided by  
18 law), the following functions:

19 (1) ESTABLISHMENT OF PERFORMANCE  
20 BENCHMARKS.—The Board shall establish standards  
21 and guidelines for use by the Board in measuring  
22 the performance and efficiency of public housing  
23 agencies and other owners and providers of federally  
24 assisted housing in carrying out operational and fi-  
25 nancial functions. The standards and guidelines

1 shall be designed to replace the public housing man-  
2 agement assessment program under section 6(j) of  
3 the United States Housing Act of 1937 (as in effect  
4 before the enactment of this Act) and improve the  
5 evaluation of the performance of housing providers  
6 relative to such program. In establishing such stand-  
7 ards and guidelines, the Board shall consult with the  
8 Secretary, the Inspector General of the Department  
9 of Housing and Urban Development, and such other  
10 persons and entities as the Board considers appro-  
11 priate.

12 (2) ESTABLISHMENT OF ACCREDITATION PRO-  
13 CEDURE AND ACCREDITATION.—The Board shall—

14 (A) establish a procedure for the Board to  
15 accredit public housing agencies to receive block  
16 grants under title II for the operation, mainte-  
17 nance, and production of public housing and  
18 amounts for housing assistance under title III,  
19 based on the performance of agencies, as meas-  
20 ured by the performance benchmarks estab-  
21 lished under paragraph (1) and any audits and  
22 reviews of agencies; and

23 (B) commence the review and accreditation  
24 of public housing agencies under the procedures  
25 established under subparagraph (A).

1 In carrying out the functions under this section, the Board  
2 shall take into consideration the findings and rec-  
3 ommendations contained in the report issued under sec-  
4 tion 506(b).

5 **SEC. 524. POWERS.**

6 (a) HEARINGS.—The Board may, for the purpose of  
7 carrying out this subtitle, hold such hearings and sit and  
8 act at such times and places as the Board determines ap-  
9 propriate.

10 (b) RULES AND REGULATIONS.—The Board may  
11 adopt such rules and regulations as may be necessary to  
12 establish its procedures and to govern the manner of its  
13 operations, organization, and personnel.

14 (c) ASSISTANCE FROM FEDERAL AGENCIES.—

15 (1) INFORMATION.—The Board may secure di-  
16 rectly from any department or agency of the Federal  
17 Government such information as the Board may re-  
18 quire for carrying out its functions, including public  
19 housing agency plans submitted to the Secretary by  
20 public housing agencies under title I. Upon request  
21 of the Board, any such department or agency shall  
22 furnish such information.

23 (2) GENERAL SERVICES ADMINISTRATION.—

24 The Administrator of General Services shall provide

1 to the Board, on a reimbursable basis, such adminis-  
2 trative support services as the Board may request.

3 (3) DEPARTMENT OF HOUSING AND URBAN DE-  
4 VELOPMENT.—Upon the request of the chairperson  
5 of the Board, the Secretary of Housing and Urban  
6 Development shall, to the extent possible and subject  
7 to the discretion of the Secretary, detail any of the  
8 personnel of the Department of Housing and Urban  
9 Development, on a nonreimbursable basis, to assist  
10 the Board in carrying out its functions under this  
11 subtitle.

12 (4) HUD INSPECTOR GENERAL.—The Inspector  
13 General of the Department of Housing and Urban  
14 Development shall serve the Board as a principal ad-  
15 viser with respect to all aspects of audits of public  
16 housing agencies. The Inspector General may advise  
17 the Board with respect to other activities and func-  
18 tions of the Board.

19 (d) MAILS.—The Board may use the United States  
20 mails in the same manner and under the same conditions  
21 as other Federal agencies.

22 (e) CONTRACTING.—The Board may, to such extent  
23 and in such amounts as are provided in appropriation  
24 Acts, enter into contracts with private firms, institutions,  
25 and individuals for the purpose of conducting evaluations

1 of public housing agencies, audits of public housing agen-  
2 cies, and research and surveys necessary to enable the  
3 Board to discharge its functions under this subtitle.

4 (f) STAFF.—

5 (1) EXECUTIVE DIRECTOR.—The Board shall  
6 appoint an executive director of the Board, who shall  
7 be compensated at a rate fixed by the Board, but  
8 which shall not exceed the rate established for level  
9 V of the Executive Schedule under title 5, United  
10 States Code.

11 (2) OTHER PERSONNEL.—In addition to the ex-  
12 ecutive director, the Board may appoint and fix the  
13 compensation of such personnel as the Board consid-  
14 ers necessary, in accordance with the provisions of  
15 title 5, United States Code, governing appointments  
16 to the competitive service, and the provisions of  
17 chapter 51 and subchapter III of chapter 53 of such  
18 title, relating to classification and General Schedule  
19 pay rates.

20 (g) ACCESS TO DOCUMENTS.—The Board shall have  
21 access for the purposes of carrying out its functions under  
22 this subtitle to any books, documents, papers, and records  
23 of a public housing agency to which the Secretary has ac-  
24 cess under this Act.

1 **SEC. 525. FEES.**

2 (a) ACCREDITATION FEES.—The Board may estab-  
3 lish and charge reasonable fees for the accreditation of  
4 public housing agencies as the Board considers necessary  
5 to cover the costs of the operations of the Board relating  
6 to its functions under section 523.

7 (b) FUND.—Any fees collected under this section  
8 shall be deposited in an operations fund for the Board,  
9 which is hereby established in the Treasury of the United  
10 States. Amounts in such fund shall be available, to the  
11 extent provided in appropriation Acts, for the expenses of  
12 the Board in carrying out its functions under this subtitle.

13 **SEC. 526. GAO AUDIT.**

14 The activities and transactions of the Board shall be  
15 subject to audit by the Comptroller General of the United  
16 States under such rules and regulations as may be pre-  
17 scribed by the Comptroller General. The representatives  
18 of the General Accounting Office shall have access for the  
19 purpose of audit and examination to any books, docu-  
20 ments, papers, and records of the Board that are nec-  
21 essary to facilitate an audit.

1 **Subtitle C—Interim Applicability of**  
2 **Public Housing Management As-**  
3 **essment Program**

4 **SEC. 531. INTERIM APPLICABILITY.**

5 This subtitle shall be effective only during the period  
6 that begins on the effective date of this Act and ends upon  
7 the date of the effectiveness of the standards and proce-  
8 dures required under section 523.

9 **SEC. 532. MANAGEMENT ASSESSMENT INDICATORS.**

10 (a) **ESTABLISHMENT.**—The Secretary shall develop  
11 and publish in the Federal Register indicators to assess  
12 the management performance of public housing agencies  
13 and other entities managing public housing (including  
14 resident management corporations, independent managers  
15 pursuant to section 236, and management entities pursu-  
16 ant to subtitle D). The indicators shall be established by  
17 rule under section 553 of title 5, United States Code. Such  
18 indicators shall enable the Secretary to evaluate the per-  
19 formance of public housing agencies and such other man-  
20 agers of public housing in all major areas of management  
21 operations.

22 (b) **CONTENT.**—The management assessment indica-  
23 tors shall include the following indicators:

24 (1) The number and percentage of vacancies  
25 within an agency's or manager's inventory, including

1 the progress that an agency or manager has made  
2 within the previous 3 years to reduce such vacancies.

3 (2) The amount and percentage of funds obli-  
4 gated to the public housing agency or manager from  
5 the capital fund or under section 14 of the United  
6 States Housing Act of 1937 (as in effect before the  
7 effective date of the repeal under section 601(b) of  
8 this Act), which remain unexpended after 3 years.

9 (3) The percentage of rents uncollected.

10 (4) The energy consumption (with appropriate  
11 adjustments to reflect different regions and unit  
12 sizes).

13 (5) The average period of time that an agency  
14 or manager requires to repair and turn-around va-  
15 cant dwelling units.

16 (6) The proportion of maintenance work orders  
17 outstanding, including any progress that an agency  
18 or manager has made during the preceding 3 years  
19 to reduce the period of time required to complete  
20 maintenance work orders.

21 (7) The percentage of dwelling units that an  
22 agency or manager fails to inspect to ascertain  
23 maintenance or modernization needs within such pe-  
24 riod of time as the Secretary deems appropriate

1 (with appropriate adjustments, if any, for large and  
2 small agencies or managers).

3 (8) The extent to which the rent policies of any  
4 public housing agency establishing rental amounts in  
5 accordance with section 225(b) comply with the re-  
6 quirement under section 225(c).

7 (9) Whether the agency is providing acceptable  
8 basic housing conditions, as determined by the Sec-  
9 retary.

10 (10) Whether the agency has conducted and  
11 regularly updated an assessment to identify any pest  
12 control problems in the public housing owned or op-  
13 erated by the agency and the extent to which the  
14 agency is effective in carrying out a strategy to  
15 eradicate or control such problems, which assess-  
16 ment and strategy shall be included in the local  
17 housing management plan for the agency under sec-  
18 tion 106.

19 (11) Any other factors as the Secretary deems  
20 appropriate.

21 (c) CONSIDERATIONS IN EVALUATION.—The Sec-  
22 retary shall—

23 (1) administer the system of evaluating public  
24 housing agencies and managers flexibly to ensure

1 that agencies and managers are not penalized as re-  
2 sult of circumstances beyond their control;

3 (2) reflect in the weights assigned to the var-  
4 ious management assessment indicators the dif-  
5 ferences in the difficulty of managing individual de-  
6 velopments that result from their physical condition  
7 and their neighborhood environment; and

8 (3) determine a public housing agency's or  
9 manager's status as "troubled with respect to mod-  
10 ernization" under section 533(b) based upon factors  
11 solely related to its ability to carry out moderniza-  
12 tion activities.

13 **SEC. 533. DESIGNATION OF PHA'S.**

14 (a) TROUBLED PHA'S.—The Secretary shall, under  
15 the rulemaking procedures under section 553 of title 5,  
16 United States Code, establish procedures for designating  
17 troubled public housing agencies and managers, which  
18 procedures shall include identification of serious and sub-  
19 stantial failure to perform as measured by (1) the per-  
20 formance indicators specified under section 532 and such  
21 other factors as the Secretary may deem to be appropriate;  
22 or (2) such other evaluation system as is determined by  
23 the Secretary to assess the condition of the public housing  
24 agency or other entity managing public housing, which  
25 system may be in addition to or in lieu of the performance

1 indicators established under section 532. Such procedures  
2 shall provide that an agency that does not provide accept-  
3 able basic housing conditions shall be designated a trou-  
4 bled public housing agency.

5 (b) AGENCIES TROUBLED WITH RESPECT TO CAP-  
6 ITAL ACTIVITIES.—The Secretary shall designate, by rule  
7 under section 553 of title 5, United States Code, agencies  
8 and managers that are troubled with respect to capital ac-  
9 tivities.

10 (c) AGENCIES AT RISK OF BECOMING TROUBLED.—  
11 The Secretary shall designate, by rule under section 553  
12 of title 5, United States Code, agencies and managers that  
13 are at risk of becoming troubled.

14 (d) EXEMPLARY AGENCIES.—The Secretary may  
15 also, in consultation with national organizations represent-  
16 ing public housing agencies and managers and public offi-  
17 cials (as the Secretary determines appropriate), identify  
18 and commend public housing agencies and managers that  
19 meet the performance standards established under section  
20 532 in an exemplary manner.

21 (e) APPEAL OF DESIGNATION.—The Secretary shall  
22 establish procedures for public housing agencies and man-  
23 agers to appeal designation as a troubled agency or man-  
24 ager (including designation as a troubled agency or man-  
25 ager for purposes of capital activities), to petition for re-

1 moval of such designation, and to appeal any refusal to  
2 remove such designation.

3 **SEC. 534. ON-SITE INSPECTION OF TROUBLED PHA'S.**

4 (a) IN GENERAL.—Upon designating a public hous-  
5 ing agency or manager as troubled pursuant to section  
6 533 and determining that an assessment under this sec-  
7 tion will not duplicate any other review previously con-  
8 ducted or required to be conducted of the agency or man-  
9 ager, the Secretary shall provide for an on-site, independ-  
10 ent assessment of the management of the agency or man-  
11 ager.

12 (b) CONTENT.—To the extent the Secretary deems  
13 appropriate (taking into consideration an agency's or  
14 manager's performance under the indicators specified  
15 under section 532, the assessment team shall also consider  
16 issues relating to the agency's or manager's resident popu-  
17 lation and physical inventory, including the extent to  
18 which—

19 (1) the public housing agency plan for the agen-  
20 cy or manager adequately and appropriately address-  
21 es the rehabilitation needs of the public housing in-  
22 ventory;

23 (2) residents of the agency or manager are in-  
24 volved in and informed of significant management  
25 decisions; and

1           (3) any developments in the agency's or man-  
2           ager's inventory are severely distressed (as such  
3           term is defined under section 262.

4           (c) **INDEPENDENT ASSESSMENT TEAM.**—An inde-  
5           pendent assessment under this section shall be carried out  
6           by a team of knowledgeable individuals selected by the  
7           Secretary (referred to in this title as the “assessment  
8           team”) with expertise in public housing and real estate  
9           management. In conducting an assessment, the assess-  
10          ment team shall consult with the residents and with public  
11          and private entities in the jurisdiction in which the public  
12          housing is located. The assessment team shall provide to  
13          the Secretary and the public housing agency or manager  
14          a written report, which shall contain, at a minimum, rec-  
15          ommendations for such management improvements as are  
16          necessary to eliminate or substantially remedy existing de-  
17          ficiencies.

18          **SEC. 535. ADMINISTRATION.**

19          (a) **PHA's.**—The Secretary shall carry out this sub-  
20          title with respect to public housing agencies substantially  
21          in the same manner as the public housing management  
22          assessment system under section 6(j) of the United States  
23          Housing Act of 1937 (as in effect immediately before the  
24          effective date of the repeal under section 601(b) of this  
25          Act) was required to be carried out with respect to public

1 housing agencies. The Secretary may comply with the re-  
2 quirements under this subtitle by using any regulations  
3 issued to carry out such system and issuing any additional  
4 regulations necessary to make such system comply with  
5 the requirements under this subtitle.

6 (b) OTHER MANAGERS.—The Secretary shall estab-  
7 lish specific standards and procedures for carrying out this  
8 subtitle with respect to managers of public housing that  
9 are not public housing agencies. Such standards and pro-  
10 cedures shall take in consideration special circumstances  
11 relating to entities hired, directed, or appointed to manage  
12 public housing.

