

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 3899**

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**AN ACT**

To expand homeownership in the United States.

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## AN ACT

To expand homeownership in the United States.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “American Homeownership Act of 1998”.

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

Sec. 1. Short title and table of contents.

Sec. 2. Findings and purpose.

TITLE I—REMOVAL OF BARRIERS TO AFFORDABLE HOUSING

Sec. 101. Short title.

Sec. 102. Housing impact analysis.

Sec. 103. Grants for regulatory barrier removal strategies.

Sec. 104. Eligibility for community development block grants.

Sec. 105. Regulatory barriers clearinghouse.

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE  
AND LOAN GUARANTEES

Sec. 201. Adjustable rate mortgages.

Sec. 202. Housing inspection study.

Sec. 203. Definition of area.

Sec. 204. Extension of loan term for manufactured home lots.

Sec. 205. Repeal of requirements for approval for insurance prior to start of  
construction.

Sec. 206. Rehabilitation demonstration grant program.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

Sec. 301. Downpayment assistance.

TITLE IV—HOME INVESTMENT PARTNERSHIPS PROGRAM

Sec. 401. Reauthorization.

Sec. 402. Eligibility of limited equity cooperatives and mutual housing associa-  
tions.

Sec. 403. Leveraging affordable housing investment through local loan pools.

Sec. 404. Loan guarantees.

TITLE V—LOCAL HOMEOWNERSHIP INITIATIVES

Sec. 501. Reauthorization of neighborhood reinvestment corporation.

Sec. 502. Homeownership zones.

Sec. 503. Lease-to-own.

Sec. 504. Local capacity building.

TITLE VI—MANUFACTURED HOUSING IMPROVEMENT

Sec. 601. Short title and references.

Sec. 602. Findings and purposes.

Sec. 603. Definitions.

Sec. 604. Federal manufactured home construction and safety standards.

- Sec. 605. Abolishment of national manufactured home advisory council.
- Sec. 606. Public information.
- Sec. 607. Research, testing, development, and training.
- Sec. 608. Fees.
- Sec. 609. Elimination of annual report requirement.
- Sec. 610. Effective date.
- Sec. 611. Savings provision.

#### TITLE VII—INDIAN HOUSING HOMEOWNERSHIP

- Sec. 701. Indian lands title report commission.

#### TITLE VIII—TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS

- Sec. 801. Transfer of unoccupied and substandard HUD-held housing to local governments and community development corporations.
- Sec. 802. Amendment to revitalization area disposition program.
- Sec. 803. Report on revitalization zones for HUD-owned single family properties.
- Sec. 804. Technical correction to income targeting provisions for project-based assistance.
- Sec. 805. Technical corrections to the Multifamily Assisted Housing Reform and Affordability Act of 1997.

### 1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) the priorities of our Nation should include  
 4 expanding homeownership opportunities by providing  
 5 access to affordable housing that is safe, clean, and  
 6 healthy;

7 (2) our Nation has an abundance of conven-  
 8 tional capital sources available for homeownership fi-  
 9 nancing; and

10 (3) experience with local homeownership pro-  
 11 grams has shown that if flexible capital sources are  
 12 available, communities possess ample will and cre-  
 13 ativity to provide opportunities uniquely designed to

1 assist their citizens in realizing the American dream  
2 of homeownership.

3 (b) PURPOSE.—It is the purpose of this Act—

4 (1) to encourage and facilitate homeownership  
5 by families in the United States who are not other-  
6 wise able to afford homeownership; and

7 (2) to expand homeownership through policies  
8 that—

9 (A) promote the ability of the private sec-  
10 tor to produce affordable housing without exces-  
11 sive government regulation;

12 (B) encourage tax incentives, such as the  
13 mortgage interest deduction, at all levels of gov-  
14 ernment; and

15 (C) facilitate the availability of flexible  
16 capital for homeownership opportunities.

17 **TITLE I—REMOVAL OF BAR-**  
18 **RIERS TO AFFORDABLE**  
19 **HOUSING**

20 **SEC. 101. SHORT TITLE.**

21 This title may be cited as the “Affordable Housing  
22 Barrier Removal Act of 1998”.

23 **SEC. 102. HOUSING IMPACT ANALYSIS.**

24 (a) APPLICABILITY.—The requirements of this sec-  
25 tion shall apply with respect to—

1 (1) any proposed rule, unless the agency pro-  
2 mulgating the rule—

3 (A) has certified that the proposed rule  
4 will not, if given force or effect as a final rule,  
5 have a significant deleterious impact on housing  
6 affordability; and

7 (B) has caused such certification to be  
8 published in the Federal Register at the time of  
9 publication of general notice of proposed rule-  
10 making for the rule, together with a statement  
11 providing the factual basis for the certification;  
12 and

13 (2) any final rule, unless the agency promulgat-  
14 ing the rule—

15 (A) has certified that the rule will not, if  
16 given force or effect, have a significant deleter-  
17 ious impact on housing affordability; and

18 (B) has caused such certification to be  
19 published in the Federal Register at the time of  
20 publication of the final rule, together with a  
21 statement providing the factual basis for the  
22 certification.

23 Any agency making a certification under this subsection  
24 shall provide a copy of such certification and the state-

1 ment providing the factual basis for the certification to  
2 the Secretary of Housing and Urban Development.

3 (b) STATEMENT OF PROPOSED RULEMAKING.—

4 Whenever an agency publishes general notice of proposed  
5 rulemaking for any proposed rule, unless the agency has  
6 made a certification under subsection (a), the agency  
7 shall—

8 (1) in the notice of proposed rulemaking—

9 (A) state with particularity the text of the  
10 proposed rule; and

11 (B) request any interested persons to sub-  
12 mit to the agency any written analyses, data,  
13 views, and arguments, and any specific alter-  
14 natives to the proposed rule that—

15 (i) accomplish the stated objectives of  
16 the applicable statutes, in a manner com-  
17 parable to the proposed rule;

18 (ii) result in costs to the Federal Gov-  
19 ernment equal to or less than the costs re-  
20 sulting from the proposed rule; and

21 (iii) result in housing affordability  
22 greater than the housing affordability re-  
23 sulting from the proposed rule;

1           (2) provide an opportunity for interested per-  
2           sons to take the actions specified under paragraph  
3           (1)(B) before promulgation of the final rule; and

4           (3) prepare and make available for public com-  
5           ment an initial housing impact analysis in accord-  
6           ance with the requirements of subsection (c).

7           (c) INITIAL HOUSING IMPACT ANALYSIS.—

8           (1) REQUIREMENTS.—Each initial housing im-  
9           pact analysis shall describe the impact of the pro-  
10          posed rule on housing affordability. The initial hous-  
11          ing impact analysis or a summary shall be published  
12          in the Federal Register at the same time as, and to-  
13          gether with, the publication of general notice of pro-  
14          posed rulemaking for the rule. The agency shall  
15          transmit a copy of the initial housing impact analy-  
16          sis to the Secretary of Housing and Urban Develop-  
17          ment.

18          (2) MONTHLY HUD LISTING.—On a monthly  
19          basis, the Secretary of Housing and Urban Develop-  
20          ment shall cause to be published in the Federal Reg-  
21          ister, and shall make available through a World  
22          Wide Web site of the Department, a listing of all  
23          proposed rules for which an initial housing impact  
24          analysis was prepared during the preceding month.

1           (3) CONTENTS.—Each initial housing impact  
2 analysis required under this subsection shall con-  
3 tain—

4           (A) a description of the reasons why action  
5 by the agency is being considered;

6           (B) a succinct statement of the objectives  
7 of, and legal basis for, the proposed rule;

8           (C) a description of and, where feasible, an  
9 estimate of the extent to which the proposed  
10 rule would increase the cost or reduce the sup-  
11 ply of housing or land for residential develop-  
12 ment; and

13           (D) an identification, to the extent prac-  
14 ticable, of all relevant Federal rules which may  
15 duplicate, overlap, or conflict with the proposed  
16 rule.

17       (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE  
18 RULE.—

19           (1) ANALYSIS.—The agency publishing a gen-  
20 eral notice of proposed rulemaking shall review any  
21 specific analyses and alternatives to the proposed  
22 rule which have been submitted to the agency pursu-  
23 ant to subsection (b)(2) to determine whether any  
24 alternative to the proposed rule—

1 (A) accomplishes the stated objectives of  
2 the applicable statutes, in a manner comparable  
3 to the proposed rule;

4 (B) results in costs to the Federal Govern-  
5 ment equal to or less than the costs resulting  
6 from the proposed rule; and

7 (C) results in housing affordability greater  
8 than the housing affordability resulting from  
9 the proposed rule.

10 (2) NEW NOTICE OF PROPOSED RULE-  
11 MAKING.—If the agency determines that an alter-  
12 native to the proposed rule meets the requirements  
13 under subparagraphs (A) through (C) of paragraph  
14 (1), unless the agency provides an explanation on  
15 the record for the proposed rule as to why the alter-  
16 native should not be implemented, the agency shall  
17 incorporate the alternative into the final rule or, at  
18 the agency's discretion, issue a new proposed rule  
19 which incorporates the alternative.

20 (e) FINAL HOUSING IMPACT ANALYSIS.—

21 (1) REQUIREMENT.—Whenever an agency pro-  
22 mulgates a final rule after publication of a general  
23 notice of proposed rulemaking, unless the agency has  
24 made the certification under subsection (a), the  
25 agency shall prepare a final housing impact analysis.

1           (2) CONTENTS.—Each final housing impact  
2 analysis shall contain—

3           (A) a succinct statement of the need for,  
4 and objectives of, the rule;

5           (B) a summary of the significant issues  
6 raised during the public comment period in re-  
7 sponse to the initial housing impact analysis, a  
8 summary of the assessment of the agency of  
9 such issues, and a statement of any changes  
10 made in the proposed rule as a result of such  
11 comments; and

12           (C) a description of and an estimate of the  
13 extent to which the rule will impact housing af-  
14 fordability or an explanation of why no such es-  
15 timate is available.

16           (3) AVAILABILITY.—The agency shall make  
17 copies of the final housing impact analysis available  
18 to members of the public and shall publish in the  
19 Federal Register such analysis or a summary there-  
20 of.

21           (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY  
22 ANALYSES.—

23           (1) DUPLICATION.—Any Federal agency may  
24 perform the analyses required by subsections (c) and  
25 (e) in conjunction with or as a part of any other

1 agenda or analysis required by any other law, execu-  
2 tive order, directive, or rule if such other analysis  
3 satisfies the provisions of such subsections.

4 (2) JOINDER.—In order to avoid duplicative ac-  
5 tion, an agency may consider a series of closely re-  
6 lated rules as one rule for the purposes of sub-  
7 sections (c) and (e).

8 (g) PREPARATION OF ANALYSES.—In complying with  
9 the provisions of subsections (c) and (e), an agency may  
10 provide either a quantifiable or numerical description of  
11 the effects of a proposed rule or alternatives to the pro-  
12 posed rule, or more general descriptive statements if quan-  
13 tification is not practicable or reliable.

14 (h) EFFECT ON OTHER LAW.—The requirements of  
15 subsections (c) and (e) do not alter in any manner stand-  
16 ards otherwise applicable by law to agency action.

17 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-  
18 TION.—

19 (1) INITIAL HOUSING IMPACT ANALYSIS.—An  
20 agency head may waive or delay the completion of  
21 some or all of the requirements of subsection (c) by  
22 publishing in the Federal Register, not later than  
23 the date of publication of the final rule, a written  
24 finding, with reasons therefor, that the final rule is  
25 being promulgated in response to an emergency that

1 makes compliance or timely compliance with the pro-  
2 visions of subsection (a) impracticable.

3 (2) FINAL HOUSING IMPACT ANALYSIS.—An  
4 agency head may not waive the requirements of sub-  
5 section (e). An agency head may delay the comple-  
6 tion of the requirements of subsection (e) for a pe-  
7 riod of not more than 180 days after the date of  
8 publication in the Federal Register of a final rule by  
9 publishing in the Federal Register, not later than  
10 such date of publication, a written finding, with rea-  
11 sons therefor, that the final rule is being promul-  
12 gated in response to an emergency that makes time-  
13 ly compliance with the provisions of subsection (e)  
14 impracticable. If the agency has not prepared a final  
15 housing impact analysis pursuant to subsection (e)  
16 within 180 days from the date of publication of the  
17 final rule, such rule shall lapse and have no force or  
18 effect. Such rule shall not be repromulgated until a  
19 final housing impact analysis has been completed by  
20 the agency.

21 (j) DEFINITIONS.—For purposes of this section, the  
22 following definitions shall apply:

23 (1) HOUSING AFFORDABILITY.—The term  
24 “housing affordability” means the quantity of hous-  
25 ing that is affordable to families having incomes that

1 do not exceed 150 percent of the median income of  
2 families in the area in which the housing is located,  
3 with adjustments for smaller and larger families.  
4 For purposes of this paragraph, area, median family  
5 income for an area, and adjustments for family size  
6 shall be determined in the same manner as such fac-  
7 tors are determined for purposes of section 3(b)(2)  
8 of the United States Housing Act of 1937.

9 (2) AGENCY.—The term “agency” means each  
10 authority of the Government of the United States,  
11 whether or not it is within or subject to review by  
12 another agency, but does not include—

13 (A) the Congress;

14 (B) the courts of the United States;

15 (C) the governments of the territories or  
16 possessions of the United States;

17 (D) the government of the District of Co-  
18 lumbia;

19 (E) agencies composed of representatives  
20 of the parties or of representatives of organiza-  
21 tions of the parties to the disputes determined  
22 by them;

23 (F) courts-martial and military commis-  
24 sions;

1 (G) military authority exercised in the field  
2 in time of war or in occupied territory; or

3 (H) functions conferred by—

4 (i) sections 1738, 1739, 1743, and  
5 1744 of title 12, United States Code;

6 (ii) chapter 2 of title 41, United  
7 States Code;

8 (iii) subchapter II of chapter 471 of  
9 title 49, United States Code; or

10 (iv) sections 1884, 1891–1902, and  
11 former section 1641(b)(2), of title 50, ap-  
12 pendix, United States Code.

13 (3) FAMILIES.—The term “families” has the  
14 meaning given such term in section 3 of the United  
15 States Housing Act of 1937.