13 **Subtitle D—Accountability and**  
14 **Oversight Standards and Proce-**  
15 **dures**

16 **SEC. 541. AUDITS.**

17 (a) BY SECRETARY AND COMPTROLLER GENERAL.—  
18 Each block grant contract under section 201 and each  
19 contract for housing assistance amounts under section 302  
20 shall provide that the Secretary, the Inspector General of  
21 the Department of Housing and Urban Development, and  
22 the Comptroller General of the United States, or any of  
23 their duly authorized representatives, shall, for the pur-  
24 pose of audit and examination, have access to any books,  
25 documents, papers, and records of the public housing

1 agency (or other entity) entering into such contract that  
2 are pertinent to this Act and to its operations with respect  
3 to financial assistance under the this Act.

4 (b) BY PHA.—

5 (1) REQUIREMENT.—Each public housing agen-  
6 cy that owns or operates 250 or more public housing  
7 dwelling units and receives assistance under this Act  
8 shall have an audit made in accordance with chapter  
9 75 of title 31, United States Code. The Secretary,  
10 the Inspector General of the Department of Housing  
11 and Urban Development, and the Comptroller Gen-  
12 eral of the United States shall have access to all  
13 books, documents, papers, or other records that are  
14 pertinent to the activities carried out under this Act  
15 in order to make audit examinations, excerpts, and  
16 transcripts.

17 (2) WITHHOLDING OF AMOUNTS.—The Sec-  
18 retary may, in the sole discretion of the Secretary,  
19 arrange for, and pay the costs of, an audit required  
20 under paragraph (1). In such circumstances, the  
21 Secretary may withhold, from assistance otherwise  
22 payable to the agency under this Act, amounts suffi-  
23 cient to pay for the reasonable costs of conducting  
24 an acceptable audit, including, when appropriate, the  
25 reasonable costs of accounting services necessary to

1 place the agency's books and records in auditable  
2 condition.

3 **SEC. 542. PERFORMANCE AGREEMENTS FOR AUTHORITIES**

4 **AT RISK OF BECOMING TROUBLED.**

5 (a) IN GENERAL.—Upon designation of a public  
6 housing agency as at risk of becoming troubled under sec-  
7 tion 533(c), the Secretary shall seek to enter into an  
8 agreement with the agency providing for improvement of  
9 the elements of the agency that have been identified. An  
10 agreement under this section shall contain such terms and  
11 conditions as the Secretary determines are appropriate for  
12 addressing the elements identified, which may include an  
13 on-site, independent assessment of the management of the  
14 agency.

15 (b) POWERS OF SECRETARY.—If the Secretary deter-  
16 mines that such action is necessary to prevent the public  
17 housing agency from becoming a troubled agency, the Sec-  
18 retary may—

19 (1) solicit competitive proposals from other pub-  
20 lic housing agencies and private housing manage-  
21 ment agents (which may be selected by existing ten-  
22 ants through administrative procedures established  
23 by the Secretary), for any case in which such agents  
24 may be needed for managing all, or part, of the  
25 housing or functions administered by the agency; or

1           (2) solicit competitive proposals from other pub-  
2           lic housing agencies and private entities with experi-  
3           ence in construction management, for any case in  
4           which such authorities or firms may be needed to  
5           oversee implementation of assistance made available  
6           for capital improvement for public housing of the  
7           agency.

8   **SEC. 543. PERFORMANCE AGREEMENTS AND CDBG SANC-**  
9                                   **TIONS FOR TROUBLED PHA'S.**

10          (a) IN GENERAL.—Upon designation of a public  
11          housing agency as a troubled agency under section 533(a)  
12          and after reviewing the report submitted pursuant to sec-  
13          tion 534(c) and consulting with the assessment team for  
14          the agency under section 534, the Secretary shall seek to  
15          enter into an agreement with the agency providing for im-  
16          proving the management performance of the agency.

17          (b) CONTENTS.—An agreement under this section be-  
18          tween the Secretary and a public housing agency shall set  
19          forth—

20                 (1) targets for improving performance, as meas-  
21                 ured by the guidelines and standards established  
22                 under section 532 and other requirements within a  
23                 specified period of time, which shall include targets  
24                 to be met upon the expiration of the 12-month pe-  
25                 riod beginning upon entering into the agreement;

1           (2) strategies for meeting such targets;

2           (3) sanctions for failure to implement such  
3 strategies; and

4           (4) to the extent the Secretary deems appro-  
5 priate, a plan for enhancing resident involvement in  
6 the management of the public housing agency.

7       (c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The  
8 Secretary and the public housing agency shall, to the max-  
9 imum extent practicable, seek the assistance of local public  
10 and private entities in carrying out an agreement under  
11 this section.

12       (d) DEFAULT UNDER PERFORMANCE AGREE-  
13 MENT.—Upon the expiration of the 12-month period be-  
14 ginning upon entering into an agreement under this sec-  
15 tion with a public housing agency, the Secretary shall re-  
16 view the performance of the agency in relation to the per-  
17 formance targets and strategies under the agreement. If  
18 the Secretary determines that the agency has failed to  
19 comply with the performance targets established for such  
20 period, the Secretary shall take the action authorized  
21 under subsection (b)(2) or (b)(5) of section 545.

22       (e) CDBG SANCTION AGAINST LOCAL GOVERNMENT  
23 CONTRIBUTING TO TROUBLED STATUS OF PHA.—If the  
24 Secretary determines that the actions or inaction of any  
25 unit of general local government within which any portion

1 of the jurisdiction of a public housing agency is located  
2 has substantially contributed to the conditions resulting  
3 in the agency being designated under section 533(a) as  
4 a troubled agency, the Secretary may redirect or withhold,  
5 from such unit of general local government any amounts  
6 allocated for such unit under section 106 of the Housing  
7 and Community Development Act of 1974.

8 **SEC. 544. OPTION TO DEMAND CONVEYANCE OF TITLE TO**  
9 **OR POSSESSION OF PUBLIC HOUSING.**

10 (a) **AUTHORITY FOR CONVEYANCE.**—A contract  
11 under section 201 for block grants under title II (including  
12 contracts which amend or supersede contracts previously  
13 made (including contracts for contributions)) may provide  
14 that upon the occurrence of a substantial default with re-  
15 spect to the covenants or conditions to which the public  
16 housing agency is subject (as such substantial default  
17 shall be defined in such contract), the public housing agen-  
18 cy shall be obligated, at the option of the Secretary, to—

19 (1) convey title in any case where, in the deter-  
20 mination of the Secretary (which determination shall  
21 be final and conclusive), such conveyance of title is  
22 necessary to achieve the purposes of this Act; or

23 (2) deliver to the Secretary possession of the  
24 development, as then constituted, to which such con-  
25 tract relates.

1           (b) OBLIGATION TO RECONVEY.—Any block grant  
2 contract under title II containing the provisions author-  
3 ized in subsection (a) shall also provide that the Secretary  
4 shall be obligated to reconvey or redeliver possession of  
5 the development, as constituted at the time of reconvey-  
6 ance or redelivery, to such public housing agency or to  
7 its successor (if such public housing agency or a successor  
8 exists) upon such terms as shall be prescribed in such con-  
9 tract, and as soon as practicable after—

10           (1) the Secretary is satisfied that all defaults  
11 with respect to the development have been cured,  
12 and that the development will, in order to fulfill the  
13 purposes of this Act, thereafter be operated in ac-  
14 cordance with the terms of such contract; or

15           (2) the termination of the obligation to make  
16 annual block grants to the agency, unless there are  
17 any obligations or covenants of the agency to the  
18 Secretary which are then in default.

19 Any prior conveyances and reconveyances or deliveries and  
20 redeliveries of possession shall not exhaust the right to re-  
21 quire a conveyance or delivery of possession of the develop-  
22 ment to the Secretary pursuant to subsection (a) upon the  
23 subsequent occurrence of a substantial default.

24           (c) CONTINUED GRANTS FOR REPAYMENT OF BONDS  
25 AND NOTES UNDER 1937 ACT.—If—

1           (1) a contract for block grants under title II for  
2           an agency includes provisions that expressly state  
3           that the provisions are included pursuant to this  
4           subsection, and

5           (2) the portion of the block grant payable for  
6           debt service requirements pursuant to the contract  
7           has been pledged by the public housing agency as se-  
8           curity for the payment of the principal and interest  
9           on any of its obligations, then—

10           (A) the Secretary shall (notwithstanding  
11           any other provisions of this Act), continue to  
12           make the block grant payments for the agency  
13           so long as any of such obligations remain out-  
14           standing; and

15           (B) the Secretary may covenant in such a  
16           contract that in any event such block grant  
17           amounts shall in each year be at least equal to  
18           an amount which, together with such income or  
19           other funds as are actually available from the  
20           development for the purpose at the time such  
21           block grant payments are made, will suffice for  
22           the payment of all installments of principal and  
23           interest on the obligations for which the  
24           amounts provided for in the contract shall have

1           been pledged as security that fall due within the  
2           next succeeding 12 months.

3 In no case shall such block grant amounts be in excess  
4 of the maximum sum specified in the contract involved,  
5 nor for longer than the remainder of the maximum period  
6 fixed by the contract.

7 **SEC. 545. REMOVAL OF INEFFECTIVE PHA'S.**

8           (a) **CONDITIONS OF REMOVAL.**—The actions speci-  
9 fied in subsection (b) may be taken only upon—

10           (1) the occurrence of events or conditions that  
11           constitute a substantial default by a public housing  
12           agency with respect to (A) the covenants or condi-  
13           tions to which the public housing agency is subject,  
14           or (B) an agreement entered into under section 543;  
15           or

16           (2) submission to the Secretary of a petition by  
17           the residents of the public housing owned or oper-  
18           ated by a public housing agency that is designated  
19           as troubled pursuant to section 533(a).

20           (b) **REMOVAL ACTIONS.**—Notwithstanding any other  
21 provision of law or of any block grant contract under title  
22 II or any grant agreement under title III, in accordance  
23 with subsection (a), the Secretary may—

24           (1) solicit competitive proposals from other pub-  
25           lic housing agencies and private housing manage-

1       ment agents (which, in the discretion of the Sec-  
2       retary, may be selected by existing public housing  
3       residents through administrative procedures estab-  
4       lished by the Secretary) and, if appropriate, provide  
5       for such agents to manage all, or part, of the hous-  
6       ing administered by the public housing agency or all  
7       or part of the other functions of the agency;

8               (2) take possession of the public housing agen-  
9       cy, including any developments or functions of the  
10      agency under any section of this Act;

11              (3) solicit competitive proposals from other pub-  
12      lic housing agencies and private entities with experi-  
13      ence in construction management and, if appro-  
14      priate, provide for such authorities or firms to over-  
15      see implementation of assistance made available for  
16      capital improvements for public housing;

17              (4) require the agency to make other arrange-  
18      ments acceptable to the Secretary and in the best in-  
19      terests of the public housing residents and assisted  
20      families under title III for managing all, or part of,  
21      the public housing administered by the agency or the  
22      functions of the agency; or

23              (5) petition for the appointment of a receiver  
24      for the public housing agency to any district court  
25      of the United States or to any court of the State in

1       which any portion of the jurisdiction of the public  
2       housing agency is located, that is authorized to ap-  
3       point a receiver for the purposes and having the  
4       powers prescribed in this section.

5       (c) EMERGENCY ASSISTANCE.—The Secretary may  
6       make available to receivers and other entities selected or  
7       appointed pursuant to this section such assistance as is  
8       fair and reasonable to remedy the substantial deteriora-  
9       tion of living conditions in individual public housing devel-  
10      opments or other related emergencies that endanger the  
11      health, safety and welfare of public housing residents or  
12      assisted families under title III.

13      (d) POWERS OF SECRETARY.—If the Secretary takes  
14      possession of an agency, or any developments or functions  
15      of an agency, pursuant to subsection (b)(2), the Sec-  
16      retary—

17              (1) may abrogate contracts that substantially  
18      impede correction of the substantial default or im-  
19      provement of the classification, but only after efforts  
20      to renegotiate such contracts have failed and the  
21      Secretary has made a written determination regard-  
22      ing such abrogation, which shall be available to the  
23      public upon request, identify such contracts, and ex-  
24      plain the determination that such contracts may be  
25      abrogated;

1           (2) may demolish and dispose of assets of the  
2 agency in accordance with section 261;

3           (3) where determined appropriate by the Sec-  
4 retary, may require the establishment of one or more  
5 new public housing agencies;

6           (4) may consolidate the agency into other well-  
7 managed public housing agencies with the consent of  
8 such well-managed authorities;

9           (5) shall not be subject to any State or local  
10 laws relating to civil service requirements, employee  
11 rights, procurement, or financial or administrative  
12 controls that, in the determination of the Secretary,  
13 substantially impede correction of the substantial de-  
14 fault or improvement of the classification, but only  
15 if the Secretary has made a written determination  
16 regarding such inapplicability, which shall be avail-  
17 able to the public upon request, identify such inap-  
18 plicable laws, and explain the determination that  
19 such laws impede such correction; and

20           (6) shall have such additional authority as a  
21 district court of the United States has the authority  
22 to confer under like circumstances upon a receiver to  
23 achieve the purposes of the receivership.

24 The Secretary may appoint, on a competitive or non-  
25 competitive basis, an individual or entity as an administra-

1 tive receiver to assume the Secretary's responsibility under  
2 this paragraph for the administration of a public housing  
3 agency. The Secretary may delegate to the administrative  
4 receiver any or all of the powers of the Secretary under  
5 this subsection. Regardless of any delegation under this  
6 subsection, an administrative receiver may not require the  
7 establishment of one or more new public housing agencies  
8 pursuant to paragraph (3) unless the Secretary first ap-  
9 proves such establishment. For purposes of this sub-  
10 section, the term "public housing agency" includes any de-  
11 velopments or functions of a public housing agency under  
12 any section of this title.

13 (e) RECEIVERSHIP.—

14 (1) REQUIRED APPOINTMENT.—In any proceed-  
15 ing under subsection (b)(5), upon a determination  
16 that a substantial default has occurred, and without  
17 regard to the availability of alternative remedies, the  
18 court shall appoint a receiver to conduct the affairs  
19 of the public housing agency in a manner consistent  
20 with this Act and in accordance with such further  
21 terms and conditions as the court may provide. The  
22 receiver appointed may be another public housing  
23 agency, a private management corporation, the Sec-  
24 retary, or any other appropriate entity. The court  
25 shall have power to grant appropriate temporary or

1 preliminary relief pending final disposition of the pe-  
2 tition by the Secretary.

3 (2) POWERS OF RECEIVER.—If a receiver is ap-  
4 pointed for a public housing agency pursuant to sub-  
5 section (b)(5), in addition to the powers accorded by  
6 the court appointing the receiver, the receiver—

7 (A) may abrogate contracts that substan-  
8 tially impede correction of the substantial de-  
9 fault or improvement of the classification, but  
10 only after bona fide efforts to renegotiate such  
11 contracts have failed and the receiver has made  
12 a written determination regarding such abroga-  
13 tion, which shall be available to the public upon  
14 request, identify such contracts, and explain the  
15 determination that such contracts may be abro-  
16 gated;

17 (B) may demolish and dispose of assets of  
18 the agency in accordance with section 261;

19 (C) where determined appropriate by the  
20 Secretary, may require the establishment of one  
21 or more new public housing agencies, to the ex-  
22 tent permitted by State and local law; and

23 (D) except as provided in subparagraph  
24 (C), shall not be subject to any State or local  
25 laws relating to civil service requirements, em-

1            ployee rights, procurement, or financial or ad-  
2            ministrative controls that, in the determination  
3            of the receiver, substantially impede correction  
4            of the substantial default or improvement of the  
5            classification, but only if the receiver has made  
6            a written determination regarding such inappli-  
7            cability, which shall be available to the public  
8            upon request, identify such inapplicable laws,  
9            and explain the determination that such laws  
10           impede such correction.

11           For purposes of this paragraph, the term “public  
12           housing agency” includes any developments or func-  
13           tions of a public housing agency under any section  
14           of this title.

15           (3) TERMINATION.—The appointment of a re-  
16           ceiver pursuant to this subsection may be termi-  
17           nated, upon the petition of any party, when the  
18           court determines that all defaults have been cured or  
19           the public housing agency will be able to make the  
20           same amount of progress in correcting the manage-  
21           ment of the housing as the receiver.

22           (f) LIABILITY.—If the Secretary takes possession of  
23           an agency pursuant to subsection (b)(2) or a receiver is  
24           appointed pursuant to subsection (b)(5) for a public hous-  
25           ing agency, the Secretary or the receiver shall be deemed

1 to be acting in the capacity of the public housing agency  
2 (and not in the official capacity as Secretary or other offi-  
3 cial) and any liability incurred shall be a liability of the  
4 public housing agency.

5 (g) EFFECTIVENESS.—The provisions of this section  
6 shall apply with respect to actions taken before, on, or  
7 after the effective date of this Act and shall apply to any  
8 receivers appointed for a public housing agency before the  
9 effective date of this Act.

10 **SEC. 546. MANDATORY TAKEOVER OF CHRONICALLY TROU-**  
11 **BLED PHA'S.**

12 (a) REMOVAL OF AGENCY.—Notwithstanding any  
13 other provision of this Act, not later than the expiration  
14 of the 180-day period beginning on the effective date of  
15 this Act, the Secretary shall take one of the following ac-  
16 tions with respect to each chronically troubled public hous-  
17 ing agency:

18 (1) CONTRACTING FOR MANAGEMENT.—Solicit  
19 competitive proposals for the management of the  
20 agency pursuant to section 545(b)(1) and replace  
21 the management of the agency pursuant to selection  
22 of such a proposal.

23 (2) TAKEOVER.—Take possession of the agency  
24 pursuant to section 545(b)(2) of such Act.

1           (3) PETITION FOR RECEIVER.—Petition for the  
2           appointment of a receiver for the agency pursuant to  
3           section 545(b)(5).

4           (b) DEFINITION.—For purposes of this section, the  
5           term “chronically troubled public housing agency” means  
6           a public housing agency that, as of the effective date of  
7           this Act, is designated under section 6(j)(2) of the United  
8           States Housing Act of 1937 (as in effect immediately be-  
9           fore the effective date of the repeal under section 601(b)  
10          of this Act) as a troubled public housing agency and has  
11          been so designated continuously for the 3-year period end-  
12          ing upon the effective date of this Act; except that such  
13          term does not include any agency that owns or operates  
14          less than 1250 public housing dwelling units and that the  
15          Secretary determines can, with a reasonable amount of ef-  
16          fort, make such improvements or remedies as may be nec-  
17          essary to remove its designation as troubled within 12  
18          months.

19       **SEC. 547. TREATMENT OF TROUBLED PHA’S.**

20          (a) EFFECT OF TROUBLED STATUS ON CHAS.—The  
21          comprehensive housing affordability strategy (or any con-  
22          solidated plan incorporating such strategy) for the State  
23          or unit of general local government in which any troubled  
24          public housing agency is located shall not be considered  
25          to comply with the requirements under section 105 of the

1 Cranston-Gonzalez National Affordable Housing Act un-  
2 less such plan includes a description of the manner in  
3 which the State or unit will assist such troubled agency  
4 in improving its operations to remove such designation.

5 (b) DEFINITION.—For purposes of this section, the  
6 term “troubled public housing agency” means a public  
7 housing agency that—

8 (1) upon the effective date of this Act, is des-  
9 ignated under section 6(j)(2) of the United States  
10 Housing Act of 1937 (as in effect immediately be-  
11 fore the effective date of the repeal under section  
12 601(b) of this Act) as a troubled public housing  
13 agency; and

14 (2) is not a chronically troubled public housing  
15 agency, as such term is defined in section 546(b) of  
16 this Act.

17 **SEC. 548. MAINTENANCE OF RECORDS.**

18 Each public housing agency shall keep such records  
19 as may be reasonably necessary to disclose the amount  
20 and the disposition by the agency of the proceeds of assist-  
21 ance received pursuant to this Act and to ensure compli-  
22 ance with the requirements of this Act.

23 **SEC. 549. ANNUAL REPORTS REGARDING TROUBLED PHA’S.**

24 The Secretary shall submit a report to the Congress  
25 annually, as a part of the report of the Secretary under

1 section 8 of the Department of Housing and Urban Devel-  
2 opment Act, that—

3 (1) identifies the public housing agencies that  
4 are designated under section 533 as troubled or at-  
5 risk of becoming troubled and the reasons for such  
6 designation; and

7 (2) describes any actions that have been taken  
8 in accordance with sections 542, 543, 544, and 545.

9 **SEC. 550. APPLICABILITY TO RESIDENT MANAGEMENT**  
10 **CORPORATIONS.**

11 The Secretary shall apply the provisions of this sub-  
12 title to resident management corporations in the same  
13 manner as applied to public housing agencies.

14 **SEC. 551. ADVISORY COUNCIL FOR HOUSING AUTHORITY**  
15 **OF NEW ORLEANS.**

16 (a) ESTABLISHMENT.—The Secretary and the Hous-  
17 ing Authority of New Orleans (in this section referred to  
18 as the “Housing Authority”) shall, pursuant to the coop-  
19 erative endeavor agreement in effect between the Sec-  
20 retary and the Housing Authority, establish an advisory  
21 council for the Housing Authority of New Orleans (in this  
22 section referred to as the “advisory council”) that com-  
23 plies with the requirements of this section.

24 (b) MEMBERSHIP.—

1           (1) IN GENERAL.—The advisory council shall be  
2 appointed by the Secretary, not later than 90 days  
3 after the date of the enactment of this Act, and shall  
4 be composed of the following members:

5           (A) The Inspector General of the Depart-  
6 ment of Housing and Urban Development (or  
7 the Inspector General’s designee).

8           (B) Not more than 7 other members, who  
9 shall be selected for appointment based on their  
10 experience in successfully reforming troubled  
11 public housing agencies or in providing afford-  
12 able housing in coordination with State and  
13 local governments, the private sector, affordable  
14 housing residents, or local nonprofit organiza-  
15 tions.

16           (2) PROHIBITION ON ADDITIONAL PAY.—Mem-  
17 bers of the advisory council shall serve without com-  
18 pensation, but shall be reimbursed for travel, sub-  
19 sistence, and other necessary expenses incurred in  
20 the performance of their duties as members of the  
21 Board using amounts from the Headquarters Re-  
22 serve fund pursuant to section 111(b)(4).

23           (c) FUNCTIONS.—The advisory council shall—

24           (1) establish standards and guidelines for as-  
25 sassing the performance of the Housing Authority in

1 carrying out operational, asset management, and fi-  
2 nancial functions for purposes of the reports and  
3 finding under subsections (d) and (e), respectively;

4 (2) provide advice, expertise, and recommenda-  
5 tions to the Housing Authority regarding the man-  
6 agement, operation, repair, redevelopment, revital-  
7 ization, demolition, and disposition of public housing  
8 developments of the Housing Authority;

9 (3) report to the Congress under subsection (d)  
10 regarding any progress of the Housing Authority in  
11 improving the performance of its functions; and

12 (4) make a final finding to the Congress under  
13 subsection (e) regarding the future of the Housing  
14 Authority.

15 (d) QUARTERLY REPORTS.—The advisory council  
16 shall report to the Congress and the Secretary not less  
17 than every 3 months regarding the performance of the  
18 Housing Authority and any progress of the authority in  
19 improving its performance and carrying out its functions.

20 (e) FINAL FINDING.—Upon the expiration of the 18-  
21 month period that begins upon the appointment under  
22 subsection (b)(1) of all members of the advisory council,  
23 the council shall make and submit to the Congress and  
24 the Secretary a finding of whether the Housing Authority  
25 has substantially improved its performance, the perform-

1   ance of its functions, and the overall condition of the Au-  
2   thority such that the Authority should be allowed to con-  
3   tinue to operate as the manager of the public housing of  
4   the Authority. In making the finding under this sub-  
5   section, the advisory council shall consider whether the  
6   Housing Authority has made sufficient progress in the  
7   demolition and revitalization of the Desire Homes develop-  
8   ment, the revitalization of the St. Thomas Homes develop-  
9   ment, the appropriate allocation of operating subsidy  
10  amounts, and the appropriate expending of modernization  
11  amounts.

12       (f) RECEIVERSHIP.—If the advisory council finds  
13  under subsection (e) that the Housing Authority has not  
14  substantially improved its performance such that the Au-  
15  thority should be allowed to continue to operate as the  
16  manager of the public housing of the Authority, the Sec-  
17  retary shall (notwithstanding section 545(a)) petition  
18  under section 545(b) for the appointment of a receiver for  
19  the Housing Authority, which receivership shall be subject  
20  to the provisions of section 545.

21       (g) EXEMPTION.—The provisions of section 546 shall  
22  not apply to the Housing Authority.

1           **TITLE VI—REPEALS AND**  
2           **RELATED AMENDMENTS**  
3       **Subtitle A—Repeals, Effective Date,**  
4           **and Savings Provisions**

5       **SEC. 601. EFFECTIVE DATE AND REPEAL OF UNITED**  
6           **STATES HOUSING ACT OF 1937.**

7           (a) EFFECTIVE DATE.—

8               (1) IN GENERAL.—This Act and the amend-  
9               ments made by this Act shall take effect upon the  
10              expiration of the 6-month period beginning on the  
11              date of the enactment of this Act, except as other-  
12              wise provided in this section.

13              (2) EXCEPTION.—If the Secretary determines  
14              that action under this paragraph is necessary for  
15              program administration or to avoid hardship, the  
16              Secretary may, by notice in accordance with sub-  
17              section (d), delay the effective date of any provision  
18              of this Act until a date not later than October 1,  
19              1998.

20              (3) SPECIFIC EFFECTIVE DATES.—Any provi-  
21              sion of this Act that specifically provides for the ef-  
22              fective date of such provision shall take effect in ac-  
23              cordance with the terms of the provision.

24           (b) REPEAL OF UNITED STATES HOUSING ACT OF  
25       1937.—Effective upon the effective date under subsection

1 (a)(1), the United States Housing Act of 1937 (42 U.S.C.  
2 1437 et seq.) is repealed, subject to the conditions under  
3 subsection (c). Subsection (a)(2) shall not apply to this  
4 subsection.

5 (c) SAVINGS PROVISIONS.—

6 (1) OBLIGATIONS UNDER 1937 ACT.—Any obli-  
7 gation of the Secretary made under authority of the  
8 United States Housing Act of 1937 shall continue to  
9 be governed by the provisions of such Act, except  
10 that—

11 (A) notwithstanding the repeal of such  
12 Act, the Secretary may make a new obligation  
13 under such Act upon finding that such obliga-  
14 tion is required—

15 (i) to protect the financial interests of  
16 the United States or the Department of  
17 Housing and Urban Development; or

18 (ii) for the amendment, extension, or  
19 renewal of existing obligations; and

20 (B) notwithstanding the repeal of such  
21 Act, the Secretary may, in accordance with sub-  
22 section (d), issue regulations and other guid-  
23 ance and directives as if such Act were in effect  
24 if the Secretary finds that such action is nec-

1           essary to facilitate the administration of obliga-  
2           tions under such Act.

3           (2) TRANSITION OF FUNDING.—Amounts ap-  
4           propriated under the United States Housing Act of  
5           1937 shall, upon repeal of such Act, remain avail-  
6           able for obligation under such Act in accordance  
7           with the terms under which amounts were made  
8           available.

9           (3) CROSS REFERENCES.—The provisions of  
10          the United States Housing Act of 1937 shall remain  
11          in effect for purposes of the validity of any reference  
12          to a provision of such Act in any statute (other than  
13          such Act) until such reference is modified by law or  
14          repealed.

15          (d) PUBLICATION AND EFFECTIVE DATE OF NO-  
16          TICES OF DELAY.—

17               (1) SUBMISSION TO CONGRESS.—The Secretary  
18               shall submit to the Committee on Banking and Fi-  
19               nancial Services of the House of Representatives and  
20               the Committee on Banking, Housing, and Urban Af-  
21               fairs of the Senate a copy of any proposed notice  
22               under subsection (a)(2) or any proposed regulation,  
23               guidance, or directive under subsection (c)(1)(B).

24               (2) OPPORTUNITY TO REVIEW.—Such a regula-  
25               tion, notice, guidance, or directive may not be pub-

1 lished for comment or for final effectiveness before  
2 or during the 15-calendar day period beginning on  
3 the day after the date on which such regulation, no-  
4 tice, guidance, or directive was submitted to the  
5 Congress.

6 (3) EFFECTIVE DATE.—No regulation, notice,  
7 guideline, or directive may become effective until  
8 after the expiration of the 30-calendar day period  
9 beginning on the day after the day on which such  
10 rule or regulation is published as final.