16 (4) RULE.—The term “rule” means any rule  
17 for which the agency publishes a general notice of  
18 proposed rulemaking pursuant to section 553(b) of  
19 title 5, United States Code, or any other law, includ-  
20 ing any rule of general applicability governing grants  
21 by an agency to State and local governments for  
22 which the agency provides an opportunity for notice  
23 and public comment; except that such term does not  
24 include a rule of particular applicability relating to  
25 rates, wages, corporate or financial structures or re-

1 organizations thereof, prices, facilities, appliances,  
2 services, or allowances therefor or to valuations,  
3 costs or accounting, or practices relating to such  
4 rates, wages, structures, prices, appliances, services,  
5 or allowances.

6 (5) SIGNIFICANT.—The term “significant”  
7 means increasing consumers’ cost of housing by  
8 more than \$100,000,000 per year.

9 (k) DEVELOPMENT.—Not later than 1 year after the  
10 date of the enactment of this title, the Secretary of Hous-  
11 ing and Urban Development shall develop model initial  
12 and final housing impact analyses under this section and  
13 shall cause such model analyses to be published in the  
14 Federal Register. The model analyses shall define the pri-  
15 mary elements of a housing impact analysis to instruct  
16 other agencies on how to carry out and develop the analy-  
17 ses required under subsections (a) and (c).

18 (l) JUDICIAL REVIEW.—

19 (1) DETERMINATION BY AGENCY.—Except as  
20 otherwise provided in paragraph (2), any determina-  
21 tion by an agency concerning the applicability of any  
22 of the provisions of this title to any action of the  
23 agency shall not be subject to judicial review.

24 (2) OTHER ACTIONS BY AGENCY.—Any housing  
25 impact analysis prepared under subsection (c) or (e)

1 and the compliance or noncompliance of the agency  
2 with the provisions of this title shall not be subject  
3 to judicial review. When an action for judicial review  
4 of a rule is instituted, any housing impact analysis  
5 for such rule shall constitute part of the whole  
6 record of agency action in connection with the re-  
7 view.

8 (3) EXCEPTION.—Nothing in this subsection  
9 bars judicial review of any other impact statement or  
10 similar analysis required by any other law if judicial  
11 review of such statement or analysis is otherwise  
12 provided by law.

13 **SEC. 103. GRANTS FOR REGULATORY BARRIER REMOVAL**  
14 **STRATEGIES.**

15 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-  
16 section (a) of section 1204 of the Housing and Community  
17 Development Act of 1992 (42 U.S.C. 12705c(a)) is  
18 amended to read as follows:

19 “(a) FUNDING.—There is authorized to be appro-  
20 priated for grants under subsections (b) and (c)  
21 \$15,000,000 for fiscal year 1999 and each fiscal year  
22 thereafter through fiscal year 2003.”.

23 (b) CONSOLIDATION OF STATE AND LOCAL  
24 GRANTS.—Subsection (b) of section 1204 of the Housing

1 and Community Development Act of 1992 (42 U.S.C.  
2 12705c(b)) is amended—

3 (1) in the subsection heading, by striking  
4 “STATE GRANTS” and inserting “GRANT AUTHOR-  
5 ITY”;

6 (2) in the matter preceding paragraph (1), by  
7 inserting after “States” the following: “and units of  
8 general local government (including consortia of  
9 such governments)”;

10 (3) in paragraph (3), by striking “a State pro-  
11 gram to reduce State and local” and inserting  
12 “State, local, or regional programs to reduce”;

13 (4) in paragraph (4), by inserting “or local”  
14 after “State”; and

15 (5) in paragraph (5), by striking “State”.

16 (c) REPEAL OF LOCAL GRANTS PROVISION.—Section  
17 1204 of the Housing and Community Development Act  
18 of 1992 (42 U.S.C. 12705c) is amended by striking sub-  
19 section (c).

20 (d) APPLICATION AND SELECTION.—The last sen-  
21 tence of section 1204(e) of the Housing and Community  
22 Development Act of 1992 (42 U.S.C. 12705c(e)) is  
23 amended—

1           (1) by striking “and for the selection of units  
2           of general local government to receive grants under  
3           subsection (f)(2); and

4           (2) by inserting before the period at the end the  
5           following: “and such criteria shall require that grant  
6           amounts be used in a manner consistent with the  
7           strategy contained in the comprehensive housing af-  
8           fordability strategy for the jurisdiction pursuant to  
9           section 105(b)(4) of the Cranston-Gonzalez National  
10          Affordable Housing Act”.

11          (e) SELECTION OF GRANTEES.—Subsection (f) of  
12          section 1204 of the Housing and Community Development  
13          Act of 1992 (42 U.S.C. 12705c(f)) is amended to read  
14          as follows:

15          “(f) SELECTION OF GRANTEES.—To the extent  
16          amounts are made available to carry out this section, the  
17          Secretary shall provide grants on a competitive basis to  
18          eligible grantees based on the proposed uses of such  
19          amounts, as provided in applications under subsection  
20          (e).”.

21          (f) TECHNICAL AMENDMENTS.—Section 107(a)(1) of  
22          the Housing and Community Development Act of 1974  
23          (42 U.S.C. 5307(a)(1)) is amended—

24                  (1) in subparagraph (G), by inserting “and”  
25                  after the semicolon at the end;

1           (2) by striking subparagraph (H); and  
2           (3) by redesignating subparagraph (I) as sub-  
3       paragraph (H).

4 **SEC. 104. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**  
5 **BLOCK GRANTS.**

6       (a) **IN GENERAL.**—Section 104(c)(1) of the Housing  
7 and Community Development Act of 1974 (42 U.S.C.  
8 5304(c)(1)) is amended by inserting before the comma the  
9 following: “, which shall include making a good faith effort  
10 to carry out the strategy established under section  
11 105(b)(4) of such Act by the unit of general local govern-  
12 ment to remove barriers to affordable housing”.

13       (b) **RULE OF CONSTRUCTION.**—The amendment  
14 made by subsection (a) may not be construed to create  
15 any new private right of action.

16 **SEC. 105. REGULATORY BARRIERS CLEARINGHOUSE.**

17       Section 1205 of the Housing and Community Devel-  
18 opment Act of 1992 (42 U.S.C. 12705d) is amended—

19           (1) in subsection (a)—

20               (A) in the matter preceding paragraph (1),  
21               by striking “receive, collect, process, and assem-  
22               ble” and inserting “serve as a national reposi-  
23               tory to receive, collect, process, assemble, and  
24               disseminate”;

25               (B) in paragraph (1)—

1 (i) by striking “, including” and in-  
2 serting “(including”;

3 (ii) by inserting before the semicolon  
4 at the end the following: “), and the preva-  
5 lence and effects on affordable housing of  
6 such laws, regulations, and policies”;

7 (C) in paragraph (2), by inserting before  
8 the semicolon the following: “, including par-  
9 ticularly innovative or successful activities,  
10 strategies, and plans”; and

11 (D) in paragraph (3), by inserting before  
12 the period at the end the following: “, including  
13 particularly innovative or successful strategies,  
14 activities, and plans”;

15 (2) in subsection (b)—

16 (A) in paragraph (1), by striking “and” at  
17 the end;

18 (B) in paragraph (2), by striking the pe-  
19 riod at the end and inserting “; and”;

20 (C) by adding at the end the following new  
21 paragraph:

22 “(3) by making available through a World Wide  
23 Web site of the Department, by electronic mail, or  
24 otherwise, provide to each housing agency of a unit  
25 of general local government that serves an area hav-

1       ing a population greater than 100,000, an index of  
2       all State and local strategies and plans submitted  
3       under subsection (a) to the clearinghouse, which—

4               “(A) shall describe the types of barriers to  
5       affordable housing that the strategy or plan  
6       was designed to ameliorate or remove; and

7               “(B) shall, not later than 30 days after  
8       submission to the clearinghouse of any new  
9       strategy or plan, be updated to include the new  
10      strategy or plan submitted.”; and

11      (3) by adding at the end the following new sub-  
12      sections:

13      “(c) ORGANIZATION.—The clearinghouse under this  
14      section shall be established within the Office of Policy De-  
15      velopment of the Department of Housing and Urban De-  
16      velopment and shall be under the direction of the Assist-  
17      ant Secretary for Policy Development and Research.

18      “(d) TIMING.—The clearinghouse under this section  
19      (as amended by section 105 of the Affordable Housing  
20      Barrier Removal Act of 1998) shall be established and  
21      commence carrying out the functions of the clearinghouse  
22      under this section not later than 1 year after the date of  
23      the enactment of such Act. The Secretary of Housing and  
24      Urban Development may comply with the requirements  
25      under this section by reestablishing the clearinghouse that

1 was originally established to comply with this section and  
2 updating and improving such clearinghouse to the extent  
3 necessary to comply with the requirements of this section  
4 as in effect pursuant to the enactment of such Act.”.

5 **TITLE II—HOMEOWNERSHIP**  
6 **THROUGH MORTGAGE INSUR-**  
7 **ANCE AND LOAN GUARAN-**  
8 **TEES**

9 **SEC. 201. ADJUSTABLE RATE MORTGAGES.**

10 Section 251(c) of the National Housing Act (12  
11 U.S.C. 1715z–16(c)) is amended—

12 (1) by striking “(c) The” and inserting “(c)(1)  
13 Except as provided in paragraph (2), the”; and

14 (2) by adding at the end the following new  
15 paragraph:

16 “(2)(A) The Secretary may, not less than 30 days  
17 after submitting to the Congress a written finding under  
18 subparagraph (B), insure under this section in the fiscal  
19 year for which the finding is submitted an aggregate num-  
20 ber of mortgages and loans not exceeding 40 percent of  
21 the aggregate number of mortgages and loans insured by  
22 the Secretary under this title during the preceding fiscal  
23 year.

24 “(B) A finding under this subparagraph is a finding  
25 that—

1           “(I) the limitation under paragraph (1) on au-  
2           thority to insure mortgages and loans during a fiscal  
3           year will be reached before the end of that fiscal  
4           year;

5           “(II) an increase in such limitation is necessary  
6           to meet the demand for insurance under this section  
7           during the fiscal year;

8           “(III) the Mutual Mortgage Insurance Fund is  
9           actuarially sound; and

10           “(IV) an increase in such limitation will not ad-  
11           versely impact the actuarial soundness of the Mutual  
12           Mortgage Insurance Fund.”.

13 **SEC. 202. HOUSING INSPECTION STUDY.**

14           The Comptroller General of the United States shall  
15           conduct a study regarding the inspection of properties  
16           purchased with loans insured under section 203 of the Na-  
17           tional Housing Act. The study shall evaluate—

18           (1) the feasibility of requiring inspections of  
19           properties purchased with loans insured under such  
20           section;

21           (2) the level of financial losses or savings to the  
22           Mutual Mortgage Insurance Fund that are likely to  
23           occur if inspections are required on properties pur-  
24           chased with loans insured under such section;

1           (3) the potential impact on the process of buy-  
2           ing a home if inspections of properties purchased  
3           with loans insured under such section are required,  
4           including the process of buying a home in under-  
5           served areas where losses to the Mutual Mortgage  
6           Insurance Fund are greatest;

7           (4) the difference, if any, in the quality of  
8           homes purchased with loans insured under such sec-  
9           tion that are inspected before purchase and such  
10          homes that are not inspected before purchase;

11          (5) the cost to homebuyers of requiring inspec-  
12          tions before purchase of properties with loans in-  
13          sured under such section;

14          (6) the extent, if any, to which requiring inspec-  
15          tions of properties purchased with loans insured  
16          under such section will result in adverse selection of  
17          loans insured under such section; and

18          (7) homebuyer knowledge regarding property  
19          inspections and the extent to which such knowledge  
20          affects the decision of homebuyers to opt for or  
21          against having a property inspection before purchas-  
22          ing a home.

23 **SEC. 203. DEFINITION OF AREA.**

24          (a) DISCRETION TO ENLARGE AREAS AND MEDIAN  
25          PRICE IN MSA'S.—Section 203(b)(2) of the National

1 Housing Act (12 U.S.C. 1709(b)(2)) is amended, the first  
2 sentence after subparagraph (B), by inserting before the  
3 period the following: “; except that the Secretary may pro-  
4 vide that any county or statistical area, together with any  
5 counties contiguous or proximate to such county or statis-  
6 tical area, be treated as a single area for purposes of the  
7 preceding sentence; and except that the median 1-family  
8 housing price for any metropolitan statistical area shall  
9 be equal to the median 1-family housing price of the coun-  
10 ty within the area that has the highest such median  
11 price”.

12 (b) MEDIAN PRICE IN EXPANDED MSA’S.—The first  
13 sentence after subparagraph (B) of section 203(b)(2) of  
14 the National Housing Act (12 U.S.C. 1709(b)(2)), as  
15 amended by subsection (a) of this section, is further  
16 amended by inserting before the period at the end the fol-  
17 lowing: “; and except that for fiscal year 1999 the median  
18 1-family housing price for any area (for purposes of the  
19 preceding sentence) that consists of a metropolitan statis-  
20 tical area together with the counties contiguous or proxi-  
21 mate to such metropolitan statistical area shall be equal  
22 to the median 1-family housing price of the county within  
23 such area (for purposes of the preceding sentence) that  
24 has the highest such median price”.

1 **SEC. 204. EXTENSION OF LOAN TERM FOR MANUFACTURED**  
2 **HOME LOTS.**

3 Section 2(b)(3)(E) of the National Housing Act (12  
4 U.S.C. 1703(b)(3)(E)) is amended by striking “fifteen”  
5 and inserting “twenty”.

6 **SEC. 205. REPEAL OF REQUIREMENTS FOR APPROVAL FOR**  
7 **INSURANCE PRIOR TO START OF CONSTRU-**  
8 **CTION.**

9 The National Housing Act is amended—

10 (1) in section 203 (12 U.S.C. 1709)—

11 (A) in subsection (b)(2), by striking the  
12 4th sentence in the first undesignated para-  
13 graph following subparagraph (B); and

14 (B) in subsection (i), by striking “(or, in  
15 any case” and all that follows through “90 cen-  
16 tum)””; and

17 (2) in section 220(d)(3)(A)(i) (12 U.S.C.  
18 1715k(d)(3)(A)(i)), by striking “(but, in any case”  
19 and all that follows through “90 per centum)”.