11 (4) WAIVER.—The provisions of paragraphs (2)  
12 and (3) may be waived upon the written request of  
13 the Secretary, if agreed to by the Chairmen and  
14 Ranking Minority Members of both Committees.

15 (e) MODIFICATIONS.—Notwithstanding any provision  
16 of this Act or any annual contributions contract or other  
17 agreement entered into by the Secretary and a public  
18 housing agency pursuant to the provisions of the United  
19 States Housing Act of 1937 (as in effect before the effec-  
20 tive date of the repeal under section 601(b) of this Act),  
21 the Secretary and the agency may by mutual consent  
22 amend, supersede, or modify any such agreement as ap-  
23 propriate to provide for assistance under this Act, except  
24 that the Secretary and the agency may not consent to any  
25 such amendment, supersession, or modification that sub-

1 stantially alters any outstanding obligations requiring con-  
2 tinued maintenance of the low-income character of any  
3 public housing development and any such amendment,  
4 supersession, or modification shall not be given effect.

5 (f) SECTION 8 PROJECT-BASED ASSISTANCE.—

6 (1) IN GENERAL.—The provisions of the United  
7 States Housing Act of 1937 (42 U.S.C. 1437 et  
8 seq.) shall remain in effect after the effectiveness of  
9 the repeal under subsection (b) with respect to all  
10 section 8 project-based assistance, pursuant to exist-  
11 ing and future contracts, except as otherwise pro-  
12 vided by this section.

13 (2) TENANT SELECTION PREFERENCES.—An  
14 owner of housing assisted with section 8 project-  
15 based assistance shall give preference, in the selec-  
16 tion of tenants for units of such projects that be-  
17 come available, according to any system of local  
18 preferences established pursuant to section 223 by  
19 the public housing agency having jurisdiction for the  
20 area in which such projects are located.

21 (3) 1-YEAR NOTIFICATION.—Paragraphs (9)  
22 and (10) of section 8(c) of the United States Hous-  
23 ing Act of 1937 (42 U.S.C. 1437f(e)) shall not be  
24 applicable to section 8 project-based assistance.

1           (4) LEASE TERMS.—Leases for dwelling units  
2 assisted with section 8 project-based assistance shall  
3 comply with the provisions of paragraphs (1) and  
4 (3) of section 324 of this Act and shall not be sub-  
5 ject to the provisions of 8(d)(1)(B) of the United  
6 States Housing Act of 1937.

7           (5) TERMINATION OF TENANCY.—Any termi-  
8 nation of tenancy of a resident of a dwelling unit as-  
9 sisted with section 8 project-based assistance shall  
10 comply with the provisions of section 324(2) and  
11 section 325 of this Act and shall not be subject to  
12 the provisions of section 8(d)(1)(B) of the United  
13 States Housing Act of 1937.

14           (6) TREATMENT OF COMMON AREAS.—The Sec-  
15 retary may not provide any assistance amounts pur-  
16 suant to an existing contract for section 8 project-  
17 based assistance for a housing project and may not  
18 enter into a new or renewal contract for such assist-  
19 ance for a project unless the owner of the project  
20 provides consent, to such local law enforcement  
21 agencies as the Secretary determines appropriate,  
22 for law enforcement officers of such agencies to  
23 enter common areas of the project at any time and  
24 without advance notice upon a determination of

1       probable cause by such officers that criminal activity  
2       is taking place in such areas.

3           (7) DEFINITION.—For purposes of this sub-  
4       section, the term “section 8 project-based assist-  
5       ance” means assistance under any of the following  
6       programs:

7           (A) The new construction or substantial  
8       rehabilitation program under section 8(b)(2) of  
9       the United States Housing Act of 1937 (as in  
10      effect before October 1, 1983).

11          (B) The property disposition program  
12      under section 8(b) of the United States Hous-  
13      ing Act of 1937 (as in effect before the effective  
14      date of the repeal under section 601(b) of this  
15      Act).

16          (C) The loan management set-aside pro-  
17      gram under subsections (b) and (v) of section  
18      8 of such Act.

19          (D) The project-based certificate program  
20      under section 8(d)(2) of such Act.

21          (E) The moderate rehabilitation program  
22      under section 8(e)(2) of the United States  
23      Housing Act of 1937 (as in effect before Octo-  
24      ber 1, 1991).

1           (F) The low-income housing preservation  
2           program under Low-Income Housing Preserva-  
3           tion and Resident Homeownership Act of 1990  
4           or the provisions of the Emergency Low Income  
5           Housing Preservation Act of 1987 (as in effect  
6           before November 28, 1990).

7           (G) Section 8 of the United States Hous-  
8           ing Act of 1937 (as in effect before the effective  
9           date of the repeal under section 601(b) of this  
10          Act), following conversion from assistance  
11          under section 101 of the Housing and Urban  
12          Development Act of 1965 or section 236(f)(2)  
13          of the National Housing Act.

14          (g) EFFECTIVE DATE.—This section shall take effect  
15          on the date of the enactment of this Act.

16   **SEC. 602. OTHER REPEALS.**

17          (a) IN GENERAL.—The following provisions of law  
18          are hereby repealed:

19               (1) ASSISTED HOUSING ALLOCATION.—Section  
20               213 of the Housing and Community Development  
21               Act of 1974 (42 U.S.C. 1439).

22               (2) PUBLIC HOUSING RENT WAIVERS FOR PO-  
23               LICE.—Section 519 of the Cranston-Gonzalez Na-  
24               tional Affordable Housing Act (42 U.S.C. 1437a–1).

1           (3) TREATMENT OF CERTIFICATE AND VOUCHER  
2           ER HOLDERS.—Subsection (c) of section 183 of the  
3           Housing and Community Development Act of 1987  
4           (42 U.S.C. 1437f note).

5           (4) EXCESSIVE RENT BURDEN DATA.—Sub-  
6           section (b) of section 550 of the Cranston-Gonzalez  
7           National Affordable Housing Act (42 U.S.C. 1437f  
8           note).

9           (5) MOVING TO OPPORTUNITY FOR FAIR HOUS-  
10          ING.—Section 152 of the Housing and Community  
11          Development Act of 1992 (42 U.S.C. 1437f note).

12          (6) REPORT REGARDING FAIR HOUSING OBJEC-  
13          TIVES.—Section 153 of the Housing and Community  
14          Development Act of 1992 (42 U.S.C. 1437f note).

15          (7) SPECIAL PROJECTS FOR ELDERLY OR  
16          HANDICAPPED FAMILIES.—Section 209 of the Hous-  
17          ing and Community Development Act of 1974 (42  
18          U.S.C. 1438).

19          (8) ACCESS TO PHA BOOKS.—Section 816 of  
20          the Housing Act of 1954 (42 U.S.C. 1435).

21          (9) MISCELLANEOUS PROVISIONS.—Subsections  
22          (b)(1) and (d) of section 326 of the Housing and  
23          Community Development Amendments of 1981  
24          (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f  
25          note).

1           (10) PAYMENT FOR DEVELOPMENT MAN-  
2           AGERS.—Section 329A of the Housing and Commu-  
3           nity Development Amendments of 1981 (42 U.S.C.  
4           1437j-1).

5           (11) PROCUREMENT OF INSURANCE BY  
6           PHA'S.—In the item relating to “ADMINISTRATIVE  
7           PROVISIONS” under the heading “MANAGEMENT  
8           AND ADMINISTRATION” in title II of the Depart-  
9           ments of Veterans Affairs and Housing and Urban  
10          Development, and Independent Agencies Appropria-  
11          tions Act, 1991, the penultimate undesignated para-  
12          graph of such item (Public Law 101-507; 104 Stat.  
13          1369).

14          (12) PUBLIC HOUSING CHILDHOOD DEVELOP-  
15          MENT.—Section 222 of the Housing and Urban-  
16          Rural Recovery Act of 1983 (12 U.S.C. 1701z-6  
17          note).

18          (13) INDIAN HOUSING CHILDHOOD DEVELOP-  
19          MENT.—Section 518 of the Cranston-Gonzalez Na-  
20          tional Affordable Housing Act (12 U.S.C. 1701z-6  
21          note).

22          (14) PUBLIC HOUSING COMPREHENSIVE TRAN-  
23          SITION DEMONSTRATION.—Section 126 of the Hous-  
24          ing and Community Development Act of 1987 (42  
25          U.S.C. 1437f note).

1           (15) PUBLIC HOUSING ONE-STOP PERINATAL  
2 SERVICES DEMONSTRATION.—Section 521 of the  
3 Cranston-Gonzalez National Affordable Housing Act  
4 (42 U.S.C. 1437t note).

5           (16) PUBLIC HOUSING MINCS DEMONSTRA-  
6 TION.—Section 522 of the Cranston-Gonzalez Na-  
7 tional Affordable Housing Act (42 U.S.C. 1437f  
8 note).

9           (17) PUBLIC HOUSING ENERGY EFFICIENCY  
10 DEMONSTRATION.—Section 523 of the Cranston-  
11 Gonzalez National Affordable Housing Act (42  
12 U.S.C. 1437g note).

13           (18) OMAHA HOMEOWNERSHIP DEMONSTRA-  
14 TION.—Section 132 of the Housing and Community  
15 Development Act of 1992 (Public Law 102–550;  
16 106 Stat. 3712).

17           (19) PUBLIC AND ASSISTED HOUSING YOUTH  
18 SPORTS PROGRAMS.—Section 520 of the Cranston-  
19 Gonzalez National Affordable Housing Act (42  
20 U.S.C. 11903a).

21           (20) FROST-LELAND PROVISIONS.—Section 415  
22 of the Department of Housing and Urban Develop-  
23 ment—Independent Agencies Appropriations Act,  
24 1988 (Public Law 100–202; 101 Stat. 1329–213);  
25 except that, notwithstanding any other provision of

1 law, beginning on the date of enactment of this Act,  
2 the public housing projects described in section 415  
3 of such appropriations Act (as such section existed  
4 immediately before the date of enactment of this  
5 Act) shall be eligible for demolition—

6 (A) under section 14 of the United States  
7 Housing Act of 1937 (as such section existed  
8 upon the enactment of this Act); and

9 (B) under section 9 of the United States  
10 Housing Act of 1937.

11 (21) MULTIFAMILY FINANCING.—The penul-  
12 timate sentence of section 302(b)(2) of the National  
13 Housing Act (12 U.S.C. 1717(b)(2)) and the penul-  
14 timate sentence of section 305(a)(2) of the Emer-  
15 gency Home Finance Act of 1970 (12 U.S.C.  
16 1454(a)(2)).

17 (22) CONFLICTS OF INTEREST.—Subsection (c)  
18 of section 326 of the Housing and Community De-  
19 velopment Amendments of 1981 (42 U.S.C. 1437f  
20 note).

21 (23) CONVERSION OF PUBLIC HOUSING.—Sec-  
22 tion 202 of the Departments of Veterans Affairs and  
23 Housing and Urban Development, and Independent  
24 Agencies Appropriations Act, 1996 (42 U.S.C. 1437l  
25 note) (enacted as section 101(e) of the Omnibus

1 Consolidated Rescissions and Appropriations Act of  
2 1996 (Public Law 104–134; 110 Stat. 1321–279)).

3 (b) SAVINGS PROVISION.—Except to the extent oth-  
4 erwise provided in this Act—

5 (1) the repeals made by subsection (a) shall not  
6 affect any legally binding obligations entered into be-  
7 fore the effective date of this Act; and

8 (2) any funds or activities subject to a provision  
9 of law repealed by subsection (a) shall continue to  
10 be governed by the provision as in effect immediately  
11 before such repeal.

12 **Subtitle B—Other Provisions Relat-**  
13 **ing to Public Housing and Rent-**  
14 **al Assistance Programs**

15 **SEC. 621. ALLOCATION OF ELDERLY HOUSING AMOUNTS.**

16 Section 202(l) of the Housing Act of 1959 (12 U.S.C.  
17 1701q(l)) is amended by adding at the end the following  
18 new paragraph:

19 “(4) CONSIDERATION IN ALLOCATING ASSIST-  
20 ANCE.—Assistance under this section shall be allo-  
21 cated in a manner that ensures that the awards of  
22 the assistance are made for projects of sufficient size  
23 to accommodate facilities for supportive services ap-  
24 propriate to the needs of frail elderly residents.”.

1 **SEC. 622. PET OWNERSHIP.**

2 Section 227 of the Housing and Urban-Rural Recov-  
3 ery Act of 1983 (12 U.S.C. 1701r-1) is amended to read  
4 as follows:

5 **“SEC. 227. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**  
6 **AL HOUSING.**

7 “(a) RIGHT OF OWNERSHIP.—A resident of a dwell-  
8 ing unit in federally assisted rental housing may own com-  
9 mon household pets or have common household pets  
10 present in the dwelling unit of such resident, subject to  
11 the reasonable requirements of the owner of the federally  
12 assisted rental housing and providing that the resident  
13 maintains the animals responsibly and in compliance with  
14 applicable local and State public health, animal control,  
15 and anticruelty laws. Such reasonable requirements may  
16 include requiring payment of a nominal fee and pet deposit  
17 by residents owning or having pets present, to cover the  
18 operating costs to the project relating to the presence of  
19 pets and to establish an escrow account for additional such  
20 costs not otherwise covered, respectively. Notwithstanding  
21 section 225(d) of the Housing Opportunity and Respon-  
22 sibility Act of 1997, a public housing agency may not  
23 grant any exemption under such section from payment,  
24 in whole or in part, of any fee or deposit required pursuant  
25 to the preceding sentence.

1       “(b) PROHIBITION AGAINST DISCRIMINATION.—No  
2 owner of federally assisted rental housing may restrict or  
3 discriminate against any person in connection with admis-  
4 sion to, or continued occupancy of, such housing by reason  
5 of the ownership of common household pets by, or the  
6 presence of such pets in the dwelling unit of, such person.

7       “(c) DEFINITIONS.—For purposes of this section, the  
8 following definitions shall apply:

9           “(1) FEDERALLY ASSISTED RENTAL HOUS-  
10       ING.—The term ‘federally assisted rental housing’  
11       means any multifamily rental housing project that  
12       is—

13           “(A) public housing (as such term is de-  
14       fined in section 103 of the Housing Oppor-  
15       tunity and Responsibility Act of 1997);

16           “(B) assisted with project-based assistance  
17       pursuant to section 601(f) of the Housing Op-  
18       portunity and Responsibility Act of 1997 or  
19       under section 8 of the United States Housing  
20       Act of 1937 (as in effect before the effective  
21       date of the repeal under section 601(b) of the  
22       Housing Opportunity and Responsibility Act of  
23       1997);

24           “(C) assisted under section 202 of the  
25       Housing Act of 1959 (as amended by section

1           801 of the Cranston-Gonzalez National Afford-  
2           able Housing Act);

3           “(D) assisted under section 202 of the  
4           Housing Act of 1959 (as in effect before the en-  
5           actment of the Cranston-Gonzalez National Af-  
6           fordable Housing Act);

7           “(E) assisted under title V of the Housing  
8           Act of 1949; or

9           “(F) insured, assisted, or held by the Sec-  
10          retary or a State or State agency under section  
11          236 of the National Housing Act.

12          “(2) OWNER.—The term ‘owner’ means, with  
13          respect to federally assisted rental housing, the en-  
14          tity or private person, including a cooperative or  
15          public housing agency, that has the legal right to  
16          lease or sublease dwelling units in such housing (in-  
17          cluding a manager of such housing having such  
18          right).

19          “(d) REGULATIONS.—This section shall take effect  
20          upon the date of the effectiveness of regulations issued by  
21          the Secretary to carry out this section. Such regulations  
22          shall be issued not later than the expiration of the 1-year  
23          period beginning on the date of the enactment of the  
24          Housing Opportunity and Responsibility Act of 1997 and  
25          after notice and opportunity for public comment in accord-

1 ance with the procedure under section 553 of title 5, Unit-  
2 ed States Code, applicable to substantive rules (notwith-  
3 standing subsections (a)(2), (b)(B), and (d)(3) of such  
4 section).”.

5 **SEC. 623. REVIEW OF DRUG ELIMINATION PROGRAM CON-**  
6 **TRACTS.**

7 (a) REQUIREMENT.—The Secretary of Housing and  
8 Urban Development shall investigate all security contracts  
9 awarded by grantees under the Public and Assisted Hous-  
10 ing Drug Elimination Act of 1990 (42 U.S.C. 11901 et  
11 seq.) that are public housing agencies that own or operate  
12 more than 4,500 public housing dwelling units—

13 (1) to determine whether the contractors under  
14 such contracts have complied with all laws and regu-  
15 lations regarding prohibition of discrimination in  
16 hiring practices;

17 (2) to determine whether such contracts were  
18 awarded in accordance with the applicable laws and  
19 regulations regarding the award of such contracts;

20 (3) to determine how many such contracts were  
21 awarded under emergency contracting procedures;

22 (4) to evaluate the effectiveness of the con-  
23 tracts; and

24 (5) to provide a full accounting of all expenses  
25 under the contracts.

1           (b) REPORT.—Not later than 180 days after the date  
2 of the enactment of this Act, the Secretary shall complete  
3 the investigation required under subsection (a) and submit  
4 a report to the Congress regarding the findings under the  
5 investigation. With respect to each such contract, the re-  
6 port shall (1) state whether the contract was made and  
7 is operating, or was not made or is not operating, in full  
8 compliance with applicable laws and regulations, and (2)  
9 for each contract that the Secretary determines is in such  
10 compliance issue a personal certification of such compli-  
11 ance by the Secretary of Housing and Urban Develop-  
12 ment.

13           (c) ACTIONS.—For each contract that is described in  
14 the report under subsection (b) as not made or not operat-  
15 ing in full compliance with applicable laws and regulations,  
16 the Secretary of Housing and Urban Development shall  
17 promptly take any actions available under law or regula-  
18 tion that are necessary—

- 19                   (1) to bring such contract into compliance; or  
20                   (2) to terminate the contract.

21           (d) EFFECTIVE DATE.—This section shall take effect  
22 on the date of the enactment of this Act.

1 **SEC. 624. AMENDMENTS TO PUBLIC AND ASSISTED HOUS-**  
2 **ING DRUG ELIMINATION ACT OF 1990.**

3 (a) SHORT TITLE, PURPOSES, AND AUTHORITY TO  
4 MAKE GRANTS.—Chapter 2 of subtitle C of title V of the  
5 Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.)  
6 is amended by striking the chapter heading and all that  
7 follows through section 5123 and inserting the following:

8 **“CHAPTER 2—COMMUNITY**  
9 **PARTNERSHIPS AGAINST CRIME**

10 **“SEC. 5121. SHORT TITLE.**

11 “This chapter may be cited as the ‘Community Part-  
12 nerships Against Crime Act of 1997’.

13 **“SEC. 5122. PURPOSES.**

14 “The purposes of this chapter are to—

15 “(1) improve the quality of life for the vast ma-  
16 jority of law-abiding public housing residents by re-  
17 ducing the levels of fear, violence, and crime in their  
18 communities;

19 “(2) broaden the scope of the Public and As-  
20 sisted Housing Drug Elimination Act of 1990 to  
21 apply to all types of crime, and not simply crime  
22 that is drug-related; and

23 “(3) reduce crime and disorder in and around  
24 public housing through the expansion of community-  
25 oriented policing activities and problem solving.

1 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

2 “The Secretary of Housing and Urban Development  
3 may make grants in accordance with the provisions of this  
4 chapter for use in eliminating crime in and around public  
5 housing and other federally assisted low-income housing  
6 projects to (1) public housing agencies, and (2) private,  
7 for-profit and nonprofit owners of federally assisted low-  
8 income housing.”.

9 (b) **ELIGIBLE ACTIVITIES.—**

10 (1) **IN GENERAL.—**Section 5124(a) of the Anti-  
11 Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is  
12 amended—

13 (A) in the matter preceding paragraph (1),  
14 by inserting “and around” after “used in”;

15 (B) in paragraph (3), by inserting before  
16 the semicolon the following: “, including fence-  
17 ing, lighting, locking, and surveillance systems”;

18 (C) in paragraph (4), by striking subpara-  
19 graph (A) and inserting the following new sub-  
20 paragraph:

21 “(A) to investigate crime; and”;

22 (D) in paragraph (6)—

23 (i) by striking “in and around public  
24 or other federally assisted low-income  
25 housing projects”; and

1 (ii) by striking “and” after the semi-  
2 colon; and

3 (E) by striking paragraph (7) and insert-  
4 ing the following new paragraphs:

5 “(7) providing funding to nonprofit public hous-  
6 ing resident management corporations and resident  
7 councils to develop security and crime prevention  
8 programs involving site residents;

9 “(8) the employment or utilization of one or  
10 more individuals, including law enforcement officers,  
11 made available by contract or other cooperative ar-  
12 rangement with State or local law enforcement agen-  
13 cies, to engage in community- and problem-oriented  
14 policing involving interaction with members of the  
15 community in proactive crime control and prevention  
16 activities;

17 “(9) programs and activities for or involving  
18 youth, including training, education, recreation and  
19 sports, career planning, and entrepreneurship and  
20 employment activities and after school and cultural  
21 programs; and

22 “(10) service programs for residents that ad-  
23 dress the contributing factors of crime, including  
24 programs for job training, education, drug and alco-

1 hol treatment, and other appropriate social serv-  
2 ices.”.

3 (2) OTHER PHA-OWNED HOUSING.—Section  
4 5124(b) of the Anti-Drug Abuse Act of 1988 (42  
5 U.S.C. 11903(b)) is amended—

6 (A) in the matter preceding paragraph  
7 (1)—

8 (i) by striking “drug-related crime in”  
9 and inserting “crime in and around”; and

10 (ii) by striking “paragraphs (1)  
11 through (7)” and inserting “paragraphs  
12 (1) through (10)”; and

13 (B) in paragraph (2), by striking “drug-re-  
14 lated” and inserting “criminal”.

15 (c) GRANT PROCEDURES.—Section 5125 of the Anti-  
16 Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended  
17 to read as follows:

18 **“SEC. 5125. GRANT PROCEDURES.**

19 “(a) PHA’S WITH 250 OR MORE UNITS.—

20 “(1) GRANTS.—In each fiscal year, the Sec-  
21 retary shall make a grant under this chapter from  
22 any amounts available under section 5131(b)(1) for  
23 the fiscal year to each of the following public hous-  
24 ing agencies:

1           “(A) NEW APPLICANTS.—Each public  
2 housing agency that owns or operates 250 or  
3 more public housing dwelling units and has—

4           “(i) submitted an application to the  
5 Secretary for a grant for such fiscal year,  
6 which includes a 5-year crime deterrence  
7 and reduction plan under paragraph (2);  
8 and

9           “(ii) had such application and plan  
10 approved by the Secretary.

11           “(B) RENEWALS.—Each public housing  
12 agency that owns or operates 250 or more pub-  
13 lic housing dwelling units and for which—

14           “(i) a grant was made under this  
15 chapter for the preceding Federal fiscal  
16 year;

17           “(ii) the term of the 5-year crime de-  
18 terrence and reduction plan applicable to  
19 such grant includes the fiscal year for  
20 which the grant under this subsection is to  
21 be made; and

22           “(iii) the Secretary has determined,  
23 pursuant to a performance review under  
24 paragraph (4), that during the preceding  
25 fiscal year the agency has substantially ful-

1           filled the requirements under subpara-  
2           graphs (A) and (B) of paragraph (4).

3       Notwithstanding subparagraphs (A) and (B), the  
4       Secretary may make a grant under this chapter to  
5       a public housing agency that owns or operates 250  
6       or more public housing dwelling units only if the  
7       agency includes in the application for the grant in-  
8       formation that demonstrates, to the satisfaction of  
9       the Secretary, that the agency has a need for the  
10      grant amounts based on generally recognized crime  
11      statistics showing that (I) the crime rate for the  
12      public housing developments of the agency (or the  
13      immediate neighborhoods in which such develop-  
14      ments are located) is higher than the crime rate for  
15      the jurisdiction in which the agency operates, (II)  
16      the crime rate for the developments (or such neigh-  
17      borhoods) is increasing over a period of sufficient  
18      duration to indicate a general trend, or (III) the op-  
19      eration of the program under this chapter substan-  
20      tially contributes to the reduction of crime.

21           “(2) 5-YEAR CRIME DETERRENCE AND REDUC-  
22      TION PLAN.—Each application for a grant under  
23      this subsection shall contain a 5-year crime deter-  
24      rence and reduction plan. The plan shall be devel-  
25      oped with the participation of residents and appro-

1        appropriate law enforcement officials. The plan shall de-  
2        scribe, for the public housing agency submitting the  
3        plan—

4                “(A) the nature of the crime problem in  
5                public housing owned or operated by the public  
6                housing agency;

7                “(B) the building or buildings of the public  
8                housing agency affected by the crime problem;

9                “(C) the impact of the crime problem on  
10               residents of such building or buildings; and

11               “(D) the actions to be taken during the  
12               term of the plan to reduce and deter such  
13               crime, which shall include actions involving resi-  
14               dents, law enforcement, and service providers.

15        The term of a plan shall be the period consisting of  
16        5 consecutive fiscal years, which begins with the first  
17        fiscal year for which funding under this chapter is  
18        provided to carry out the plan.

19               “(3) AMOUNT.—In any fiscal year, the amount  
20               of the grant for a public housing agency receiving a  
21               grant pursuant to paragraph (1) shall be the  
22               amount that bears the same ratio to the total  
23               amount made available under section 5131(b)(1) as  
24               the total number of public dwelling units owned or  
25               operated by such agency bears to the total number

1 of dwelling units owned or operated by all public  
2 housing agencies that own or operate 250 or more  
3 public housing dwelling units that are approved for  
4 such fiscal year.

5 “(4) PERFORMANCE REVIEW.—For each fiscal  
6 year, the Secretary shall conduct a performance re-  
7 view of the activities carried out by each public  
8 housing agency receiving a grant pursuant to this  
9 subsection to determine whether the agency—

10 “(A) has carried out such activities in a  
11 timely manner and in accordance with its 5-  
12 year crime deterrence and reduction plan; and

13 “(B) has a continuing capacity to carry  
14 out such plan in a timely manner.

15 “(5) SUBMISSION OF APPLICATIONS.—The Sec-  
16 retary shall establish such deadlines and require-  
17 ments for submission of applications under this sub-  
18 section.

19 “(6) REVIEW AND DETERMINATION.—The Sec-  
20 retary shall review each application submitted under  
21 this subsection upon submission and shall approve  
22 the application unless the application and the 5-year  
23 crime deterrence and reduction plan are inconsistent  
24 with the purposes of this chapter or any require-  
25 ments established by the Secretary or the informa-

1       tion in the application or plan is not substantially  
2       complete. Upon approving or determining not to ap-  
3       prove an application and plan submitted under this  
4       subsection, the Secretary shall notify the public  
5       housing agency submitting the application and plan  
6       of such approval or disapproval.

7               “(7) DISAPPROVAL OF APPLICATIONS.—If the  
8       Secretary notifies an agency that the application and  
9       plan of the agency is not approved, not later than  
10      the expiration of the 15-day period beginning upon  
11      such notice of disapproval, the Secretary shall also  
12      notify the agency, in writing, of the reasons for the  
13      disapproval, the actions that the agency could take  
14      to comply with the criteria for approval, and the  
15      deadlines for such actions.

16              “(8) FAILURE TO APPROVE OR DISAPPROVE.—  
17      If the Secretary fails to notify an agency of approval  
18      or disapproval of an application and plan submitted  
19      under this subsection before the expiration of the  
20      60-day period beginning upon the submission of the  
21      plan or fails to provide notice under paragraph (7)  
22      within the 15-day period under such paragraph to  
23      an agency whose application has been disapproved,  
24      the application and plan shall be considered to have  
25      been approved for purposes of this section.

1       “(b) PHA’S WITH FEWER THAN 250 UNITS AND  
2 OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUS-  
3 ING.—

4               “(1) APPLICATIONS AND PLANS.—To be eligible  
5 to receive a grant under this chapter, a public hous-  
6 ing agency that owns or operates fewer than 250  
7 public housing dwelling units or an owner of feder-  
8 ally assisted low-income housing shall submit an ap-  
9 plication to the Secretary at such time, in such man-  
10 ner, and accompanied by such additional information  
11 as the Secretary may require. The application shall  
12 include a plan for addressing the problem of crime  
13 in and around the housing for which the application  
14 is submitted, describing in detail activities to be con-  
15 ducted during the fiscal year for which the grant is  
16 requested.

17               “(2) GRANTS FOR PHA’S WITH FEWER THAN  
18 250 UNITS.—In each fiscal year the Secretary may,  
19 to the extent amounts are available under section  
20 5131(b)(2), make grants under this chapter to pub-  
21 lic housing agencies that own or operate fewer than  
22 250 public housing dwelling units and have submit-  
23 ted applications under paragraph (1) that the Sec-  
24 retary has approved pursuant to the criteria under  
25 paragraph (4).