20 **SEC. 206. REHABILITATION DEMONSTRATION GRANT PRO-**  
21 **GRAM.**

22 (a) **SHORT TITLE.**—Effective immediately after the  
23 enactment of the Departments of Veterans Affairs and  
24 Housing and Urban Development, and Independent Agen-  
25 cies Appropriations Act, 1999, section 599G of such Act  
26 is amended—

1           (1) by redesignating subsections (a), (b), (c),  
2           (d), (e), (f), and (g) as subsections (b), (c), (d), (e),  
3           (f), (g), and (h), respectively; and

4           (2) by inserting before subsection (b) (as so re-  
5           designated) the following new subsection:

6           “(a) **SHORT TITLE.**—This section may be cited as the  
7           ‘Joseph P. Kennedy II Homeownership Rehabilitation  
8           Demonstration Grant Act’.”.

9           (b) **AVAILABILITY OF MMIF.**—Section 205 of the  
10          National Housing Act (12 U.S.C. 1711) is amended by  
11          adding at the end the following new subsection:

12          “(i) **AVAILABILITY FOR REHABILITATION PRO-**  
13          **GRAM.**—Amounts in the Mutual Mortgage Insurance  
14          Fund shall be available to the Secretary during fiscal year  
15          1999 to carry out the program under section 599G of the  
16          Quality Housing and Work Responsibility Act of 1998, ex-  
17          cept that the Secretary may not use more than an aggre-  
18          gate of \$25,000,000 from the Mutual Mortgage Insurance  
19          Fund for such purpose.”.

20                               **TITLE III—SECTION 8**  
21                               **HOMEOWNERSHIP OPTION**

22          **SEC. 301. DOWNPAYMENT ASSISTANCE.**

23          (a) **AMENDMENTS.**—Section 8(y) of the United  
24          States Housing Act of 1937 (42 U.S.C. 1437f(y)) is  
25          amended—

1           (1) by redesignating paragraph (7) as para-  
2 graph (8); and

3           (2) by inserting after paragraph (6) the follow-  
4 ing new paragraph:

5           “(7) DOWNPAYMENT ASSISTANCE.—

6                   “(A) AUTHORITY.—A public housing agen-  
7 cy may, in lieu of providing monthly assistance  
8 payments under this subsection on behalf of a  
9 family eligible for such assistance and at the  
10 discretion of the public housing agency, provide  
11 assistance for the family in the form of a single  
12 grant to be used only as a contribution toward  
13 the downpayment required in connection with  
14 the purchase of a dwelling for fiscal year 2000  
15 and each fiscal year thereafter to the extent  
16 provided in advance in appropriations Acts.

17                   “(B) AMOUNT.—The amount of a down-  
18 payment grant on behalf of an assisted family  
19 may not exceed the amount that is equal to the  
20 sum of the assistance payments that would be  
21 made during the first year of assistance on be-  
22 half of the family, based upon the income of the  
23 family at the time the grant is to be made.”.

24           (b) EFFECTIVE DATE.—The amendments made by  
25 subsection (a) shall take effect immediately after the

1 amendments made by section 555(c) of the Quality Hous-  
2 ing and Work Responsibility Act of 1998 take effect pur-  
3 suant to such section.

4 **TITLE IV—HOME INVESTMENT**  
5 **PARTNERSHIPS PROGRAM**

6 **SEC. 401. REAUTHORIZATION.**

7 Section 205 of the Cranston-Gonzalez National Af-  
8 fordable Housing Act (42 U.S.C. 12724) is amended to  
9 read as follows:

10 **“SEC. 205. AUTHORIZATION.**

11 “(a) IN GENERAL.—There are authorized to be ap-  
12 propriated to carry out this title \$1,600,000,000 for fiscal  
13 year 1999 and such sums as may be necessary for each  
14 of fiscal years 2000 through 2003, of which—

15 “(1) not more than \$25,000,000 in each such  
16 fiscal year shall be for community housing partner-  
17 ship activities authorized under section 233; and

18 “(2) not more than \$15,000,000 in each such  
19 fiscal year shall be for activities in support of State  
20 and local housing strategies authorized under sub-  
21 title C.

22 “(b) PROHIBITION OF SET-ASIDES.—Except as pro-  
23 vided in subsection (a) of this section and section  
24 217(a)(3), amounts appropriated pursuant to subsection  
25 (a) or otherwise to carry out this title shall be used only

1 for formula-based grants allocated pursuant to section 217  
2 and may not be otherwise used unless the provision of law  
3 providing for such other use specifically refers to this sub-  
4 section and specifically states that such provision modifies  
5 or supersedes the provisions of this subsection.”.

6 **SEC. 402. ELIGIBILITY OF LIMITED EQUITY COOPERATIVES**  
7 **AND MUTUAL HOUSING ASSOCIATIONS.**

8 (a) CONGRESSIONAL FINDINGS.—Section 202(10) of  
9 the Cranston-Gonzalez National Affordable Housing Act  
10 (42 U.S.C. 12721(10)) is amended by inserting “mutual  
11 housing associations,” after “limited equity cooperatives,”.

12 (b) DEFINITIONS.—Section 104 of the Cranston-  
13 Gonzalez National Affordable Housing Act (42 U.S.C.  
14 12704) is amended—

15 (1) by redesignating paragraph (23) as para-  
16 graph (22);

17 (2) by redesignating paragraph (24) (relating to  
18 the definition of “insular area”) as paragraph (23);

19 and

20 (3) by adding at the end the following new  
21 paragraphs:

22 “(26) The term ‘limited equity cooperative’  
23 means a cooperative housing corporation which, in a  
24 manner determined by the Secretary to be accept-  
25 able, restricts income eligibility of purchasers of

1 membership shares of stock in the cooperative cor-  
2 poration or the initial and resale price of such  
3 shares, or both, so that the shares remain available  
4 and affordable to low-income families.

5 “(27) The term ‘mutual housing association’  
6 means a private entity that—

7 “(A) is organized under State law;

8 “(B) is described in section 501(c) of the  
9 Internal Revenue Code of 1986 and exempt  
10 from taxation under section 501(a) of such  
11 Code;

12 “(C) owns, manages, and continuously de-  
13 velops affordable housing by providing long-  
14 term housing for low- and moderate-income  
15 families;

16 “(D) provides that eligible families who  
17 purchase membership interests in the associa-  
18 tion shall have a right to residence in a dwelling  
19 unit in the housing during the period that they  
20 hold such membership interest; and

21 “(E) provides for the residents of such  
22 housing to participate in the ongoing manage-  
23 ment of the housing.”.

1 (c) ELIGIBILITY.—Section 215 of the Cranston-Gon-  
2 zalez National Affordable Housing Act (42 U.S.C. 12745)  
3 is amended—

4 (1) in subsection (b), by adding after and below  
5 paragraph (4) the following:

6 “Housing that is owned by a limited equity cooperative  
7 or a mutual housing association may be considered by a  
8 participating jurisdiction to be housing for homeownership  
9 for purposes of this title to the extent that ownership or  
10 membership in such a cooperative or association, respec-  
11 tively, constitutes homeownership under State or local  
12 laws.”; and

13 (2) in subsection (a), by adding at the end the  
14 following new paragraph:

15 “(6) LIMITED EQUITY COOPERATIVES AND MU-  
16 TUAL HOUSING ASSOCIATIONS.—Housing that is  
17 owned by a limited equity cooperative or a mutual  
18 housing association may be considered by a partici-  
19 pating jurisdiction to be rental housing for purposes  
20 of this title to the extent that ownership or member-  
21 ship in such a cooperative or association, respec-  
22 tively, constitutes rental of a dwelling under State or  
23 local laws.”.

1 **SEC. 403. LEVERAGING AFFORDABLE HOUSING INVEST-**  
2 **MENT THROUGH LOCAL LOAN POOLS.**

3 (a) **ELIGIBLE INVESTMENTS.**—Section 212(b) of the  
4 Cranston-Gonzalez National Affordable Housing Act (42  
5 U.S.C. 12742(b)) is amended by inserting after “interest  
6 subsidies” the following: “, advances to provide reserves  
7 for loan pools or to provide partial loan guarantees,”.

8 (b) **TIMELY INVESTMENT OF TRUST FUNDS.**—Sec-  
9 tion 218(e) of the Cranston-Gonzalez National Affordable  
10 Housing Act (42 U.S.C. 12748) is amended to read as  
11 follows:

12 “(e) **INVESTMENT WITHIN 15 DAYS.**—

13 “(1) **IN GENERAL.**—The participating jurisdic-  
14 tion shall, not later than 15 days after funds are  
15 drawn from the jurisdiction’s **HOME** Investment  
16 Trust Fund, invest such funds, together with any in-  
17 terest earned thereon, in the affordable housing for  
18 which the funds were withdrawn.

19 “(2) **LOAN POOLS.**—In the case of a participat-  
20 ing jurisdiction that withdraws Trust Fund amounts  
21 for investment in the form of an advance for re-  
22 serves or partial loan guarantees under a program  
23 providing such credit enhancement for loans for af-  
24 fordable housing, the amounts shall be considered to  
25 be invested for purposes of paragraph (1) upon the  
26 completion of both of the following actions:

1           “(A) Control of the amounts is transferred  
2 to the program.

3           “(B) The jurisdiction and the entity oper-  
4 ating the program enter into a written agree-  
5 ment that—

6                   “(i) provides that such funds may be  
7 used only in connection with such program;

8                   “(ii) defines the terms and conditions  
9 of the loan pool reserve or partial loan  
10 guarantees; and

11                   “(iii) provides that such entity shall  
12 ensure that amounts from non-Federal  
13 sources have been contributed, or are com-  
14 mitted for contribution, to the pool avail-  
15 able for loans for affordable housing that  
16 will be backed by such reserves or loan  
17 guarantees in an amount equal to 10 times  
18 the amount invested from Trust Fund  
19 amounts.”.

20           (c) EXPIRATION OF RIGHT TO WITHDRAW FUNDS.—  
21 Section 218(g) of the Cranston-Gonzalez National Afford-  
22 able Housing Act (42 U.S.C. 12748(g)) is amended to  
23 read as follows:

24           “(g) EXPIRATION OF RIGHT TO DRAW FUNDS.—

1           “(1) IN GENERAL.—If any funds becoming  
2 available to a participating jurisdiction under this  
3 title are not placed under binding commitment to af-  
4 fordable housing within 24 months after the last day  
5 of the month in which such funds are deposited in  
6 the jurisdiction’s HOME Investment Trust Fund,  
7 the jurisdiction’s right to draw such funds from the  
8 HOME Investment Trust Fund shall expire. The  
9 Secretary shall reduce the line of credit in the par-  
10 ticipating jurisdiction’s HOME Investment Trust  
11 Fund by the expiring amount and shall reallocate  
12 the funds by formula in accordance with section  
13 217(d).

14           “(2) LOAN POOLS.—In the case of a participat-  
15 ing jurisdiction that withdraws Trust Fund amounts  
16 for investment in the manner provided under sub-  
17 section (e)(2), the amounts shall be considered to be  
18 placed under binding commitment to affordable  
19 housing for purposes of paragraph (1) of this sub-  
20 section at the time that the amounts are obligated  
21 for use under, and are subject to, a written agree-  
22 ment described in subsection (e)(2)(B).”.

23           (d) TREATMENT OF MIXED INCOME LOAN POOLS AS  
24 AFFORDABLE HOUSING.—

1           (1) IN GENERAL.—Section 215 of the Cran-  
2           ston-Gonzalez National Affordable Housing Act (42  
3           U.S.C. 12745) is amended by adding at the end the  
4           following new subsection:

5           “(c) LOAN POOLS.—Notwithstanding subsections (a)  
6           and (b), housing financed using amounts invested as pro-  
7           vided in section 218(e)(2) shall qualify as affordable hous-  
8           ing only if the housing complies with the following require-  
9           ments:

10           “(1) In the case of housing that is for home-  
11           ownership—

12           “(A) of the units financed with amounts so  
13           invested—

14           “(i) not less than 75 percent are prin-  
15           cipal residences of owners whose families  
16           qualify as low-income families—

17           “(I) in the case of a contract to  
18           purchase existing housing, at the time  
19           of purchase;

20           “(II) in the case of a lease-pur-  
21           chase agreement for existing housing  
22           or for housing to be constructed, at  
23           the time the agreement is signed; or

1 “(III) in the case of a contract to  
2 purchase housing to be constructed, at  
3 the time the contract is signed;

4 “(ii) all are principal residences of  
5 owners whose families qualify as moderate-  
6 income families—

7 “(I) in the case of a contract to  
8 purchase existing housing, at the time  
9 of purchase;

10 “(II) in the case of a lease-pur-  
11 chase agreement for existing housing  
12 or for housing to be constructed, at  
13 the time the agreement is signed; or

14 “(III) in the case of a contract to  
15 purchase housing to be constructed, at  
16 the time the contract is signed; and

17 “(iii) all comply with paragraphs (3)  
18 and (4) of subsection (b), except that para-  
19 graph (3) shall be applied for purposes of  
20 this clause by substituting ‘subsection  
21 (c)(2)(B)’ and ‘low- and moderate-income  
22 homebuyers’ for ‘paragraph (2)’ and ‘low-  
23 income homebuyers’, respectively; and

24 “(B) units made available for purchase  
25 only by families who qualify as low-income fam-

1           ilies shall have an initial purchase price that  
2           complies with the requirements of subsection  
3           (b)(1).

4           “(2) In the case of housing that is for rental,  
5           the housing—

6                       “(A) complies with subparagraphs (D)  
7                       through (F) of subsection (a)(1);

8                       “(B)(i) has not less than 75 percent of the  
9                       units occupied by households that qualify as  
10                      low-income families and is occupied only by  
11                      households that qualify as moderate-income  
12                      families; or

13                     “(ii) temporarily fails to comply with  
14                     clause (i) only because of increases in the in-  
15                     comes of existing tenants and actions satisfac-  
16                     tory to the Secretary are being taken to ensure  
17                     that all vacancies in the housing are being filled  
18                     in accordance with clause (i) until such non-  
19                     compliance is corrected; and

20                     “(C) bears rents, in the case of units made  
21                     available for occupancy only by households that  
22                     qualify as low-income families, that comply with  
23                     the requirements of subsection (a)(1)(A).

24           Paragraphs (4) and (5) of subsection (a) shall apply  
25           to housing that is subject to this subsection.”.

1           (2) DEFINITION.—Section 104 of the Cranston-  
2           Gonzalez National Affordable Housing Act (42  
3           U.S.C. 12704), as amended by section 402 of this  
4           Act, is further amended by adding at the end the  
5           following new paragraph:

6           “(28) The term ‘moderate income families’  
7           means families whose incomes do not exceed the me-  
8           dian income for the area, as determined by the Sec-  
9           retary with adjustments for smaller and larger fami-  
10          lies, except that the Secretary may establish income  
11          ceilings higher or lower than the median income for  
12          the area on the basis of the Secretary’s findings that  
13          such variations are necessary because of prevailing  
14          levels of construction costs or fair market rents, or  
15          unusually high or low family incomes.”.

16 **SEC. 404. LOAN GUARANTEES.**

17          Subtitle A of title II of the Cranston-Gonzalez Na-  
18          tional Affordable Housing Act (42 U.S.C. 12741 et seq.)  
19          is amended by adding at the end the following new section:

20 **“SEC. 227. LOAN GUARANTEES.**

21          “(a) AUTHORITY.—The Secretary may, upon such  
22          terms and conditions as the Secretary may prescribe,  
23          guarantee and make commitments to guarantee, only to  
24          such extent or in such amounts as provided in appropria-  
25          tions Acts, the notes or other obligations issued by eligible

1 participating jurisdictions or by public agencies designated  
2 by and acting on behalf of eligible participating jurisdic-  
3 tions for purposes of financing (including credit enhance-  
4 ments and debt service reserves) the acquisition, new con-  
5 struction, reconstruction, or moderate or substantial reha-  
6 bilitation of affordable housing (including real property ac-  
7 quisition, site improvement, conversion, and demolition),  
8 and other related expenses (including financing costs and  
9 relocation expenses of any displaced persons, families,  
10 businesses, or organizations). Housing funded under this  
11 section shall meet the requirements of this subtitle.

12       “(b) REQUIREMENTS.—Notes or other obligations  
13 guaranteed under this section shall be in such form and  
14 denominations, have such maturities, and be subject to  
15 such conditions as may be prescribed by the Secretary.  
16 The Secretary may not deny a guarantee under this sec-  
17 tion on the basis of the proposed repayment period for  
18 the note or other obligation, unless the period is more than  
19 20 years or the Secretary determines that the period oth-  
20 erwise causes the guarantee to constitute an unacceptable  
21 financial risk.

22       “(c) LIMITATION ON TOTAL NOTES AND OBLIGA-  
23 TIONS.—The Secretary may not guarantee or make a com-  
24 mitment to guarantee any note or other obligation if the  
25 total outstanding notes or obligations guaranteed under

1 this section on behalf of the participating jurisdiction  
2 issuing the note or obligation (excluding any amount  
3 defeased under a contract entered into under subsection  
4 (e)(1)) would thereby exceed an amount equal to 5 times  
5 the amount of the participating jurisdiction's latest alloca-  
6 tion under section 217.

7       “(d) USE OF PROGRAM FUNDS.—Notwithstanding  
8 any other provision of this subtitle, funds allocated to the  
9 participating jurisdiction under this subtitle (including  
10 program income derived therefrom) are authorized for use  
11 in the payment of principal and interest due on the notes  
12 or other obligations guaranteed pursuant to this section  
13 and the payment of such servicing, underwriting, or other  
14 issuance or collection charges as may be specified by the  
15 Secretary.

16       “(e) SECURITY.—To assure the full repayment of  
17 notes or other obligations guaranteed under this section,  
18 and payment of the issuance or collection charges specified  
19 by the Secretary under subsection (d), and as a prior con-  
20 dition for receiving such guarantees, the Secretary shall  
21 require the participating jurisdiction (and its designated  
22 public agency issuer, if any) to—

23               “(1) enter into a contract, in a form acceptable  
24 to the Secretary, for repayment of such notes or  
25 other obligations and the other specified charges;

1           “(2) pledge as security for such repayment any  
2           allocation for which the participating jurisdiction  
3           may become eligible under this subtitle; and

4           “(3) furnish, at the discretion of the Secretary,  
5           such other security as may be deemed appropriate  
6           by the Secretary in making such guarantees, which  
7           may include increments in local tax receipts gen-  
8           erated by the housing assisted under this section or  
9           disposition proceeds from the sale of land or hous-  
10          ing.

11          “(f) REPAYMENT AUTHORITY.—The Secretary may,  
12          notwithstanding any other provision of this subtitle or any  
13          other Federal, State, or local law, apply allocations  
14          pledged pursuant to subsection (e) to any repayments due  
15          the United States as a result of such guarantees.

16          “(g) FULL FAITH AND CREDIT.—The full faith and  
17          credit of the United States is pledged to the payment of  
18          all guarantees made under this section. Any such guaran-  
19          tee made by the Secretary shall be conclusive evidence of  
20          the eligibility of the notes or other obligations for such  
21          guarantee with respect to principal and interest, and the  
22          validity of any such guarantee so made shall be incontest-  
23          able in the hands of a holder of the guaranteed obligations.

24          “(h) TAX STATUS.—With respect to any obligation  
25          guaranteed pursuant to this section, the guarantee and

1 the obligation shall be designed in a manner such that the  
2 interest paid on such obligation shall be included in gross  
3 income for purposes of the Internal Revenue Code of  
4 1986.

5 “(i) MONITORING.—The Secretary shall monitor the  
6 use of guarantees under this section by eligible participat-  
7 ing jurisdictions. If the Secretary finds that 50 percent  
8 of the aggregate guarantee authority for any fiscal year  
9 has been committed, the Secretary may impose limitations  
10 on the amount of guarantees any 1 participating jurisdic-  
11 tion may receive during that fiscal year.

12 “(j) GUARANTEE OF TRUST CERTIFICATES.—

13 “(1) AUTHORITY.—The Secretary may, upon  
14 such terms and conditions as the Secretary deems  
15 appropriate, guarantee the timely payment of the  
16 principal of and interest on such trust certificates or  
17 other obligations as may—

18 “(A) be offered by the Secretary or by any  
19 other offeror approved for purposes of this sub-  
20 section by the Secretary; and

21 “(B) be based on and backed by a trust or  
22 pool composed of notes or other obligations  
23 guaranteed or eligible for guarantee by the Sec-  
24 retary under this section.

1           “(2) FULL FAITH AND CREDIT.—To the same  
2 extent as provided in subsection (g), the full faith  
3 and credit of the United States is pledged to the  
4 payment of all amounts which may be required to be  
5 paid under any guarantee by the Secretary under  
6 this subsection.

7           “(3) SUBROGATION.—In the event the Sec-  
8 retary pays a claim under a guarantee issued under  
9 this section, the Secretary shall be subrogated fully  
10 to the rights satisfied by such payment.

11           “(4) OTHER POWERS AND RIGHTS.—No State  
12 or local law, and no Federal law, shall preclude or  
13 limit the exercise by the Secretary of—

14           “(A) the power to contract with respect to  
15 public offerings and other sales of notes, trust  
16 certificates, and other obligations guaranteed  
17 under this section, upon such terms and condi-  
18 tions as the Secretary deems appropriate;

19           “(B) the right to enforce, by any means  
20 deemed appropriate by the Secretary, any such  
21 contract; and

22           “(C) the Secretary’s ownership rights, as  
23 applicable, in notes, certificates or other obliga-  
24 tions guaranteed under this section, or con-  
25 stituting the trust or pool against which trust

1 certificates or other obligations guaranteed  
2 under this section are offered.

3 “(k) AGGREGATE LIMITATION.—The total amount of  
4 outstanding obligations guaranteed on a cumulative basis  
5 by the Secretary under this section shall not at any time  
6 exceed \$2,000,000,000.”.

7 **TITLE V—LOCAL**  
8 **HOMEOWNERSHIP INITIATIVES**

9 **SEC. 501. REAUTHORIZATION OF NEIGHBORHOOD REIN-**  
10 **VESTMENT CORPORATION.**

11 Section 608(a)(1) of the Neighborhood Reinvestment  
12 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by  
13 striking the first sentence and inserting the following:  
14 “There are authorized to be appropriated to the corpora-  
15 tion to carry out this title \$90,000,000 for each of fiscal  
16 years 1999 through 2003. Of any amounts made available  
17 pursuant to this subsection for fiscal year 1999,  
18 \$25,000,000 shall be for a pilot homeownership initiative,  
19 including an evaluation by an independent third party to  
20 determine its effectiveness.”.

21 **SEC. 502. HOMEOWNERSHIP ZONES.**

22 Section 186 of the Housing and Community Develop-  
23 ment Act of 1992 (42 U.S.C. 12898a) is amended to read  
24 as follows:

1 **“SEC. 186. HOMEOWNERSHIP ZONE GRANTS.**

2       “(a) **AUTHORITY.**—The Secretary of Housing and  
3 Urban Development may make grants to units of general  
4 local government to assist homeownership zones. Home-  
5 ownership zones are contiguous, geographically defined  
6 areas, primarily residential in nature, in which large-scale  
7 development projects are designed to reclaim distressed  
8 neighborhoods by creating homeownership opportunities  
9 for low- and moderate-income families. Projects in home-  
10 ownership zones are intended to serve as a catalyst for  
11 private investment, business creation, and neighborhood  
12 revitalization.

13       “(b) **ELIGIBLE ACTIVITIES.**—Amounts made avail-  
14 able under this section may be used for projects that in-  
15 clude any of the following activities in the homeownership  
16 zone:

17               “(1) Acquisition, construction, and rehabilita-  
18 tion of housing.

19               “(2) Site acquisition and preparation, including  
20 demolition, construction, reconstruction, or installa-  
21 tion of public and other site improvements and utili-  
22 ties directly related to the homeownership zone.

23               “(3) Direct financial assistance to homebuyers.

24               “(4) Homeownership counseling.

25               “(5) Relocation assistance.

1           “(6) Marketing costs, including affirmative  
2 marketing activities.

3           “(7) Other project-related costs.

4           “(8) Reasonable administrative costs (up to 5  
5 percent of the grant amount).

6           “(9) Other housing-related activities proposed  
7 by the applicant as essential to the success of the  
8 homeownership zone and approved by the Secretary.

9           “(c) APPLICATION.—To be eligible for a grant under  
10 this section, a unit of general local government shall sub-  
11 mit an application for a homeownership zone grant in such  
12 form and in accordance with such procedures as the Sec-  
13 retary shall establish.

14           “(d) SELECTION CRITERIA.—The Secretary shall se-  
15 lect applications for funding under this section through  
16 a national competition, using selection criteria established  
17 by the Secretary, which shall include—

18           “(1) the degree to which the proposed activities  
19 will result in the improvement of the economic, so-  
20 cial, and physical aspects of the neighborhood and  
21 the lives of its residents through the creation of new  
22 homeownership opportunities;

23           “(2) the levels of distress in the homeownership  
24 zone as a whole, and in the immediate neighborhood  
25 of the project for which assistance is requested;

1           “(3) the financial soundness of the plan for fi-  
2           nancing homeownership zone activities;

3           “(4) the leveraging of other resources; and

4           “(5) the capacity to successfully carry out the  
5           plan.

6           “(e) GRANT APPROVAL AMOUNTS.—The Secretary  
7           may establish a maximum amount for any grant for any  
8           funding round under this section. A grant may not be  
9           made in an amount that exceeds the amount that the Sec-  
10          retary determines is necessary to fund the project for  
11          which the application is made.

12          “(f) PROGRAM REQUIREMENTS.—A homeownership  
13          zone proposal shall—

14                 “(1) provide for a significant number of new  
15                 homeownership opportunities that will make a visible  
16                 improvement in an immediate neighborhood;

17                 “(2) not be inconsistent with such planning and  
18                 design principles as may be prescribed by the Sec-  
19                 retary;

20                 “(3) be designed to stimulate additional invest-  
21                 ment in that area;

22                 “(4) provide for partnerships with persons or  
23                 entities in the private and nonprofit sectors;

24                 “(5) incorporate a comprehensive approach to  
25                 revitalization of the neighborhood;

1           “(6) establish a detailed time-line for com-  
2           mencement and completion of construction activities;  
3           and

4           “(7) provide for affirmatively furthering fair  
5           housing.

6           “(g) INCOME TARGETING.—At least 51 percent of  
7           the homebuyers assisted with funds under this section  
8           shall have household incomes at or below 80 percent of  
9           median income for the area, as determined by the Sec-  
10          retary.

11          “(h) ENVIRONMENTAL REVIEW.—For purposes of  
12          environmental review, decisionmaking, and action pursu-  
13          ant to the National Environmental Policy Act of 1969 and  
14          other provisions of law that further the purposes of such  
15          Act, a grant under this section shall be treated as assist-  
16          ance under the HOME Investment Partnerships Act and  
17          shall be subject to the regulations issued by the Secretary  
18          to implement section 288 of such Act.

19          “(i) REVIEW, AUDIT, AND REPORTING.—The Sec-  
20          retary shall make such reviews and audits and establish  
21          such reporting requirements as may be necessary or ap-  
22          propriate to determine whether the grantee has carried out  
23          its activities in a timely manner and in accordance with  
24          the requirements of this section. The Secretary may ad-  
25          just, reduce, or withdraw amounts made available, or take

1 other action as appropriate, in accordance with the Sec-  
2 retary's performance reviews and audits under this sec-  
3 tion.

4 “(j) AUTHORIZATION.—There are authorized to be  
5 appropriated to carry out this section \$25,000,000 for fis-  
6 cal year 1999 and such sums as may be necessary for fis-  
7 cal year 2000, to remain available until expended.”.

8 **SEC. 503. LEASE-TO-OWN.**

9 (a) SENSE OF CONGRESS.—It is the sense of the Con-  
10 gress that residential tenancies under lease-to-own provi-  
11 sions can facilitate homeownership by low- and moderate-  
12 income families and provide opportunities for homeowner-  
13 ship for such families who might not otherwise be able  
14 to afford homeownership.

15 (b) REPORT.—Not later than the expiration of the  
16 3-month period beginning on the date of the enactment  
17 of this Act, the Secretary of Housing and Urban Develop-  
18 ment shall submit a report to the Congress—

19 (1) analyzing whether lease-to-own provisions  
20 can be effectively incorporated within the HOME in-  
21 vestment partnerships program, the public housing  
22 program, the tenant-based rental assistance program  
23 under section 8 of the United States Housing Act of  
24 1937, or any other programs of the Department to

1 facilitate homeownership by low- or moderate-income  
2 families; and

3 (2) any legislative or administrative changes  
4 necessary to alter or amend such programs to allow  
5 the use of lease-to-own options to provide home-  
6 ownership opportunities.