1           “(3) GRANTS FOR FEDERALLY ASSISTED LOW-  
2 INCOME HOUSING.—In each fiscal year the Secretary  
3 may, to the extent amounts are available under sec-  
4 tion 5131(b)(3), make grants under this chapter to  
5 owners of federally assisted low-income housing that  
6 have submitted applications under paragraph (1)  
7 that the Secretary has approved pursuant to the cri-  
8 teria under paragraphs (4) and (5).

9           “(4) CRITERIA FOR APPROVAL OF APPLICA-  
10 TIONS.—The Secretary shall determine whether to  
11 approve each application under this subsection on  
12 the basis of—

13                 “(A) the extent of the crime problem in  
14                 and around the housing for which the applica-  
15                 tion is made;

16                 “(B) the quality of the plan to address the  
17                 crime problem in the housing for which the ap-  
18                 plication is made;

19                 “(C) the capability of the applicant to  
20                 carry out the plan; and

21                 “(D) the extent to which the tenants of the  
22                 housing, the local government, local community-  
23                 based nonprofit organizations, local tenant or-  
24                 ganizations representing residents of neighbor-  
25                 ing projects that are owned or assisted by the

1 Secretary, and the local community support and  
2 participate in the design and implementation of  
3 the activities proposed to be funded under the  
4 application.

5 In each fiscal year, the Secretary may give pref-  
6 erence to applications under this subsection for  
7 housing made by applicants who received a grant for  
8 such housing for the preceding fiscal year under this  
9 subsection or under the provisions of this chapter as  
10 in effect immediately before the date of the enact-  
11 ment of the Housing Opportunity and Responsibility  
12 Act of 1997.

13 “(5) ADDITIONAL CRITERIA FOR FEDERALLY  
14 ASSISTED LOW-INCOME HOUSING.—In addition to  
15 the selection criteria under paragraph (4), the Sec-  
16 retary may establish other criteria for evaluating ap-  
17 plications submitted by owners of federally assisted  
18 low-income housing, except that such additional cri-  
19 teria shall be designed only to reflect—

20 “(A) relevant differences between the fi-  
21 nancial resources and other characteristics of  
22 public housing agencies and owners of federally  
23 assisted low-income housing; or

24 “(B) relevant differences between the prob-  
25 lem of crime in public housing administered by

1           such authorities and the problem of crime in  
2           federally assisted low-income housing.”.

3           (d) DEFINITIONS.—Section 5126 of the Anti-Drug  
4 Abuse Act of 1988 (42 U.S.C. 11905) is amended—

5           (1) by striking paragraphs (1) and (2);

6           (2) in paragraph (4)(A), by striking “section”  
7 before “221(d)(4)”;

8           (3) by redesignating paragraphs (3) and (4) (as  
9 so amended) as paragraphs (1) and (2), respectively;  
10 and

11           (4) by adding at the end the following new  
12 paragraph:

13           “(3) PUBLIC HOUSING AGENCY.—The term  
14 ‘public housing agency’ has the meaning given the  
15 term in section 103 of the Housing Opportunity and  
16 Responsibility Act of 1997.”.

17           (e) IMPLEMENTATION.—Section 5127 of the Anti-  
18 Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended  
19 by striking “Cranston-Gonzalez National Affordable  
20 Housing Act” and inserting “Housing Opportunity and  
21 Responsibility Act of 1997”.

22           (f) REPORTS.—Section 5128 of the Anti-Drug Abuse  
23 Act of 1988 (42 U.S.C. 11907) is amended—

24           (1) by striking “drug-related crime in” and in-  
25 serting “crime in and around”; and

1           (2) by striking “described in section 5125(a)”  
2           and inserting “for the grantee submitted under sub-  
3           section (a) or (b) of section 5125, as applicable”.

4           (g) FUNDING AND PROGRAM SUNSET.—Chapter 2 of  
5           subtitle C of title V of the Anti-Drug Abuse Act of 1988  
6           is amended by striking section 5130 (42 U.S.C. 11909)  
7           and inserting the following new section:

8           **“SEC. 5130. FUNDING.**

9           “(a) AUTHORIZATION OF APPROPRIATIONS.—There  
10          are authorized to be appropriated to carry out this chapter  
11          \$290,000,000 for each of fiscal years 1998, 1999, 2000,  
12          2001, and 2002.

13          “(b) ALLOCATION.—Of any amounts available, or  
14          that the Secretary is authorized to use, to carry out this  
15          chapter in any fiscal year—

16                 “(1) 85 percent shall be available only for as-  
17                 sistance pursuant to section 5125(a) to public hous-  
18                 ing agencies that own or operate 250 or more public  
19                 housing dwelling units;

20                 “(2) 10 percent shall be available only for as-  
21                 sistance pursuant to section 5125(b)(2) to public  
22                 housing agencies that own or operate fewer than 250  
23                 public housing dwelling units; and

1           “(3) 5 percent shall be available only for assist-  
2           ance to federally assisted low-income housing pursu-  
3           ant to section 5125(b)(3).

4           “(c) RETENTION OF PROCEEDS OF ASSET FORFEIT-  
5           URES BY INSPECTOR GENERAL.—Notwithstanding section  
6           3302 of title 31, United States Code, or any other provi-  
7           sion of law affecting the crediting of collections, the pro-  
8           ceeds of forfeiture proceedings and funds transferred to  
9           the Office of Inspector General of the Department of  
10          Housing and Urban Development, as a participating agen-  
11          cy, from the Department of Justice Assets Forfeiture  
12          Fund or the Department of the Treasury Forfeiture Fund,  
13          as an equitable share from the forfeiture of property in  
14          investigations in which the Office of Inspector General  
15          participates, shall be deposited to the credit of the Office  
16          of Inspector General for Operation Safe Home activities  
17          authorized under the Inspector General Act of 1978, as  
18          amended, to remain available until expended.”.

19          (h) CONFORMING AMENDMENTS.—The table of con-  
20          tents in section 5001 of the Anti-Drug Abuse Act of 1988  
21          (Public Law 100–690; 102 Stat. 4295) is amended—

22                 (1) by striking the item relating to the heading  
23                 for chapter 2 of subtitle C of title V and inserting  
24                 the following:

                  “CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

1           (2) by striking the item relating to section 5122  
2           and inserting the following new item:

“Sec. 5122. Purposes.”;

3           (3) by striking the item relating to section 5125  
4           and inserting the following new item:

“Sec. 5125. Grant procedures.”;

5           and

6           (4) by striking the item relating to section 5130  
7           and inserting the following new item:

“Sec. 5130. Funding.”.

8           (i) TREATMENT OF NOFA.—The cap limiting assist-  
9           ance under the Notice of Funding Availability issued by  
10          the Department of Housing and Urban Development in  
11          the Federal Register of April 8, 1996, shall not apply to  
12          a public housing agency within an area designated as a  
13          high intensity drug trafficking area under section 1005(c)  
14          of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).

15          (j) EFFECTIVE DATE.—This section and the amend-  
16          ments made by this section shall take effect on the date  
17          of the enactment of this Act.

18          **Subtitle C—Limitations Relating to**  
19                 **Occupancy in Federally Assisted**  
20                 **Housing**

21          **SEC. 641. SCREENING OF APPLICANTS.**

22          (a) INELIGIBILITY BECAUSE OF EVICTION.—Any  
23          household or member of a household evicted from federally

1 assisted housing (as such term is defined in section 645)  
2 shall not be eligible for federally assisted housing—

3 (1) in the case of eviction by reason of drug-re-  
4 lated criminal activity, for a period of not less than  
5 3 years that begins on the date of such eviction, un-  
6 less the evicted member of the household successfully  
7 completes a rehabilitation program; and

8 (2) in the case of an eviction for other serious  
9 violations of the terms or conditions of the lease, for  
10 a reasonable period of time, as determined by the  
11 public housing agency or owner of the federally as-  
12 sisted housing, as applicable.

13 The requirements of paragraphs (1) and (2) may be  
14 waived if the circumstances leading to eviction no longer  
15 exist.

16 (b) INELIGIBILITY OF ILLEGAL DRUG USERS AND  
17 ALCOHOL USERS.—

18 (1) IN GENERAL.—Notwithstanding any other  
19 provision of law, a public housing agency or an  
20 owner of federally assisted housing, or both, as de-  
21 termined by the Secretary, shall establish standards  
22 that prohibit admission to the program or admission  
23 to federally assisted housing for any household with  
24 a member—

1           (A) who the public housing agency or  
2 owner determines is engaging in the illegal use  
3 of a controlled substance; or

4           (B) with respect to whom the public hous-  
5 ing agency or owner determines that it has rea-  
6 sonable cause to believe that such household  
7 member's illegal use (or pattern of illegal use)  
8 of a controlled substance, or abuse (or pattern  
9 of abuse) of alcohol, would interfere with the  
10 health, safety, or right to peaceful enjoyment of  
11 the premises by other residents.

12           (2) CONSIDERATION OF REHABILITATION.—In  
13 determining whether, pursuant to paragraph (1)(B),  
14 to deny admission to the program or to federally as-  
15 sisted housing to any household based on a pattern  
16 of illegal use of a controlled substance or a pattern  
17 of abuse of alcohol by a household member, a public  
18 housing agency or an owner may consider whether  
19 such household member—

20           (A) has successfully completed an accred-  
21 ited drug or alcohol rehabilitation program (as  
22 applicable) and is no longer engaging in the ille-  
23 gal use of a controlled substance or abuse of al-  
24 cohol (as applicable);

1           (B) has otherwise been rehabilitated suc-  
2           cessfully and is no longer engaging in the illegal  
3           use of a controlled substance or abuse of alco-  
4           hol (as applicable); or

5           (C) is participating in an accredited drug  
6           or alcohol rehabilitation program (as applicable)  
7           and is no longer engaging in the illegal use of  
8           a controlled substance or abuse of alcohol (as  
9           applicable).

10       (c) INELIGIBILITY OF SEXUALLY VIOLENT PREDA-  
11       TORS FOR ADMISSION TO PUBLIC HOUSING.—

12           (1) IN GENERAL.—Notwithstanding any other  
13           provision of law, a public housing agency shall pro-  
14           hibit admission to public housing for any household  
15           that includes any individual who is a sexually violent  
16           predator.

17           (2) SEXUALLY VIOLENT PREDATOR.—For pur-  
18           poses of this subsection, the term “sexually violent  
19           predator” means an individual who—

20           (A) is a sexually violent predator (as such  
21           term is defined in section 170101(a)(3) of such  
22           Act); and

23           (B) is subject to a registration requirement  
24           under section 170101(a)(1)(B) or 170102(c) of  
25           the Violent Crime Control and Law Enforce-

1           ment Act of 1994 (42 U.S.C. 14071(a)(1)(B),  
2           14072(e)), as provided under section  
3           170101(b)(6)(B) or 170102(d)(2), respectively,  
4           of such Act.

5           (d) AUTHORITY TO DENY ADMISSION TO CRIMINAL  
6 OFFENDERS.—Except as provided in subsections (a), (b),  
7 and (c) and in addition to any other authority to screen  
8 applicants, in selecting among applicants for admission to  
9 the program or to federally assisted housing, if the public  
10 housing agency or owner of such housing (as applicable)  
11 determines that an applicant or any member of the appli-  
12 cant’s household is or was, during a reasonable time pre-  
13 ceding the date when the applicant household would other-  
14 wise be selected for admission, engaged in any criminal  
15 activity (including drug-related criminal activity), the pub-  
16 lic housing agency or owner may—

17           (1) deny such applicant admission to the pro-  
18           gram or to federally assisted housing;

19           (2) consider the applicant (for purposes of any  
20           waiting list) as not having applied for the program  
21           or such housing; and

22           (3) after the expiration of the reasonable period  
23           beginning upon such activity, require the applicant,  
24           as a condition of admission to the program or to  
25           federally assisted housing, to submit to the public

1 housing agency or owner evidence sufficient (as the  
2 Secretary shall by regulation provide) to ensure that  
3 the individual or individuals in the applicant's house-  
4 hold who engaged in criminal activity for which de-  
5 nial was made under paragraph (1) have not en-  
6 gaged in any criminal activity during such reason-  
7 able period.

8 (e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL  
9 RECORDS.—A public housing agency and an owner of fed-  
10 erally assisted housing may require, as a condition of pro-  
11 viding admission to the program or admission to or occu-  
12 pancy in federally assisted housing, that each adult mem-  
13 ber of the household provide a signed, written authoriza-  
14 tion for the public housing agency to obtain the records  
15 described in section 644(a) regarding such member of the  
16 household from the National Crime Information Center,  
17 police departments, other law enforcement agencies, and  
18 State registration agencies referred to in such section. In  
19 the case of an owner of federally assisted housing that is  
20 not a public housing agency, the owner shall request the  
21 public housing agency having jurisdiction over the area  
22 within which the housing is located to obtain the records  
23 pursuant to section 644.

24 (f) ADMISSION BASED ON DISABILITY.—

1           (1) IN GENERAL.—Notwithstanding any other  
2           provision of law, for purposes of determining eligi-  
3           bility for admission to federally assisted housing, a  
4           person shall not be considered to have a disability or  
5           a handicap solely because of the prior or current ille-  
6           gal use of a controlled substance (as defined in sec-  
7           tion 102 of the Controlled Substances Act) or solely  
8           by reason of the prior or current use of alcohol.

9           (2) CONTINUED OCCUPANCY.—This subsection  
10          may not be construed to prohibit the continued occu-  
11          pancy of any person who is a resident in assisted  
12          housing on the effective date of this Act.

13 **SEC. 642. TERMINATION OF TENANCY AND ASSISTANCE**  
14                   **FOR ILLEGAL DRUG USERS AND ALCOHOL**  
15                   **ABUSERS.**

16          Notwithstanding any other provision of law, a public  
17          housing agency or an owner of federally assisted housing  
18          (as applicable), shall establish standards or lease provi-  
19          sions for continued assistance or occupancy in federally  
20          assisted housing that allow the agency or owner (as appli-  
21          cable) to terminate the tenancy or assistance for any  
22          household with a member—

23                (1) who the public housing agency or owner de-  
24                termines is engaging in the illegal use of a controlled  
25                substance; or

1           (2) whose illegal use of a controlled substance,  
2           or whose abuse of alcohol, is determined by the pub-  
3           lic housing agency or owner to interfere with the  
4           health, safety, or right to peaceful enjoyment of the  
5           premises by other residents.