7 **SEC. 504. LOCAL CAPACITY BUILDING.**

8 Section 4 of the HUD Demonstration Act of 1993  
9 (42 U.S.C. 9816 note) is amended—

10 (1) in subsection (a), by inserting “National  
11 Association of Housing Partnerships,” after “Hu-  
12 manity,”; and

13 (2) in subsection (e), by striking “\$25,000,000”  
14 and all that follows and inserting “, for each fiscal  
15 year, such sums as may be necessary to carry out  
16 this section.”.

17 **TITLE VI—MANUFACTURED**  
18 **HOUSING IMPROVEMENT**

19 **SEC. 601. SHORT TITLE AND REFERENCES.**

20 (a) **SHORT TITLE.**—This title may be cited as the  
21 “Manufactured Housing Improvement Act”.

22 (b) **REFERENCES.**—Whenever in this title an amend-  
23 ment is expressed in terms of an amendment to, or repeal  
24 of, a section or other provision, the reference shall be con-  
25 sidered to be made to that section or other provision of

1 the National Manufactured Housing Construction and  
2 Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.).

3 **SEC. 602. FINDINGS AND PURPOSES.**

4 Section 602 (42 U.S.C. 5401) is amended to read as  
5 follows:

6 “FINDINGS AND PURPOSES

7 “SEC. 602. (a) FINDINGS.—The Congress finds  
8 that—

9 “(1) manufactured housing plays a vital role in  
10 meeting the housing needs of the Nation; and

11 “(2) manufactured homes provide a significant  
12 resource for affordable homeownership and rental  
13 housing accessible to all Americans.

14 “(b) PURPOSES.—The purposes of this title are—

15 “(1) to facilitate the acceptance of the quality,  
16 durability, safety, and affordability of manufactured  
17 housing within the Department of Housing and  
18 Urban Development;

19 “(2) to facilitate the availability of affordable  
20 manufactured homes and to increase homeownership  
21 for all Americans;

22 “(3) to provide for the establishment of prac-  
23 tical, uniform, and, to the extent possible, perform-  
24 ance-based Federal construction standards;

25 “(4) to encourage innovative and cost-effective  
26 construction techniques;

1           “(5) to protect owners of manufactured homes  
2 from unreasonable risk of personal injury and prop-  
3 erty damage;

4           “(6) to establish a balanced consensus process  
5 for the development, revision, and interpretation of  
6 Federal construction and safety standards for manu-  
7 factured homes and related regulations for the en-  
8 forcement of such standards;

9           “(7) to ensure uniform and effective enforce-  
10 ment of Federal construction and safety standards  
11 for manufactured homes; and

12           “(8) to ensure that the public interest in, and  
13 need for, affordable manufactured housing is duly  
14 considered in all determinations relating to the Fed-  
15 eral standards and their enforcement.”.

16 **SEC. 603. DEFINITIONS.**

17           (a) IN GENERAL.—Section 603 (42 U.S.C. 5402) is  
18 amended—

19           (1) in paragraph (2), by striking “dealer” and  
20 inserting “retailer”;

21           (2) in paragraph (12), by striking “and” at the  
22 end;

23           (3) in paragraph (13), by striking the period at  
24 the end and inserting a semicolon; and

1           (4) by adding at the end the following new  
2 paragraphs:

3           “(14) ‘administering organization’ means the  
4 recognized, voluntary, private sector, consensus  
5 standards body with specific experience in developing  
6 model residential building codes and standards in-  
7 volving all disciplines regarding construction and  
8 safety that administers the consensus standards de-  
9 velopment process;

10           “(15) ‘consensus committee’ means the commit-  
11 tee established under section 604(a)(3);

12           “(16) ‘consensus standards development proc-  
13 ess’ means the process by which additions, revisions,  
14 and interpretations to the Federal manufactured  
15 home construction and safety standards and enforce-  
16 ment regulations shall be developed and rec-  
17 ommended to the Secretary by the consensus com-  
18 mittee;

19           “(17) ‘primary inspection agency’ means a  
20 State agency or private organization that has been  
21 approved by the Secretary to act as a design ap-  
22 proval primary inspection agency or a production in-  
23 spection primary inspection agency, or both;

24           “(18) ‘design approval primary inspection agen-  
25 cy’ means a State agency or private organization

1 that has been approved by the Secretary to evaluate  
2 and either approve or disapprove manufactured  
3 home designs and quality control procedures;

4 “(19) ‘production inspection primary inspection  
5 agency’ means a State agency or private organiza-  
6 tion that has been approved by the Secretary to  
7 evaluate the ability of manufactured home manufac-  
8 turing plants to comply with approved quality con-  
9 trol procedures and with the Federal manufactured  
10 home construction and safety standards promulgated  
11 hereunder; and

12 “(20) ‘monitoring’—

13 “(A) means the process of periodic review  
14 of the primary inspection agencies, by the Sec-  
15 retary or by a State agency under an approved  
16 State plan pursuant to section 623, in accord-  
17 ance with regulations recommended by the con-  
18 sensus committee and promulgated in accord-  
19 ance with section 604(b), which process shall be  
20 for the purpose of ensuring that the primary in-  
21 spection agencies are discharging their duties  
22 under this title; and

23 “(B) may include the periodic inspection of  
24 retail locations for transit damage, label tam-  
25 pering, and retailer compliance with this title.”.

1 (b) CONFORMING AMENDMENTS.—The National  
2 Manufactured Housing Construction and Safety Stand-  
3 ards Act of 1974 is amended—

4 (1) in section 613 (42 U.S.C. 5412), by striking  
5 “dealer” each place it appears and inserting “re-  
6 tailer”;

7 (2) in section 614(f) (42 U.S.C. 5413(f)), by  
8 striking “dealer” each place it appears and inserting  
9 “retailer”;

10 (3) in section 615 (42 U.S.C. 5414)—

11 (A) in subsection (b)(1), by striking “deal-  
12 er” and inserting “retailer”;

13 (B) in subsection (b)(3), by striking “deal-  
14 er or dealers” and inserting “retailer or retail-  
15 ers”; and

16 (C) in subsections (d) and (f), by striking  
17 “dealers” each place it appears and inserting  
18 “retailers”;

19 (4) in section 616 (42 U.S.C. 5415), by striking  
20 “dealer” and inserting “retailer”; and

21 (5) in section 623(c)(9), by striking “dealers”  
22 and inserting “retailers”.

23 **SEC. 604. FEDERAL MANUFACTURED HOME CONSTRUC-**  
24 **TION AND SAFETY STANDARDS.**

25 Section 604 (42 U.S.C. 5304) is amended—

1           (1) by striking subsections (a) and (b) and in-  
2           serting the following new subsections:

3           “(a) ESTABLISHMENT.—

4           “(1) AUTHORITY.—The Secretary shall estab-  
5           lish, by order, appropriate Federal manufactured  
6           home construction and safety standards, each of  
7           which—

8           “(A) shall—

9           “(i) be reasonable and practical;

10           “(ii) meet high standards of protec-  
11           tion consistent with the enumerated pur-  
12           poses of this title; and

13           “(iii) where appropriate, be perform-  
14           ance-based and stated objectively; and

15           “(B) except as provided in subsection (b),  
16           shall be established in accordance with the con-  
17           sensus standards development process.

18           “(2) CONSENSUS STANDARDS AND REGU-  
19           LATORY DEVELOPMENT PROCESS.—

20           “(A) INITIAL AGREEMENT.—Not later  
21           than 180 days after the date of enactment of  
22           the Manufactured Housing Improvement Act,  
23           the Secretary shall enter into a contract with  
24           an administering organization. The contractual  
25           agreement shall—

1 “(i) terminate on the date on which a  
2 contract is entered into under subpara-  
3 graph (B); and

4 “(ii) require the administering organi-  
5 zation to—

6 “(I) appoint the initial members  
7 of the consensus committee under  
8 paragraph (3);

9 “(II) administer the consensus  
10 standards development process until  
11 the termination of that agreement;  
12 and

13 “(III) administer the consensus  
14 development and interpretation proc-  
15 ess for procedural and enforcement  
16 regulations and regulations specifying  
17 the permissible scope and conduct of  
18 monitoring until the termination of  
19 that agreement.

20 “(B) COMPETITIVELY PROCURED CON-  
21 TRACT.—Upon the expiration of the 4-year pe-  
22 riod beginning on the date on which all mem-  
23 bers of the consensus committee are appointed  
24 under paragraph (3), the Secretary shall, using  
25 competitive procedures (as such term is defined

1 in section 4 of the Office of Federal Procure-  
2 ment Policy Act), enter into a competitively  
3 awarded contract with an administering organi-  
4 zation. The administering organization shall ad-  
5 minister the consensus process for the develop-  
6 ment and interpretation of the Federal stand-  
7 ards, the procedural and enforcement regula-  
8 tions and regulations specifying the permissible  
9 scope and conduct of monitoring in accordance  
10 with this title.

11 “(C) PERFORMANCE REVIEW.—The Sec-  
12 retary—

13 “(i) shall periodically review the per-  
14 formance of the administering organiza-  
15 tion; and

16 “(ii) may replace the administering  
17 organization with another qualified tech-  
18 nical or building code organization, pursu-  
19 ant to competitive procedures, if the Sec-  
20 retary determines in writing that the ad-  
21 ministering organization is not fulfilling  
22 the terms of the agreement or contract to  
23 which the administering organization is  
24 subject or upon the expiration of the  
25 agreement or contract.

1           “(3) CONSENSUS COMMITTEE.—

2           “(A) PURPOSE.—There is established a  
3 committee to be known as the ‘consensus com-  
4 mittee’, which shall, in accordance with this  
5 title—

6           “(i) provide periodic recommendations  
7 to the Secretary to adopt, revise, and inter-  
8 pret the Federal manufactured housing  
9 construction and safety standards in ac-  
10 cordance with this subsection;

11           “(ii) provide periodic recommenda-  
12 tions to the Secretary to adopt, revise, and  
13 interpret the procedural and enforcement  
14 regulations, including regulations specify-  
15 ing the permissible scope and conduct of  
16 monitoring in accordance with this sub-  
17 section; and

18           “(iii) be organized and carry out its  
19 business in a manner that guarantees a  
20 fair opportunity for the expression and  
21 consideration of various positions and for  
22 public participation.

23           “(B) MEMBERSHIP.—The consensus com-  
24 mittee shall be composed of—

1                   “(i) 25 voting members appointed,  
2                   subject to approval by the Secretary, by  
3                   the administering organization from among  
4                   individuals who are qualified by back-  
5                   ground and experience to participate in the  
6                   work of the consensus committee; and

7                   “(ii) 1 member appointed by the Sec-  
8                   retary to represent the Secretary on the  
9                   consensus committee, who shall be a non-  
10                  voting member.

11                  “(C) DISAPPROVAL.—The Secretary may  
12                  disapprove, in writing with the reasons set  
13                  forth, the appointment of an individual under  
14                  subparagraph (B)(i).

15                  “(D) SELECTION PROCEDURES AND RE-  
16                  QUIREMENTS.—Each member shall be ap-  
17                  pointed in accordance with the selection proce-  
18                  dures, which shall be established by the Sec-  
19                  retary and which shall be based on the proce-  
20                  dures for consensus committees promulgated by  
21                  the American National Standards Institute (or  
22                  successor organization), except that the Amer-  
23                  ican National Standards Institute interest cat-  
24                  egories shall be modified for purposes of this  
25                  paragraph to ensure equal representation on

1 the consensus committee of the following inter-  
2 est categories:

3 “(i) HOME PRODUCERS.—Five per-  
4 sons representing manufacturers of manu-  
5 factured homes.

6 “(ii) OTHER BUSINESS INTERESTS.—  
7 Five persons representing other business  
8 interests involved in the manufactured  
9 housing industry such as retailers, install-  
10 ers, lenders, insurers, suppliers of prod-  
11 ucts, and community owners. The business  
12 interests represented in this category shall  
13 not be owned or controlled by manufactur-  
14 ers represented under clause (i).

15 “(iii) CONSUMERS.—Five persons rep-  
16 resenting homeowners and consumer inter-  
17 ests, such as consumer organizations, com-  
18 munity organizations, recognized consumer  
19 leaders, and manufactured homeowners  
20 owners and occupants.

21 “(iv) PUBLIC OFFICIALS.—Five per-  
22 sons who are State or local officials such  
23 as building code enforcement or inspection  
24 officials, fire marshals, and including rep-

1           representatives of State administrative agen-  
2           cies.

3           “(v) GENERAL INTEREST.—Five per-  
4           sons representing the public such as archi-  
5           tects, engineers, homebuilders, academi-  
6           cians, and developers.

7           “(E) ADDITIONAL QUALIFICATIONS.—An  
8           individual appointed under clause (iii), (iv), or  
9           (v) of subparagraph (D) shall not have—

10           “(i) a significant financial interest in  
11           any segment of the manufactured housing  
12           industry; or

13           “(ii) a significant relationship to any  
14           person engaged in the manufactured hous-  
15           ing industry.

16           “(F) MEETINGS.—

17           “(i) NOTICE; OPEN TO PUBLIC.—The  
18           consensus committee shall provide advance  
19           notice of each meeting of the consensus  
20           committee to the Secretary and publish ad-  
21           vance notice of each such meeting in the  
22           Federal Register. All meetings of the con-  
23           sensus committee shall be open to the pub-  
24           lic.

1           “(ii) REIMBURSEMENT.—Members of  
2           the consensus committee in attendance at  
3           the meetings shall be reimbursed for their  
4           actual expenses as authorized by section  
5           5703 of title 5, United States Code, for  
6           persons employed intermittently in Govern-  
7           ment service.

8           “(G) INAPPLICABILITY OF OTHER LAWS.—

9           “(i) ADVISORY COMMITTEE ACT.—The  
10          consensus committee shall not be consid-  
11          ered to be an advisory committee for pur-  
12          poses of the Federal Advisory Committee  
13          Act.

14          “(ii) TITLE 18.—The members of the  
15          consensus committee shall not be subject  
16          to section 203, 205, 207, or 208 of title  
17          18, United States Code, to the extent of  
18          their proper participation as members of  
19          the consensus committee.

20          “(iii) ETHICS IN GOVERNMENT ACT  
21          OF 1978.—The Ethics in Government Act  
22          of 1978 shall not apply to members of the  
23          consensus committee to the extent of their  
24          proper participation as members of the  
25          consensus committee.

1           “(H) ADMINISTRATION.—The consensus  
2 committee and the administering organization  
3 shall—

4           “(i) operate in conformance with the  
5 procedures established by the American  
6 National Standards Institute for the devel-  
7 opment and coordination of American Na-  
8 tional Standards; and

9           “(ii) apply to the American National  
10 Standards Institute and take such other  
11 actions as may be necessary to obtain ac-  
12 creditation from the American National  
13 Standards Institute.

14           “(I) STAFF.—The administering organiza-  
15 tion shall, upon the request of the consensus  
16 committee, provide reasonable staff resources to  
17 the consensus committee. Upon a showing of  
18 need, the Secretary shall furnish technical sup-  
19 port to any of the various interest categories on  
20 the consensus committee.

21           “(J) DATE OF INITIAL APPOINTMENTS.—  
22 The initial appointments of all of the members  
23 of the consensus committee shall be completed  
24 not later than 90 days after the date on which  
25 an administration agreement under paragraph

1 (2)(A) is completed with the administering or-  
2 ganization.

3 “(4) REVISIONS OF STANDARDS.—

4 “(A) IN GENERAL.—Beginning on the date  
5 on which all members of the consensus commit-  
6 tee are appointed under paragraph (3), the con-  
7 sensus committee shall, not less than once dur-  
8 ing each 2-year period—

9 “(i) consider revisions to the Federal  
10 manufactured home construction and safe-  
11 ty standards; and

12 “(ii) submit proposed revised stand-  
13 ards and regulations to the Secretary in  
14 the form of a proposed rule, including an  
15 economic analysis.

16 “(B) PUBLICATION OF PROPOSED REVISED  
17 STANDARDS.—

18 “(i) PUBLICATION BY SECRETARY.—

19 The consensus committee shall provide a  
20 proposed revised standard under subpara-  
21 graph (A)(ii) to the Secretary who shall,  
22 not later than 30 days after receipt, pub-  
23 lish such proposed revised standard in the  
24 Federal Register for notice and comment.  
25 Unless clause (ii) applies, the Secretary

1 shall provide an opportunity for public  
2 comment on such proposed revised stand-  
3 ard and any such comments shall be sub-  
4 mitted directly to the consensus committee  
5 without delay.

6 “(ii) PUBLICATION OF REJECTED  
7 PROPOSED REVISED STANDARD.—If the  
8 Secretary rejects the proposed revised  
9 standard, the Secretary shall publish the  
10 rejected proposed revised standard in the  
11 Federal Register with the reasons for re-  
12 jection and any recommended modifica-  
13 tions set forth.

14 “(C) PRESENTATION OF PUBLIC COM-  
15 MENTS; PUBLICATION OF RECOMMENDED REVI-  
16 SIONS.—

17 “(i) PRESENTATION.—Any public  
18 comments, views, and objections to a pro-  
19 posed revised standard published under  
20 subparagraph (B) shall be presented by  
21 the Secretary to the consensus committee  
22 upon their receipt and in the manner re-  
23 ceived, in accordance with procedures es-  
24 tablished by the American National Stand-  
25 ards Institute.

1                   “(ii) PUBLICATION BY THE SEC-  
2                   RETARY.—The consensus committee shall  
3                   provide to the Secretary any revisions pro-  
4                   posed by the consensus committee, which  
5                   the Secretary shall, not later than 7 cal-  
6                   endar days after receipt, cause to be pub-  
7                   lished in the Federal Register as a notice  
8                   of the recommended revisions of the con-  
9                   sensus committee to the standard, a notice  
10                  of the submission of the recommended re-  
11                  visions to the Secretary, and a description  
12                  of the circumstances under which the pro-  
13                  posed revised standards could become ef-  
14                  fective.

15                  “(iii) PUBLICATION OF REJECTED  
16                  PROPOSED REVISED STANDARD.—If the  
17                  Secretary rejects the proposed revised  
18                  standard, the Secretary shall publish the  
19                  rejected proposed revised standard in the  
20                  Federal Register with the reasons for re-  
21                  jection and any recommended modifica-  
22                  tions set forth.

23                  “(5) REVIEW BY THE SECRETARY.—

24                  “(A) IN GENERAL.—The Secretary shall  
25                  either adopt, modify, or reject a standard, as

1 submitted by the consensus committee under  
2 paragraph (4)(A).

3 “(B) TIMING.—Not later than 12 months  
4 after the date on which a standard is submitted  
5 to the Secretary by the consensus committee,  
6 the Secretary shall take action regarding such  
7 standard under subparagraph (C).

8 “(C) PROCEDURES.—If the Secretary—

9 “(i) adopts a standard recommended  
10 by the consensus committee, the Secretary  
11 shall—

12 “(I) issue a final order without  
13 further rulemaking; and

14 “(II) cause the final order to be  
15 published in the Federal Register;

16 “(ii) determines that any standard  
17 should be rejected, the Secretary shall—

18 “(I) reject the standard; and

19 “(II) cause to be published in the  
20 Federal Register a notice to that ef-  
21 fect, together with the reason or rea-  
22 sons for rejecting the proposed stand-  
23 ard; or

1           “(iii) determines that a standard rec-  
2           ommended by the consensus committee  
3           should be modified, the Secretary shall—

4                   “(I) cause the proposed modified  
5                   standard to be published in the Fed-  
6                   eral Register, together with an expla-  
7                   nation of the reason or reasons for the  
8                   determination of the Secretary; and

9                   “(II) provide an opportunity for  
10                  public comment in accordance with  
11                  section 553 of title 5, United States  
12                  Code.

13               “(D) FINAL ORDER.—Any final standard  
14               under this paragraph shall become effective  
15               pursuant to subsection (c).

16               “(6) FAILURE TO ACT.—If the Secretary fails  
17               to take final action under paragraph (5) and to pub-  
18               lish notice of the action in the Federal Register be-  
19               fore the expiration of the 12-month period beginning  
20               on the date on which the proposed standard is sub-  
21               mitted to the Secretary under paragraph (4)(A)—

22                   “(A) the recommendations of the consen-  
23                   sus committee—

24                           “(i) shall be considered to have been  
25                           adopted by the Secretary; and

1                   “(ii) shall take effect upon the expira-  
2                   tion of the 180-day period that begins  
3                   upon the conclusion of such 12-month pe-  
4                   riod; and

5                   “(B) not later than 10 days after the expi-  
6                   ration of such 12-month period, the Secretary  
7                   shall cause to be published in the Federal Reg-  
8                   ister a notice of the failure of the Secretary to  
9                   act, the revised standard, and the effective date  
10                  of the revised standard, which notice shall be  
11                  deemed to be an order of the Secretary approv-  
12                  ing the revised standards proposed by the con-  
13                  sensus committee.

14                  “(b) OTHER ORDERS.—

15                  “(1) REGULATIONS.—The Secretary may issue  
16                  procedural and enforcement regulations as necessary  
17                  to implement the provisions of this title. The consen-  
18                  sus committee may submit to the Secretary proposed  
19                  procedural and enforcement regulations and rec-  
20                  ommendations for the revision of such regulations.

21                  “(2) INTERPRETATIVE BULLETINS.—The Sec-  
22                  retary may issue interpretative bulletins to clarify  
23                  the meaning of any Federal manufactured home  
24                  construction and safety standard or procedural and  
25                  enforcement regulation. The consensus committee

1       may submit to the Secretary proposed interpretative  
2       bulletins to clarify the meaning of any Federal man-  
3       ufactured home construction and safety standard or  
4       procedural and enforcement regulation.

5               “(3) REVIEW BY CONSENSUS COMMITTEE.—Be-  
6       fore issuing a procedural or enforcement regulation  
7       or an interpretative bulletin—

8                       “(A) the Secretary shall—

9                               “(i) submit the proposed procedural  
10                              or enforcement regulation or interpretative  
11                              bulletin to the consensus committee; and

12                             “(ii) provide the consensus committee  
13                             with a period of 120 days to submit writ-  
14                             ten comments to the Secretary on the pro-  
15                             posed procedural or enforcement regulation  
16                             or the interpretative bulletin; and

17                       “(B) if the Secretary rejects any signifi-  
18       cant comment provided by the consensus com-  
19       mittee under subparagraph (A), the Secretary  
20       shall provide a written explanation of the rea-  
21       sons for the rejection to the consensus commit-  
22       tee; and

23                       “(C) following compliance with subpara-  
24       graphs (A) and (B), the Secretary shall—

1           “(i) cause the proposed regulation or  
2           interpretative bulletin and the consensus  
3           committee’s written comments along with  
4           the Secretary’s response thereto to be pub-  
5           lished in the Federal Register; and

6           “(ii) provide an opportunity for public  
7           comment in accordance with section 553 of  
8           title 5, United States Code.

9           “(4) REQUIRED ACTION.—The Secretary shall  
10          act on any proposed regulation or interpretative bul-  
11          letin submitted by the consensus committee by ap-  
12          proving or rejecting the proposal within 120 days  
13          from the date the proposal is received by the Sec-  
14          retary. The Secretary shall either—

15               “(A) approve the proposal and cause the  
16               proposed regulation or interpretative bulletin to  
17               be published for public comment in accordance  
18               with section 553 of title 5, United States Code;  
19               or

20               “(B) reject the proposed regulation or in-  
21               terpretative bulletin and—

22                       “(i) provide a written explanation of  
23                       the reasons for rejection to the consensus  
24                       committee; and

1                   “(ii) cause the proposed regulation  
2                   and the written explanation for the rejec-  
3                   tion to be published in the Federal Reg-  
4                   ister.

5                   “(5) EMERGENCY ORDERS.—If the Secretary  
6                   determines, in writing, that such action is necessary  
7                   in order to respond to an emergency which jeopard-  
8                   izes the public health or safety, or to address an  
9                   issue on which the Secretary determines that the  
10                  consensus committee has not made a timely rec-  
11                  ommendation, following a request by the Secretary,  
12                  the Secretary may issue an order that is not devel-  
13                  oped under the procedures set forth in subsection  
14                  (a) or in this subsection, if the Secretary—

15                         “(A) provides to the consensus committee  
16                         a written description and sets forth the reasons  
17                         why emergency actions is necessary and all sup-  
18                         porting documentation; and

19                         “(B) issues and publishes the order in the  
20                         Federal Register.

21                   “(6) CHANGES.—Any statement of policies,  
22                   practices, or procedures relating to construction and  
23                   safety standards, inspections, monitoring, or other  
24                   enforcement activities which constitutes a statement  
25                   of general or particular applicability and future off-

1 set and decisions to implement, interpret, or pre-  
2 scribe law of policy by the Secretary is subject to the  
3 provisions of subsection (a) or (b) of this subsection.  
4 Any change adopted in violation of the provisions of  
5 subsection (a) or (b) of this subsection is void.”;

6 “(7) TRANSITION.—Until the date that the con-  
7 sensus committee is appointed pursuant to section  
8 704(a)(3), the Secretary may issue proposed orders  
9 that are not developed under the procedures set  
10 forth in this section for new and revised standards.

11 (2) in subsection (d), by adding at the end the  
12 following: “Federal preemption under this subsection  
13 shall be broadly and liberally construed to ensure  
14 that disparate State or local requirements or stand-  
15 ards do not affect the uniformity and comprehen-  
16 siveness of the standards promulgated hereunder.

17 (3) by striking subsection (e);

18 (4) in subsection (f), by striking the matter pre-  
19 ceding paragraph (1) and inserting the following:

20 “(e) CONSIDERATIONS IN ESTABLISHING AND IN-  
21 TERPRETING STANDARDS AND REGULATIONS.—The con-  
22 sensus committee, in recommending standards, regula-  
23 tions, and interpretations, and the Secretary, in establish-  
24 ing standards or regulations, or issuing interpretations  
25 under this section, shall—”;

1 (5) by striking subsection (g);

2 (6) in the first sentence of subsection (j), by  
3 striking “subsection (f)” and inserting “subsection  
4 (e)”; and

5 (7) by redesignating subsections (h), (i), and  
6 (j), as subsections (f), (g), and (h), respectively.

7 **SEC. 605. ABOLISHMENT OF NATIONAL MANUFACTURED**  
8 **HOME ADVISORY COUNCIL.**

9 Section 605 (42 U.S.C. 5404) is hereby repealed.

10 **SEC. 606. PUBLIC INFORMATION.**

11 Section 607 (42 U.S.C. 5406) is amended—

12 (1) in subsection (a)—

13 (A) by inserting “to the Secretary” after  
14 “submit”; and

15 (B) by adding at the end the following:  
16 “The Secretary shall submit such cost and  
17 other information to the consensus committee  
18 for evaluation.”;

19 (2) in subsection (d), by inserting “, the con-  
20 sensus committee,” after “public”; and

21 (3) by striking subsection (c) and redesignating  
22 subsections (d) and (e) as subsections (c) and (d),  
23 respectively.

1 **SEC. 607. RESEARCH, TESTING, DEVELOPMENT, AND TRAIN-**  
2 **ING.**

3 (a) IN GENERAL.—Section 608(a) (42 U.S.C.  
4 5407(a)) is amended—

5 (1) in paragraph (2), by striking “and” at the  
6 end;

7 (2) in paragraph (3), by striking the period at  
8 the end and inserting a semicolon; and

9 (3) by adding at the end the following new  
10 paragraphs:

11 “(4) encouraging the government sponsored  
12 housing entities to actively develop and implement  
13 secondary market securitization programs for FHA  
14 manufactured home loans and those of other loan  
15 programs, as appropriate, thereby promoting the  
16 availability of affordable manufactured homes to in-  
17 crease homeownership for all people in the United  
18 States; and

19 “(5) reviewing the programs for FHA manufac-  
20 tured home loans and developing any changes to  
21 such programs to promote the affordability of manu-  
22 factured homes, including changes in loan terms,  
23 amortization periods, regulations, and procedures.”.