6 **SEC. 643. LEASE REQUIREMENTS.**

7           In addition to any other applicable lease require-  
8           ments, each lease for a dwelling unit in federally assisted  
9           housing shall provide that—

10           (1) the owner may not terminate the tenancy  
11           except for violation of the terms or conditions of the  
12           lease, violation of applicable Federal, State, or local  
13           law, or for other good cause; and

14           (2) grounds for termination of tenancy shall in-  
15           clude any criminal or other activity, engaged in by  
16           the tenant, any member of the tenant's household,  
17           any guest, or any other person under the control of  
18           the household, that—

19           (A) threatens the health or safety of, or  
20           right to peaceful enjoyment of the premises by,  
21           other tenant or employees of the owner or other  
22           manager of the housing;

23           (B) threatens the health or safety of, or  
24           right to peaceful enjoyment of their premises

1 by, persons residing in the immediate vicinity of  
2 the premises; or

3 (C) with respect only to activity engaged in  
4 by the tenant or any member of the tenant's  
5 household, is criminal activity on or off the  
6 premises.

7 **SEC. 644. AVAILABILITY OF CRIMINAL RECORDS FOR TEN-**  
8 **ANT SCREENING AND EVICTION.**

9 (a) IN GENERAL.—

10 (1) CRIMINAL CONVICTION INFORMATION.—

11 Notwithstanding any other provision of law other  
12 than paragraphs (3) and (4), upon the request of a  
13 public housing agency, the National Crime Informa-  
14 tion Center, a police department, and any other law  
15 enforcement agency shall provide to the public hous-  
16 ing agency information regarding the criminal con-  
17 viction records of an adult applicant for, or tenants  
18 of, federally assisted housing for purposes of appli-  
19 cant screening, lease enforcement, and eviction, but  
20 only if the public housing agency requests such in-  
21 formation and presents to such Center, department,  
22 or agency a written authorization, signed by such  
23 applicant, for the release of such information to the  
24 public housing agency or other owner of the feder-  
25 ally assisted housing.

1           (2) INFORMATION REGARDING CRIMES AGAINST  
2 CHILDREN AND SEXUALLY VIOLENT PREDATORS.—  
3 Notwithstanding any other provision of law other  
4 than paragraphs (3) and (4), upon the request of a  
5 public housing agency, the Federal Bureau of Inves-  
6 tigation, a State law enforcement agency designated  
7 as a registration agency under a State registration  
8 program under subtitle A of title XVII of the Vio-  
9 lent Crime Control and Law Enforcement Act of  
10 1994 (42 U.S.C. 14071), and any local law enforce-  
11 ment agency authorized by the State agency shall  
12 provide to a public housing agency the information  
13 collected under the national database established  
14 pursuant to section 170102 of such Act or such  
15 State registration program, as applicable, regarding  
16 an adult applicant for, or tenant of, federally as-  
17 sisted housing for purposes of applicant screening,  
18 lease enforcement, and eviction, but only if the pub-  
19 lic housing agency requests such information and  
20 presents to such State registration agency or other  
21 local law enforcement agency a written authoriza-  
22 tion, signed by such applicant, for the release of  
23 such information to the public housing agency or  
24 other owner of the federally assisted housing.

1           (3) DELAYED EFFECTIVE DATE FOR OWNERS  
2 OTHER THAN PHA'S.—The provisions of paragraphs  
3 (1) and (2) authorizing obtaining information for  
4 owners of federally assisted housing other than pub-  
5 lic housing agencies shall not take effect before—

6           (A) the expiration of the 1-year period be-  
7 ginning on the date of enactment of this Act;  
8 and

9           (B) the Secretary and the Attorney Gen-  
10 eral of the United States have determined that  
11 access to such information is feasible for such  
12 owners and have provided for the terms of re-  
13 lease of such information to owners.

14           (4) EXCEPTION.—The information provided  
15 under paragraphs (1), (2), and (3) shall include in-  
16 formation regarding any criminal conviction of a ju-  
17 venile only to the extent that the release of such in-  
18 formation is authorized under the law of the applica-  
19 ble State, tribe, or locality.

20           (b) CONFIDENTIALITY.—A public housing agency or  
21 owner receiving information under this section may use  
22 such information only for the purposes provided in this  
23 section and such information may not be disclosed to any  
24 person who is not an officer, employee, or authorized rep-  
25 resentative of the agency or owner and who has a job-

1 related need to have access to the information in connec-  
2 tion with admission of applicants, eviction of tenants, or  
3 termination of assistance. For judicial eviction proceed-  
4 ings, disclosures may be made to the extent necessary. The  
5 Secretary shall, by regulation, establish procedures nec-  
6 essary to ensure that information provided under this sec-  
7 tion to a public housing agency or owner is used, and con-  
8 fidentiality of such information is maintained, as required  
9 under this section.

10 (c) OPPORTUNITY TO DISPUTE.—Before an adverse  
11 action is taken with regard to assistance for federally as-  
12 sisted housing on the basis of a criminal record (including  
13 on the basis that an individual is a sexually violent preda-  
14 tor, pursuant to section 641(c)), the public housing agency  
15 or owner shall provide the tenant or applicant with a copy  
16 of the criminal record and an opportunity to dispute the  
17 accuracy and relevance of that record.

18 (d) FEE.—A public housing agency may be charged  
19 a reasonable fee for information provided under subsection  
20 (a). A public housing agency may require an owner of fed-  
21 erally assisted housing (that is not a public housing agen-  
22 cy) to pay such fee for any information that the agency  
23 acquires for the owner pursuant to section 641(e) and sub-  
24 section (a) of this section.

1 (e) RECORDS MANAGEMENT.—Each public housing  
2 agency and owner of federally assisted housing that re-  
3 ceives criminal record information pursuant to this section  
4 shall establish and implement a system of records manage-  
5 ment that ensures that any criminal record received by  
6 the agency or owner is—

7 (1) maintained confidentially;

8 (2) not misused or improperly disseminated;

9 and

10 (3) destroyed in a timely fashion, once the pur-  
11 pose for which the record was requested has been  
12 accomplished.

13 (f) PENALTY.—Any person who knowingly and will-  
14 fully requests or obtains any information concerning an  
15 applicant for, or tenant of, federally assisted housing pur-  
16 suant to the authority under this section under false pre-  
17 tenses, or any person who knowingly and willfully discloses  
18 any such information in any manner to any individual not  
19 entitled under any law to receive it, shall be guilty of a  
20 misdemeanor and fined not more than \$5,000. The term  
21 “person” as used in this subsection shall include an offi-  
22 cer, employee, or authorized representative of any public  
23 housing agency or owner.

24 (g) CIVIL ACTION.—Any applicant for, or tenant of,  
25 federally assisted housing affected by (1) a negligent or

1 knowing disclosure of information referred to in this sec-  
2 tion about such person by an officer, employee, or author-  
3 ized representative of any public housing agency or owner  
4 of federally assisted housing, which disclosure is not au-  
5 thorized by this section, or (2) any other negligent or  
6 knowing action that is inconsistent with this section, may  
7 bring a civil action for damages and such other relief as  
8 may be appropriate against any public housing agency or  
9 owner responsible for such unauthorized action. The dis-  
10 trict court of the United States in the district in which  
11 the affected applicant or tenant resides, in which such un-  
12 authorized action occurred, or in which the officer, em-  
13 ployee, or representative alleged to be responsible for any  
14 such unauthorized action resides, shall have jurisdiction  
15 in such matters. Appropriate relief that may be ordered  
16 by such district courts shall include reasonable attorney's  
17 fees and other litigation costs.

18 (h) DEFINITION.—For purposes of this section, the  
19 term “adult” means a person who is 18 years of age or  
20 older, or who has been convicted of a crime as an adult  
21 under any Federal, State, or tribal law.

22 **SEC. 645. DEFINITIONS.**

23 For purposes of this subtitle, the following definitions  
24 shall apply:

1           (1) FEDERALLY ASSISTED HOUSING.—The  
2 term “federally assisted housing” means a dwelling  
3 unit—

4                   (A) in public housing (as such term is de-  
5 fined in section 102);

6                   (B) assisted with choice-based housing as-  
7 sistance under title III;

8                   (C) in housing that is provided project-  
9 based assistance under section 8 of the United  
10 States Housing Act of 1937 (as in effect before  
11 the effective date of the repeal under section  
12 601(b) of this Act) or pursuant to section  
13 601(f) of this Act, including new construction  
14 and substantial rehabilitation projects;

15                   (D) in housing that is assisted under sec-  
16 tion 202 of the Housing Act of 1959 (as  
17 amended by section 801 of the Cranston-Gon-  
18 zalez National Affordable Housing Act);

19                   (E) in housing that is assisted under sec-  
20 tion 202 of the Housing Act of 1959, as such  
21 section existed before the enactment of the  
22 Cranston-Gonzalez National Affordable Hous-  
23 ing Act;

1 (F) in housing that is assisted under sec-  
2 tion 811 of the Cranston-Gonzalez National Af-  
3 fordable Housing Act;

4 (G) in housing financed by a loan or mort-  
5 gage insured under section 221(d)(3) of the  
6 National Housing Act that bears interest at a  
7 rate determined under the proviso of section  
8 221(d)(5) of such Act;

9 (H) in housing insured, assisted, or held  
10 by the Secretary or a State or State agency  
11 under section 236 of the National Housing Act;

12 (I) for purposes only of subsections 641(e),  
13 641(d), 643, and 644, in housing assisted  
14 under section 515 of the Housing Act of 1949.

15 (2) OWNER.—The term “owner” means, with  
16 respect to federally assisted housing, the entity or  
17 private person (including a cooperative or public  
18 housing agency) that has the legal right to lease or  
19 sublease dwelling units in such housing.

20 **TITLE VII—AFFORDABLE HOUS-**  
21 **ING AND MISCELLANEOUS**  
22 **PROVISIONS**

23 **SEC. 701. RURAL HOUSING ASSISTANCE.**

24 The last sentence of section 520 of the Housing Act  
25 of 1949 (42 U.S.C. 1490) is amended by inserting before

1 the period the following: “, and the city of Altus, Okla-  
2 homa, shall be considered a rural area for purposes of this  
3 title until the receipt of data from the decennial census  
4 in the year 2000”.

5 **SEC. 702. TREATMENT OF OCCUPANCY STANDARDS.**

6 The Secretary of Housing and Urban Development  
7 shall not directly or indirectly establish a national occu-  
8 pancy standard.

9 **SEC. 703. IMPLEMENTATION OF PLAN.**

10 (a) IMPLEMENTATION.—

11 (1) IN GENERAL.—Not later than 120 days  
12 after the date of the enactment of this Act, the Sec-  
13 retary shall implement the Ida Barbour Revitaliza-  
14 tion Plan of the City of Portsmouth, Virginia, in a  
15 manner consistent with existing limitations under  
16 law.

17 (2) WAIVERS.—In carrying out paragraph (1),  
18 the Secretary shall consider and make any waivers  
19 to existing regulations and other requirements con-  
20 sistent with the plan described in paragraph (1) to  
21 enable timely implementation of such plan, except  
22 that generally applicable regulations and other re-  
23 quirements governing the award of funding under  
24 programs for which assistance is applied for in con-  
25 nection with such plan shall apply.

1 (b) REPORT.—

2 (1) IN GENERAL.—Not later than 1 year after  
3 the date of the enactment of this Act and annually  
4 thereafter through the year 2000, the city described  
5 in subsection (a)(1) shall submit a report to the Sec-  
6 retary on progress in implementing the plan de-  
7 scribed in that subsection.

8 (2) CONTENTS.—Each report submitted under  
9 this subsection shall include—

10 (A) quantifiable measures revealing the in-  
11 crease in homeowners, employment, tax base,  
12 voucher allocation, leverage ratio of funds, im-  
13 pact on and compliance with the consolidated  
14 plan of the city;

15 (B) identification of regulatory and statu-  
16 tory obstacles that—

17 (i) have caused or are causing unnee-  
18 cessary delays in the successful implementa-  
19 tion of the consolidated plan; or

20 (ii) are contributing to unnecessary  
21 costs associated with the revitalization; and

22 (C) any other information that the Sec-  
23 retary considers to be appropriate.

1 **SEC. 704. INCOME ELIGIBILITY FOR HOME AND CDBG PRO-**  
2 **GRAMS.**

3 (a) HOME INVESTMENT PARTNERSHIPS.—The Cran-  
4 ston-Gonzalez National Affordable Housing Act is amend-  
5 ed as follows:

6 (1) DEFINITIONS.—In section 104(10) (42  
7 U.S.C. 12704(10))—

8 (A) by striking “income ceilings higher or  
9 lower” and inserting “an income ceiling high-  
10 er”;

11 (B) by striking “variations are” and in-  
12 sserting “variation is”; and

13 (C) by striking “high or”.

14 (2) INCOME TARGETING.—In section 214(1)(A)  
15 (42 U.S.C. 12744(1)(A))—

16 (A) by striking “income ceilings higher or  
17 lower” and inserting “an income ceiling high-  
18 er”;

19 (B) by striking “variations are” and in-  
20 sserting “variation is”; and

21 (C) by striking “high or”.

22 (3) RENT LIMITS.—In section 215(a)(1)(A) (42  
23 U.S.C. 12745(a)(1)(A))—

24 (A) by striking “income ceilings higher or  
25 lower” and inserting “an income ceiling high-  
26 er”;

1 (B) by striking “variations are” and in-  
2 serting “variation is”; and

3 (C) by striking “high or”.

4 (b) CDBG.—Section 102(a)(20) of the Housing and  
5 Community Development Act of 1974 (42 U.S.C.  
6 5302(a)(20)) is amended by striking subparagraph (B)  
7 and inserting the following new subparagraph:

8 “(B) The Secretary may—

9 “(i) with respect to any reference in sub-  
10 subparagraph (A) to 50 percent of the median in-  
11 come of the area involved, establish percentages  
12 of median income for any area that are higher  
13 or lower than 50 percent if the Secretary finds  
14 such variations to be necessary because of un-  
15 usually high or low family incomes in such area;  
16 and

17 “(ii) with respect to any reference in sub-  
18 subparagraph (A) to 80 percent of the median in-  
19 come of the area involved, establish a percent-  
20 age of median income for any area that is high-  
21 er than 80 percent if the Secretary finds such  
22 variation to be necessary because of unusually  
23 low family incomes in such area.”.

1 **SEC. 705. PROHIBITION OF USE OF CDBG GRANTS FOR EM-**  
2 **PLOYMENT RELOCATION ACTIVITIES.**

3 Section 105 of the Housing and Community Develop-  
4 ment Act of 1974 (42 U.S.C. 5305) is amended by adding  
5 at the end the following new subsection:

6 “(h) PROHIBITION OF USE OF ASSISTANCE FOR EM-  
7 PLOYMENT RELOCATION ACTIVITIES.—Notwithstanding  
8 any other provision of law, no amount from a grant under  
9 section 106 made in fiscal year 1997 or any succeeding  
10 fiscal year may be used for any activity (including any in-  
11 frastructure improvement) that is intended, or is likely,  
12 to facilitate the relocation or expansion of any industrial  
13 or commercial plant, facility, or operation, from one area  
14 to another area, if the relocation or expansion will result  
15 in a loss of employment in the area from which the reloca-  
16 tion or expansion occurs.”.

17 **SEC. 706. REGIONAL COOPERATION UNDER CDBG ECO-**  
18 **NOMIC DEVELOPMENT INITIATIVE.**

19 Section 108(q)(4) (42 U.S.C. 5308(q)(4)) of the  
20 Housing and Community Development Act of 1974 is  
21 amended—

22 (1) by striking “and” after the semicolon in  
23 subparagraph (C);

24 (2) by redesignating subparagraph (D) as sub-  
25 paragraph (E); and

1           (3) by inserting after subparagraph (C) the fol-  
2           lowing:

3                   “(D) when applicable as determined by the  
4           Secretary, the extent of regional cooperation  
5           demonstrated by the proposed plan; and”.

6 **SEC. 707. USE OF AMERICAN PRODUCTS.**

7           (a) PURCHASE OF AMERICAN-MADE EQUIPMENT  
8 AND PRODUCTS.—It is the sense of the Congress that, to  
9 the greatest extent practicable, all equipment and products  
10 purchased with funds made available in this Act should  
11 be American made.

12           (b) NOTICE REQUIREMENT.—In providing financial  
13 assistance to, or entering into any contract with, any en-  
14 tity using funds made available in this Act, the head of  
15 each Federal agency, to the greatest extent practicable,  
16 shall provide to such entity a notice describing the state-  
17 ment made in subsection (a) by the Congress.

18 **SEC. 708. CONSULTATION WITH AFFECTED AREAS IN SET-**  
19 **TLEMENT OF LITIGATION.**

20           In negotiating any settlement of, or consent decree  
21 for, any litigation regarding public housing or rental as-  
22 sistance (under title III of this Act or the United States  
23 Housing Act of 1937, as in effect before the effective date  
24 of the repeal under section 601(b) of this Act) that in-  
25 volves the Secretary and any public housing agency or any

1 unit of general local government, the Secretary shall con-  
2 sult with any units of general local government and public  
3 housing agencies having jurisdictions that are adjacent to  
4 the jurisdiction of the public housing agency involved.

5 **SEC. 709. TREATMENT OF PHA REPAYMENT AGREEMENT.**

6 (a) **LIMITATION ON SECRETARY.**—During the 2-year  
7 period beginning on the date of the enactment of this Act,  
8 if the Housing Authority of the City of Las Vegas, Ne-  
9 vada, is otherwise in compliance with the Repayment Lien  
10 Agreement and Repayment Plan approved by the Sec-  
11 retary on February 12, 1997, the Secretary of Housing  
12 and Urban Development shall not take any action that has  
13 the effect of reducing the inventory of senior citizen hous-  
14 ing owned by such housing authority that does not receive  
15 assistance from the Department of Housing and Urban  
16 Development.

17 (b) **ALTERNATIVE REPAYMENT OPTIONS.**—During  
18 the period referred to in subsection (a), the Secretary shall  
19 assist the housing authority referred to in such subsection  
20 to identify alternative repayment options to the plan re-  
21 ferred to in such subsection and to execute an amended  
22 repayment plan that will not adversely affect the housing  
23 referred to in such subsection.

24 (c) **RULE OF CONSTRUCTION.**—This section may not  
25 be construed to alter—

1           (1) any lien held by the Secretary pursuant to  
2           the agreement referred to in subsection (a); or

3           (2) the obligation of the housing authority re-  
4           ferred to in subsection (a) to close all remaining  
5           items contained in the Inspector General audits  
6           numbered 89 SF 1004 (issued January 20, 1989),  
7           93 SF 1801 (issued October 30, 1993), and 96 SF  
8           1002 (issued February 23, 1996).

9   **SEC. 710. USE OF ASSISTED HOUSING BY ALIENS.**

10          Section 214 of the Housing and Community Develop-  
11          ment Act of 1980 (42 U.S.C. 1436a) is amended—

12                 (1) in subsection (b)(2), by striking “Secretary  
13                 of Housing and Urban Development” and inserting  
14                 “applicable Secretary”;

15                 (2) in subsection (c)(1)(B), by moving clauses  
16                 (ii) and (iii) 2 ems to the left;

17                 (3) in subsection (d)—

18                         (A) in paragraph (1)(A)—

19                                 (i) by striking “Secretary of Housing  
20                                 and Urban Development” and inserting  
21                                 “applicable Secretary”; and

22                                 (ii) by striking “the Secretary” and  
23                                 inserting “the applicable Secretary”;

24                         (B) in paragraph (2), in the matter follow-  
25                         ing subparagraph (B)—

1 (i) by inserting “applicable” before  
2 “Secretary”; and

3 (ii) by moving such matter (as so  
4 amended by clause (i)) 2 ems to the right;

5 (C) in paragraph (4)(B)(ii), by inserting  
6 “applicable” before “Secretary”;

7 (D) in paragraph (5), by striking “the Sec-  
8 retary” and inserting “the applicable Sec-  
9 retary”; and

10 (E) in paragraph (6), by inserting “appli-  
11 cable” before “Secretary”;

12 (4) in subsection (h) (as added by section 576  
13 of the Illegal Immigration Reform and Immigrant  
14 Responsibility Act of 1996 (division C of Public Law  
15 104–208))—

16 (A) in paragraph (1)—

17 (i) by striking “Except in the case of  
18 an election under paragraph (2)(A), no”  
19 and inserting “No”;

20 (ii) by striking “this section” and in-  
21 serting “subsection (d)”;

22 (iii) by inserting “applicable” before  
23 “Secretary”; and

24 (B) in paragraph (2)—

1 (i) by striking subparagraph (A) and  
2 inserting the following new subparagraph:

3 “(A) may, notwithstanding paragraph (1)  
4 of this subsection, elect not to affirmatively es-  
5 tablish and verify eligibility before providing fi-  
6 nancial assistance”; and

7 (ii) in subparagraph (B), by striking  
8 “in complying with this section” and in-  
9 sserting “in carrying out subsection (d)”;  
10 and

11 (5) by redesignating subsection (h) (as amended  
12 by paragraph (4)) as subsection (i).

13 **SEC. 711. PROTECTION OF SENIOR HOMEOWNERS UNDER**  
14 **REVERSE MORTGAGE PROGRAM.**

15 (a) **DISCLOSURE REQUIREMENTS; PROHIBITION OF**  
16 **FUNDING OF UNNECESSARY OR EXCESSIVE COSTS.**—Sec-  
17 tion 255(d) of the National Housing Act (12 U.S.C.  
18 1715z–20(d)) is amended—

19 (1) in paragraph (2)—

20 (A) in subparagraph (B), by striking  
21 “and” at the end;

22 (B) by redesignating subparagraph (C) as  
23 subparagraph (D); and

24 (C) by inserting after subparagraph (B)  
25 the following:

1           “(C) has received full disclosure of all costs  
2           to the mortgagor for obtaining the mortgage,  
3           including any costs of estate planning, financial  
4           advice, or other related services; and”;

5           (2) in paragraph (9)(F), by striking “and”;

6           (3) in paragraph (10), by striking the period at  
7           the end and inserting “; and”; and

8           (4) by adding at the end the following:

9           “(11) have been made with such restrictions as  
10          the Secretary determines to be appropriate to ensure  
11          that the mortgagor does not fund any unnecessary  
12          or excessive costs for obtaining the mortgage, includ-  
13          ing any costs of estate planning, financial advice, or  
14          other related services; such restrictions shall include  
15          a requirement that the mortgagee ask the mortgagor  
16          about any fees that the mortgagor has incurred in  
17          connection with obtaining the mortgage and a re-  
18          quirement that the mortgagee be responsible for en-  
19          suring that the disclosures required by subsection  
20          (d)(2)(C) are made.”.

21          (b) IMPLEMENTATION.—

22                 (1) NOTICE.—The Secretary of Housing and  
23          Urban Development shall, by interim notice, imple-  
24          ment the amendments made by subsection (a) in an  
25          expeditious manner, as determined by the Secretary.

1 Such notice shall not be effective after the date of  
2 the effectiveness of the final regulations issued  
3 under paragraph (2) of this subsection.

4 (2) REGULATIONS.—The Secretary shall, not  
5 later than the expiration of the 90-day period begin-  
6 ning on the date of the enactment of this Act, issue  
7 final regulations to implement the amendments  
8 made by subsection (a). Such regulations shall be is-  
9 sued only after notice and opportunity for public  
10 comment pursuant to the provisions of section 553  
11 of title 5, United States Code (notwithstanding sub-  
12 sections (a)(2) and (b)(B) of such section).

13 **SEC. 712. CONVERSION OF SECTION 8 TENANT-BASED AS-**  
14 **SISTANCE TO PROJECT-BASED ASSISTANCE**  
15 **IN THE BOROUGH OF TAMAQUA.**

16 For the Tamaqua Highrise project in the Borough  
17 of Tamaqua, Pennsylvania, the Secretary of Housing and  
18 Urban Development may require the public housing agen-  
19 cy to convert the tenant-based assistance under section 8  
20 of the United States Housing Act of 1937 to project-based  
21 rental assistance under section 8(d)(2) of such Act, not-  
22 withstanding the requirement for rehabilitation or the per-  
23 centage limitations under section 8(d)(2). The tenant-  
24 based assistance covered by the preceding sentence shall  
25 be the assistance for families who are residing in the

1 project on the date of enactment of this Act and who ini-  
2 tially received their assistance in connection with the con-  
3 version of the section 23 leased housing contract for the  
4 project to tenant-based assistance under section 8 of such  
5 Act. The Secretary may not take action under this section  
6 before the expiration of the 30-day period beginning upon  
7 the submission of a report to the Congress regarding the  
8 proposed action under this section.

9 **SEC. 713. HOUSING COUNSELING.**

10 (a) EXTENSION OF EMERGENCY HOMEOWNERSHIP  
11 COUNSELING.—Section 106(c)(9) of the Housing and  
12 Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9))  
13 is amended by striking “September 30, 1994” and insert-  
14 ing “September 30, 1999”.

15 (b) EXTENSION OF PREPURCHASE AND FORE-  
16 CLOSURE PREVENTION COUNSELING DEMONSTRATION.—  
17 Section 106(d)(13) of the Housing and Urban Develop-  
18 ment Act of 1968 (12 U.S.C. 1701x(d)(12)) is amended  
19 by striking “fiscal year 1994” and inserting “fiscal year  
20 1999”.

21 (c) NOTIFICATION OF DELINQUENCY ON VETERANS  
22 HOME LOANS.—

23 Subparagraph (C) of section 106(c)(5) of the Hous-  
24 ing and Urban Development Act of 1968 is amended to  
25 read as follows:

1           “(C) NOTIFICATION.—Notification under  
2           subparagraph (A) shall not be required with re-  
3           spect to any loan for which the eligible home-  
4           owner pays the amount overdue before the expi-  
5           ration of the 45-day period under subparagraph  
6           (B)(ii).”.

7   **SEC. 714. TRANSFER OF SURPLUS REAL PROPERTY FOR**  
8                   **PROVIDING HOUSING FOR LOW- AND MOD-**  
9                   **ERATE-INCOME FAMILIES.**

10       (a) IN GENERAL.—Notwithstanding any other provi-  
11       sion of law (including the Federal Property and Adminis-  
12       trative Services Act of 1949), the property known as 252  
13       Seventh Avenue in New York County, New York is author-  
14       ized to be conveyed in its existing condition under a public  
15       benefit discount to a non-profit organization that has  
16       among its purposes providing housing for low-income indi-  
17       viduals or families provided, that such property is deter-  
18       mined by the Administrator of General Services to be sur-  
19       plus to the needs of the Government and provided it is  
20       determined by the Secretary of Housing and Urban Devel-  
21       opment that such property will be used by such non-profit  
22       organization to provide housing for low- and moderate-in-  
23       come families or individuals.

24       (b)(1) PUBLIC BENEFIT DISCOUNT.—The amount of  
25       the public benefit discount available under this section

1 shall be 75 percent of the estimated fair market value of  
2 the property, except that the Secretary may discount by  
3 a greater percentage if the Secretary, in consultation with  
4 the Administrator, determines that a higher percentage is  
5 justified due to any benefit which will accrue to the United  
6 States from the use of such property for the public pur-  
7 pose of providing low- and moderate-income housing.

8       (2) REVERTER.—The Administrator shall require  
9 that the property be used for at least 30 years for the  
10 public purpose for which it was originally conveyed, or  
11 such longer period of time as the Administrator feels nec-  
12 essary, to protect the Federal interest and to promote the  
13 public purpose. If this condition is not met, the property  
14 shall revert to the United States.

15       (3) DETERMINATION OF FAIR MARKET VALUE.—  
16 The Administrator shall determine estimated fair market  
17 value in accordance with Federal appraisal standards and  
18 procedures.

19       (4) DEPOSIT OF PROCEEDS.—The Administrator of  
20 General Services shall deposit any proceeds received under  
21 this subsection in the special account established pursuant  
22 to section 204(h)(2) of the Federal Property and Adminis-  
23 trative Services Act of 1949.

24       (5) ADDITIONAL TERMS AND CONDITIONS.—The Ad-  
25 ministrator may require such additional terms and condi-

1 tions in connection with the conveyance under subsection  
2 (a) as the Administrator considers appropriate to protect  
3 the interests of the United States and to accomplish a  
4 public purpose.

5 **SEC. 715. EFFECTIVE DATE.**

6 This title and the amendments made by this title  
7 shall take effect on the date of the enactment of this Act.

Passed the House of Representatives May 14, 1997.

Attest:

*Clerk.*