24 (b) DEFINITIONS.—Section 608 (42 U.S.C. 5407) is  
25 amended by adding at the end the following new sub-  
26 section:

1       “(c) DEFINITIONS.—For purposes of this section, the  
2 following definitions shall apply:

3           “(1) GOVERNMENT SPONSORED HOUSING ENTI-  
4 TIES.—The term ‘government sponsored housing en-  
5 tities’ means the Government National Mortgage As-  
6 sociation of the Department of Housing and Urban  
7 Development, the Federal National Mortgage Asso-  
8 ciation, and the Federal Home Loan Mortgage Cor-  
9 poration.

10          “(2) FHA MANUFACTURED HOME LOANS.—The  
11 term ‘FHA manufactured home loan’ means a loan  
12 that—

13           “(A) is insured under title I of the Na-  
14 tional Housing Act and is made for the purpose  
15 of financing alterations, repairs, or improve-  
16 ments on or in connection with an existing  
17 manufactured home, the purchase of a manu-  
18 factured home, the purchase of a manufactured  
19 home and a lot on which to place the home, or  
20 the purchase only of a lot on which to place a  
21 manufactured home; or

22           “(B) otherwise insured under the National  
23 Housing Act and made for or in connection  
24 with a manufactured home.”.

1 **SEC. 608. FEES.**

2 Section 620 (42 U.S.C. 5419) is amended to read as  
3 follows:

4 “AUTHORITY TO ESTABLISH FEES

5 “SEC. 620. (a) IN GENERAL.—In carrying out in-  
6 spections under this title, in developing standards and reg-  
7 ulations pursuant to section 604, and in facilitating the  
8 acceptance of the affordability and availability of manufac-  
9 tured housing within the Department, the Secretary  
10 may—

11 “(1) establish and collect from manufactured  
12 home manufacturers such reasonable fees as may be  
13 necessary to offset the expenses incurred by the Sec-  
14 retary in connection with carrying out the respon-  
15 sibilities of the Secretary under this title, includ-  
16 ing—

17 “(A) conducting inspections and monitor-  
18 ing;

19 “(B) providing funding to States for the  
20 administration and implementation of approved  
21 State plans under section 623, including rea-  
22 sonable funding for cooperative educational and  
23 training programs designed to facilitate uniform  
24 enforcement under this title; these funds may  
25 be paid directly to the States or may be paid  
26 or provided to any person or entity designated

1 to receive and disburse such funds by coopera-  
2 tive agreements among participating States,  
3 provided that such person or entity is not other-  
4 wise an agent of the Secretary under this title;

5 “(C) providing the funding for a noncareer  
6 administrator and Federal staff personnel for  
7 the manufactured housing program;

8 “(D) administering the consensus commit-  
9 tee as set forth in section 604; and

10 “(E) facilitating the acceptance of the  
11 quality, durability, safety, and affordability of  
12 manufactured housing within the Department;  
13 and

14 “(2) use any fees collected under paragraph (1)  
15 to pay expenses referred to in paragraph (1), which  
16 shall be exempt and separate from any limitations  
17 on the Department of Housing and Urban Develop-  
18 ment regarding full-time equivalent positions and  
19 travel.

20 “(b) When using fees under this section, the Sec-  
21 retary shall ensure that separate and independent contrac-  
22 tors are retained to carry out monitoring and inspection  
23 work and any other work that may be delegated to a con-  
24 tractor under this title.

1       “(c) PROHIBITED USE.—Fees collected under sub-  
2 section (a) shall not be used for any purpose or activity  
3 not specifically authorized by this title unless such activity  
4 was already engaged in by the Secretary prior to the date  
5 of enactment of this title.

6       “(d) MODIFICATION.—Any fee established by the  
7 Secretary under this section shall only be modified pursu-  
8 ant to rulemaking in accordance with section 553 of title  
9 5, United States Code.

10       “(e) APPROPRIATION AND DEPOSIT OF FEES.—

11               “(1) IN GENERAL.—There is established in the  
12 Treasury of the United States a fund to be known  
13 as the ‘Manufactured Housing Fees Trust Fund’ for  
14 deposit of all fees collected pursuant to subsection  
15 (a). These fees shall be held in trust for use only as  
16 provided in this title.

17               “(2) APPROPRIATION.—Such fees shall be avail-  
18 able for expenditure only to the extent approved in  
19 an annual appropriation Act.”.

20 **SEC. 609. ELIMINATION OF ANNUAL REPORT REQUIRE-**  
21 **MENT.**

22       The National Manufactured Housing Construction  
23 and Safety Standards Act of 1974 is amended—

24               (1) by striking section 626 (42 U.S.C. 5425);  
25       and

1           (2) by redesignating sections 627 and 628 (42  
2           U.S.C. 5426, 5401 note) as sections 626 and 627,  
3           respectively.

4 **SEC. 610. EFFECTIVE DATE.**

5           The amendments made by this title shall take effect  
6 on the date of enactment of this Act, except that the  
7 amendments shall have no effect on any order or interpre-  
8 tive bulletin that is published as a proposed rule pursuant  
9 to section 553 of title 5, United States Code, on or before  
10 such date.

11 **SEC. 611. SAVINGS PROVISION.**

12           (a) STANDARDS AND REGULATIONS.—The Federal  
13 manufactured home construction and safety standards (as  
14 such term is defined in section 603 of the National Manu-  
15 factured Housing Construction and Safety Standards Act  
16 of 1974) and all regulations pertaining thereto in effect  
17 immediately before the date of the enactment of this Act  
18 shall apply until the effective date of a standard or regula-  
19 tion modifying or superseding the existing standard or  
20 regulation which is promulgated under subsection (a) or  
21 (b) of section 604 of the National Manufactured Housing  
22 Construction and Safety Standards Act of 1974, as  
23 amended by this title.

24           (b) CONTRACTS.—Any contract awarded pursuant to  
25 a Request for Proposal issued before the date of enact-

1 ment of this Act shall remain in effect for a period of 2  
2 years from the date of enactment of this Act or for the  
3 remainder of the contract term, whichever period is short-  
4 er.

5 **TITLE VII—INDIAN HOUSING**  
6 **HOMEOWNERSHIP**

7 **SEC. 701. INDIAN LANDS TITLE REPORT COMMISSION.**

8 (a) ESTABLISHMENT.—Subject to sums being pro-  
9 vided in advance in appropriations Acts, there is estab-  
10 lished a Commission to be known as the Indian Lands  
11 Title Report Commission (hereafter in this section re-  
12 ferred to as the “Commission”).

13 (b) MEMBERSHIP.—

14 (1) APPOINTMENT.—The Commission shall be  
15 composed of 12 members, appointed not later than  
16 90 days after the date of the enactment of this Act  
17 as follows:

18 (A) 4 members shall be appointed by the  
19 President.

20 (B) 4 members shall be appointed by the  
21 Chairman of the Committee on Banking and  
22 Financial Services of the House of Representa-  
23 tives.

1 (C) 4 members shall be appointed by the  
2 Chairman of the Committee on Banking, Hous-  
3 ing, and Urban Affairs of the Senate.

4 (2) QUALIFICATIONS.—

5 (A) MEMBERS OF TRIBES.—At all times,  
6 not less than 7 of the members of the Commis-  
7 sion shall be members of federally recognized  
8 Indian tribes.

9 (B) EXPERIENCE IN LAND TITLE MAT-  
10 TERS.—All members of the Commission shall  
11 have experience in and knowledge of land title  
12 matters relating to Indian trust lands.

13 (3) CHAIRMAN.—The Chairman of the Commis-  
14 sion shall be one of the members of the Commission  
15 appointed under paragraph (1)(C), as elected by the  
16 members of the Commission.

17 (4) VACANCIES.—Any vacancy on the Commis-  
18 sion shall not affect its powers, but shall be filled in  
19 the manner in which the original appointment was  
20 made.

21 (5) TRAVEL EXPENSES.—Members of the Com-  
22 mission shall serve without pay, but each member  
23 shall receive travel expenses, including per diem in  
24 lieu of subsistence, in accordance with sections 5702  
25 and 5703 of title 5, United States Code.

1           (c) FUNCTIONS.—The Commission shall analyze the  
2 system of the Bureau of Indian Affairs of the Department  
3 of the Interior for maintaining land ownership records and  
4 title documents and issuing certified title status reports  
5 relating to Indian trust lands and, pursuant to such analy-  
6 sis, determine how best to improve or replace the system—

7           (1) to ensure prompt and accurate responses to  
8 requests for title status reports;

9           (2) to eliminate any backlog of requests for title  
10 status reports; and

11           (3) to ensure that the administration of the sys-  
12 tem will not in any way impair or restrict the ability  
13 of Native Americans to obtain conventional loans for  
14 purchase of residences located on Indian trust lands,  
15 including any actions necessary to ensure that the  
16 system will promptly be able to meet future demands  
17 for certified title status reports, taking into account  
18 the anticipated complexity and volume of such re-  
19 quests.

20           (d) REPORT.—Not later than the date of the termi-  
21 nation of the Commission under subsection (g), the Com-  
22 mission shall submit a report to the Committee on Bank-  
23 ing and Financial Services of the House of Representa-  
24 tives and the Committee on Banking, Housing, and Urban

1 Affairs of the Senate describing the analysis and deter-  
2 minations made under subsection (c).

3 (e) POWERS.—

4 (1) HEARINGS AND SESSIONS.—The Commis-  
5 sion may, for the purpose of carrying out this sec-  
6 tion, hold hearings, sit and act at times and places,  
7 take testimony, and receive evidence as the Commis-  
8 sion considers appropriate.

9 (2) STAFF OF FEDERAL AGENCIES.—Upon re-  
10 quest of the Commission, the head of any Federal  
11 department or agency may detail, on a reimbursable  
12 basis, any of the personnel of that department or  
13 agency to the Commission to assist it in carrying out  
14 its duties under this section.

15 (3) OBTAINING OFFICIAL DATA.—The Commis-  
16 sion may secure directly from any department or  
17 agency of the United States information necessary  
18 to enable it to carry out this section. Upon request  
19 of the Chairperson of the Commission, the head of  
20 that department or agency shall furnish that infor-  
21 mation to the Commission.

22 (4) MAILS.—The Commission may use the  
23 United States mails in the same manner and under  
24 the same conditions as other departments and agen-  
25 cies of the United States.

1           (5) ADMINISTRATIVE SUPPORT SERVICES.—

2           Upon the request of the Commission, the Adminis-  
3           trator of General Services shall provide to the Com-  
4           mission, on a reimbursable basis, the administrative  
5           support services necessary for the Commission to  
6           carry out its responsibilities under this section.

7           (6) STAFF.—The Commission may appoint per-  
8           sonnel as it considers appropriate, subject to the  
9           provisions of title 5, United States Code, governing  
10          appointments in the competitive service, and shall  
11          pay such personnel in accordance with the provisions  
12          of chapter 51 and subchapter III of chapter 53 of  
13          that title relating to classification and General  
14          Schedule pay rates.

15          (f) AUTHORIZATION OF APPROPRIATIONS.—To carry  
16          out this title, there is authorized to be appropriated  
17          \$500,000. Such sums shall remain available until ex-  
18          pended.

19          (g) TERMINATION.—The Commission shall terminate  
20          upon the expiration of the 1-year period beginning upon  
21          the completion of the appointment of all the members of  
22          the Commission under subsection (b)(1).

1 **TITLE VIII—TRANSFER OF UN-**  
2 **OCCUPIED AND SUB-**  
3 **STANDARD HUD-HELD HOUS-**  
4 **ING TO LOCAL GOVERN-**  
5 **MENTS AND COMMUNITY DE-**  
6 **VELOPMENT CORPORATIONS**

7 **SEC. 801. TRANSFER OF UNOCCUPIED AND SUBSTANDARD**  
8 **HUD-HELD HOUSING TO LOCAL GOVERN-**  
9 **MENTS AND COMMUNITY DEVELOPMENT**  
10 **CORPORATIONS.**

11 Section 204 of the Departments of Veterans Affairs  
12 and Housing and Urban Development, and Independent  
13 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–  
14 11a) is amended—

15 (1) by striking “FLEXIBLE AUTHORITY” and  
16 inserting “DISPOSITION OF HUD-OWNED PROP-  
17 ERTIES. (a) FLEXIBLE AUTHORITY FOR MULTIFAM-  
18 ILY PROJECTS.—”; and

19 (2) by adding at the end the following new sub-  
20 section:

21 “(b) TRANSFER OF UNOCCUPIED AND SUBSTANDARD  
22 HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY  
23 DEVELOPMENT CORPORATIONS.—

24 “(1) TRANSFER AUTHORITY.—Notwithstanding  
25 the authority under subsection (a) and the last sen-

1       tence of section 204(g) of the National Housing Act  
2       (12 U.S.C. 1710(g)), the Secretary of Housing and  
3       Urban Development shall, to the maximum extent  
4       practicable (in the determination of the Secretary),  
5       transfer ownership of any qualified HUD property  
6       to a unit of general local government having juris-  
7       diction for the area in which the property is located  
8       or to a community development corporation which  
9       operates within such a unit of general local govern-  
10      ment in accordance with this subsection, but only in  
11      the determination of the Secretary—

12               “(A) to the extent that units of general  
13              local government and community development  
14              corporations consent to transfer;

15               “(B) in the case of single family property,  
16              to the extent that costs to the Federal Govern-  
17              ment under this subsection do not exceed the  
18              costs to the Federal Government of disposing of  
19              similar property under the procedures for single  
20              family property under section 204 of the Na-  
21              tional Housing Act (12 U.S.C. 1710) (as added  
22              by sections 601 and 602 of the Departments of  
23              Veterans Affairs and Housing and Urban De-  
24              velopment, and Independent Agencies Appro-  
25              priations Act, 1999), or under such other proce-

1           dures as are in effect immediately before the  
2           enactment of this title, as applicable; and

3           “(C) in the case of multifamily property, to  
4           the extent that costs to the Federal Govern-  
5           ment under this subsection do not exceed the  
6           costs to the Federal Government of disposing of  
7           similar property under the procedures for dis-  
8           position of such properties as are in effect im-  
9           mediately before the enactment of this title.

10           “(2) QUALIFIED HUD PROPERTIES.—For pur-  
11           poses of this subsection, the term ‘qualified HUD  
12           property’ means any property that is owned by the  
13           Secretary and is—

14           “(A) an unoccupied multifamily housing  
15           project;

16           “(B) a substandard multifamily housing  
17           project; or

18           “(C) an unoccupied single family property  
19           that—

20           “(i) has been determined by the Sec-  
21           retary not to be an eligible property under  
22           section 204(h) of the National Housing  
23           Act (12 U.S.C. 1710(h)); or

24           “(ii) is an eligible property under such  
25           section 204(h), but—

1                   “(I) is not subject to a specific  
2                   sale agreement under such section;  
3                   and

4                   “(II) has been determined by the  
5                   Secretary to be inappropriate for con-  
6                   tinued inclusion in the program under  
7                   such section 204(h) pursuant to para-  
8                   graph (10) of such section.

9                   “(3) TIMING.—The Secretary shall establish  
10                  procedures that provide for—

11                  “(A) time deadlines for transfers under  
12                  this subsection;

13                  “(B) notification to units of general local  
14                  government and community development cor-  
15                  porations of qualified HUD properties in their  
16                  jurisdictions;

17                  “(C) such units and corporations to ex-  
18                  press interest in the transfer under this sub-  
19                  section of such properties;

20                  “(D) a right of first refusal for transfer of  
21                  qualified HUD properties to such units and cor-  
22                  porations, under which that the Secretary shall  
23                  accept an offer to purchase such a property  
24                  made by such a unit or corporation during a  
25                  period established by the Secretary, but in the

1 case of an offer made by a community develop-  
2 ment corporation only if the offer provides for  
3 purchase on a cost recovery basis; and

4 “(E) a written explanation, to any unit of  
5 general local government or community develop-  
6 ment corporation making an offer to purchase  
7 a qualified HUD property under this subsection  
8 that is not accepted, of such offer was not ac-  
9 ceptable.

10 “(4) OTHER DISPOSITION.—With respect to  
11 any qualified HUD property, if the Secretary does  
12 not receive an acceptable offer to purchase the prop-  
13 erty pursuant to the procedure established under  
14 paragraph (3), the Secretary shall dispose of the  
15 property to the unit of general local government in  
16 which property is located or to community develop-  
17 ment corporations located in such unit of general  
18 local government on a negotiated, competitive bid, or  
19 other basis, on such terms as the Secretary deems  
20 appropriate.

21 “(5) SATISFACTION OF INDEBTEDNESS.—Be-  
22 fore transferring ownership of any qualified HUD  
23 property pursuant to this subsection, the Secretary  
24 shall satisfy any indebtedness incurred in connection

1 with the property to be transferred, by canceling the  
2 indebtedness.

3 “(6) DETERMINATION OF STATUS OF PROP-  
4 ERTIES.—To ensure compliance with the require-  
5 ments of this subsection, the Secretary shall take the  
6 following actions:

7 “(A) UPON ENACTMENT.—Upon the enact-  
8 ment of the American Homeownership Act of  
9 1998, the Secretary shall promptly assess each  
10 residential property owned by the Secretary to  
11 determine whether such property is a qualified  
12 HUD property.

13 “(B) UPON ACQUISITION.—Upon acquiring  
14 any residential property, the Secretary shall  
15 promptly determine whether the property is a  
16 qualified HUD property.

17 “(C) UPDATES.—The Secretary shall peri-  
18 odically reassess the residential properties  
19 owned by the Secretary to determine whether  
20 any such properties have become qualified  
21 HUD properties.

22 “(7) TENANT LEASES.—This subsection shall  
23 not affect the terms or the enforceability of any con-  
24 tract or lease entered into with respect to any resi-

1       dential property before the date that such property  
2       becomes a qualified HUD property.

3           “(8) USE OF PROPERTY.—Property transferred  
4       under this subsection shall be used only for appro-  
5       priate neighborhood revitalization efforts, including  
6       homeownership, rental units, commercial space, and  
7       parks, consistent with local zoning regulations, local  
8       building codes, and subdivision regulations and re-  
9       strictions of record.

10           “(9) INAPPLICABILITY TO PROPERTIES MADE  
11       AVAILABLE FOR HOMELESS.—Notwithstanding any  
12       other provision of this subsection, this subsection  
13       shall not apply to any properties that the Secretary  
14       determines are to be made available for use by the  
15       homeless pursuant to subpart E of part 291 of title  
16       24, Code of Federal Regulations, during the period  
17       that the properties are so available.

18           “(10) PROTECTION OF EXISTING CONTRACTS.—  
19       This subsection may not be construed to alter, af-  
20       fect, or annul any legally binding obligations entered  
21       into with respect to a qualified HUD property before  
22       the property becomes a qualified HUD property.

23           “(11) DEFINITIONS.—For purposes of this sub-  
24       section, the following definitions shall apply:

1           “(A) COMMUNITY DEVELOPMENT COR-  
2           PORATION.—The term ‘community development  
3           corporation’ means a nonprofit organization  
4           whose primary purpose is to promote commu-  
5           nity development by providing housing opportu-  
6           nities for low-income families.

7           “(B) COST RECOVERY BASIS.—The term  
8           ‘cost recovery basis’ means, with respect to any  
9           sale of a residential property by the Secretary,  
10          that the purchase price paid by the purchaser  
11          is equal to or greater than or equal to the costs  
12          incurred by the Secretary in connection with  
13          such property during the period beginning on  
14          the date on which the Secretary acquires title to  
15          the property and ending on the date on which  
16          the sale is consummated.

17          “(C) MULTIFAMILY HOUSING PROJECT.—  
18          The term ‘multifamily housing project’ has the  
19          meaning given the term in section 203 of the  
20          Housing and Community Development Amend-  
21          ments of 1978.

22          “(D) RESIDENTIAL PROPERTY.—The term  
23          ‘residential property’ means a property that is  
24          a multifamily housing project or a single family  
25          property.

1           “(E) SECRETARY.—The term ‘Secretary’  
2 means the Secretary of Housing and Urban De-  
3 velopment.

4           “(F) SEVERE PHYSICAL PROBLEMS.—The  
5 term ‘severe physical problems’ means, with re-  
6 spect to a dwelling unit, that the unit—

7                   “(i) lacks hot or cold piped water, a  
8 flush toilet, or both a bathtub and a show-  
9 er in the unit, for the exclusive use of that  
10 unit;

11                   “(ii) on not less than 3 separate occa-  
12 sions during the preceding winter months,  
13 was uncomfortably cold for a period of  
14 more than 6 consecutive hours due to a  
15 malfunction of the heating system for the  
16 unit;

17                   “(iii) has no functioning electrical  
18 service, exposed wiring, any room in which  
19 there is not a functioning electrical outlet,  
20 or has experienced 3 or more blown fuses  
21 or tripped circuit breakers during the pre-  
22 ceding 90-day period;

23                   “(iv) is accessible through a public  
24 hallway in which there are no working

1 light fixtures, loose or missing steps or  
2 railings, and no elevator; or

3 “(v) has severe maintenance problems,  
4 including water leaks involving the roof,  
5 windows, doors, basement, or pipes or  
6 plumbing fixtures, holes or open cracks in  
7 walls or ceilings, severe paint peeling or  
8 broken plaster, and signs of rodent infesta-  
9 tion.

10 “(G) SINGLE FAMILY PROPERTY.—The  
11 term ‘single family property’ means a 1- to 4-  
12 family residence.

13 “(H) SUBSTANDARD.—The term ‘sub-  
14 standard’ means, with respect to a multifamily  
15 housing project, that 25 percent or more of the  
16 dwelling units in the project have severe phys-  
17 ical problems.

18 “(I) UNIT OF GENERAL LOCAL GOVERN-  
19 MENT.—The term ‘unit of general local govern-  
20 ment’ has the meaning given such term in sec-  
21 tion 102(a) of the Housing and Community De-  
22 velopment Act of 1974.

23 “(J) UNOCCUPIED.—The term ‘unoccu-  
24 pied’ means, with respect to a residential prop-  
25 erty, that the unit of general local government

1           having jurisdiction over the area in which the  
2           project is located has certified in writing that  
3           the property is not inhabited.

4           “(12) REGULATIONS.—

5                 “(A) INTERIM.—Not later than 30 days  
6           after the date of the enactment of the American  
7           Homeownership Act of 1998, the Secretary  
8           shall issue such interim regulations as are nec-  
9           essary to carry out this subsection.

10                “(B) FINAL.—Not later than 60 days after  
11           the date of the enactment of the American  
12           Homeownership Act of 1998, the Secretary  
13           shall issue such final regulations as are nec-  
14           essary to carry out this subsection.”.

15 **SEC. 802. AMENDMENT TO REVITALIZATION AREA DISPOSI-**  
16 **TION PROGRAM.**

17           Effective immediately after the enactment of the De-  
18           partments of Veterans Affairs and Housing and Urban  
19           Development, and Independent Agencies Appropriations  
20           Act, 1999, section 204(h) of the National Housing Act  
21           (12 U.S.C. 1710(h)) (as added by section 602(2) of such  
22           Act) is amended—

23                (1) by redesignating paragraph (10) as para-  
24           graph (11); and

1           (2) by inserting after paragraph (9) the follow-  
2           ing new paragraph:

3           “(10) PROPERTIES FOR WHICH NO INTEREST IS  
4           EXPRESSED.—Notwithstanding any other provision  
5           of this subsection, if the Secretary determines that  
6           continued inclusion of an eligible property in the  
7           program under this subsection is inappropriate be-  
8           cause of a failure over time of any prospective pur-  
9           chasers to express interest in purchasing the prop-  
10          erty or in entering into a sale agreement covering  
11          properties in the area in which the property is lo-  
12          cated, the Secretary may determine that such prop-  
13          erty shall be subject to the provisions of section  
14          204(b) of the Departments of Veterans Affairs and  
15          Housing and Urban Development, and Independent  
16          Agencies Appropriations Act, 1999 (12 U.S.C.  
17          1715z-11a(b)).”.

18 **SEC. 803. REPORT ON REVITALIZATION ZONES FOR HUD-**  
19 **OWNED SINGLE FAMILY PROPERTIES.**

20          Not later than 6 months after the date of the enact-  
21          ment of this Act, the Secretary of Housing and Urban  
22          Development shall submit a report to the Congress identi-  
23          fying—

24                (1) any areas that have been designated as revi-  
25          talization areas pursuant to section 204(h)(3) of the

1 National Housing Act (as added by section 602(2)  
2 of the Departments of Veterans Affairs and Housing  
3 and Urban Development, and Independent Agencies  
4 Appropriations Act, 1999);

5 (2) any areas for which such designation has  
6 been requested;

7 (3) any areas for which such designation is  
8 being considered by the Secretary; and

9 (4) the eligible properties in designated revital-  
10 ization areas for which the Secretary has a reason-  
11 able expectation of successfully transferring owner-  
12 ship pursuant to section 204(h) of the National  
13 Housing Act.

14 **SEC. 804. TECHNICAL CORRECTION TO INCOME TARGET-**  
15 **ING PROVISIONS FOR PROJECT-BASED AS-**  
16 **SISTANCE.**

17 Effective immediately after the enactment of the De-  
18 partments of Veterans Affairs and Housing and Urban  
19 Development, and Independent Agencies Appropriations  
20 Act, 1999, section 16(c)(3) of the United States Housing  
21 Act of 1937 (42 U.S.C. 1437n(c)(3)) (as added by section  
22 513(a) of such Appropriations Act), is amended by insert-  
23 ing after “40 percent” the following: “shall be available  
24 for leasing only by families whose incomes at the time of  
25 commencement of occupancy do not exceed 30 percent of

1 the area median income, as determined by the Secretary  
2 with adjustments for smaller and larger families.”.

3 **SEC. 805. TECHNICAL CORRECTIONS TO THE MULTIFAMILY**  
4 **ASSISTED HOUSING REFORM AND AFFORD-**  
5 **ABILITY ACT OF 1997.**

6 (a) SECTION 8 CONTRACT RENEWAL POLICY FOR  
7 FISCAL YEAR 1999 AND SUBSEQUENT YEARS.—Section  
8 524 of the Multifamily Assisted Housing Reform and Af-  
9 fordability Act of 1997 (42 U.S.C. 1437 note; 111 Stat.  
10 1408-1409) is amended—

11 (1) in subsection (a)(2), by inserting after  
12 “Notwithstanding paragraph (1)” the following:  
13 “and subject to section 516 of this subtitle”;

14 (2) in subsection (a)(2)(B), by striking “and fi-  
15 nancing” and inserting “and the primary financ-  
16 ing”;and

17 (3) by inserting at the end the following new  
18 subsections:

19 “(b) INAPPLICABILITY TO PROJECTS SUBJECT TO  
20 RESTRUCTURING.—This section shall not apply to  
21 projects restructured under this subtitle.

22 “(c) SAVINGS PROVISIONS.—Upon the repeal of this  
23 subtitle pursuant to section 579, the provisions of sections  
24 512(2) and 516 (as in effect immediately before such re-  
25 peal) shall apply with respect to this section.”.

1 (b) REPEAL OF CONTRACT RENEWAL AUTHORITY  
2 UNDER SECTION 405(a).—Section 405(a) of the Balanced  
3 Budget Downpayment Act, I (42 U.S.C. 1437f note; 110  
4 Stat.44-45), is hereby repealed.

5 (c) EXEMPTIONS FROM RESTRUCTURING.—Section  
6 514(h)(1) of the Multifamily Assisted Housing Reform  
7 and Affordability Act of 1997 (42 U.S.C. 1437 note; 111  
8 Stat. 1396) is amended to read as follows:

9 “(1) the primary financing for the project was  
10 provided by a unit of State government or a unit of  
11 general local government (or an agency or instru-  
12 mentality of either) and the primary financing in-  
13 volves mortgage insurance under the National Hous-  
14 ing Act, such that implementation of a mortgage re-  
15 structuring and rental assistance sufficiency plan  
16 under this Act would be in conflict with applicable  
17 law or agreements governing such financing;”.

18 (d) MANDATORY RENEWAL OF PROJECT-BASED AS-  
19 SISTANCE.—Section 515(c)(1) of the Multifamily Assisted  
20 Housing Reform and Affordability Act of 1997 (42 U.S.C.  
21 1437 note; 111 Stat. 1397) is amended by inserting “or”  
22 after the semicolon at the end of subparagraph (B).

23 (e) PARTIAL PAYMENTS OF CLAIMS.—Section 541 of  
24 the National Housing Act (12 U.S.C. 1735f–19) is amend-  
25 ed—

1           (1) by striking “1978 or” and inserting “1978)

2           or”; and

3           (2) by striking “)))” and inserting “))”.

          Passed the House of Representatives October 13,  
1998.

Attest:

*Clerk.*