

105TH CONGRESS
1ST SESSION

S. 462

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 18, 1997

Mr. MACK (for himself, Mr. D'AMATO, Mr. BOND, Mr. FAIRCLOTH, and Mr. GRAMS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

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

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

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

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



- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.
- Sec. 4. Effective date.
- Sec. 5. Proposed regulations; technical recommendations.
- Sec. 6. Elimination of obsolete documents.
- Sec. 7. Annual reports.

TITLE I—PUBLIC HOUSING

- Sec. 101. Declaration of policy.
- Sec. 102. Membership on board of directors.
- Sec. 103. Rental payments.
- Sec. 104. Definitions.
- Sec. 105. Contributions for lower income housing projects.
- Sec. 106. Public housing agency plan.
- Sec. 107. Contract provisions and requirements.
- Sec. 108. Expansion of powers.
- Sec. 109. Public housing capital and operating funds.
- Sec. 110. Labor standards.
- Sec. 111. Repeal of energy conservation; consortia and joint ventures.
- Sec. 112. Repeal of modernization fund.
- Sec. 113. Eligibility for public and assisted housing.
- Sec. 114. Demolition and disposition of public housing.
- Sec. 115. Repeal of family investment centers; voucher system for public housing.
- Sec. 116. Repeal of family self-sufficiency; homeownership opportunities.
- Sec. 117. Revitalizing severely distressed public housing.
- Sec. 118. Mixed-finance and mixed-ownership projects.
- Sec. 119. Conversion of distressed public housing to tenant-based assistance.
- Sec. 120. Public housing mortgages and security interests.
- Sec. 121. Linking services to public housing residents.
- Sec. 122. Prohibition on use of amounts.
- Sec. 123. Pet ownership.

TITLE II—SECTION 8 RENTAL ASSISTANCE

- Sec. 201. Merger of the certificate and voucher programs.
- Sec. 202. Repeal of Federal preferences.
- Sec. 203. Portability.
- Sec. 204. Leasing to voucher holders.
- Sec. 205. Homeownership option.
- Sec. 206. Law enforcement and security personnel in public housing.
- Sec. 207. Technical and conforming amendments.
- Sec. 208. Implementation.
- Sec. 209. Definition.
- Sec. 210. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Public housing flexibility in the CHAS.
- Sec. 302. Determination of income limits.
- Sec. 303. Demolition of public housing.
- Sec. 304. Technical correction of public housing agency opt-out authority.
- Sec. 305. Review of drug elimination program contracts.
- Sec. 306. Other repeals.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress finds that—

3 (1) there exists throughout the Nation a need
4 for decent, safe, and affordable housing;

5 (2) the inventory of public housing units owned
6 and operated by public housing agencies, an asset in
7 which the Federal Government has invested approxi-
8 mately \$90,000,000,000, has traditionally provided
9 rental housing that is affordable to low-income per-
10 sons;

11 (3) despite serving this critical function, the
12 public housing system is plagued by a series of prob-
13 lems, including the concentration of very poor people
14 in very poor neighborhoods and disincentives for eco-
15 nomic self-sufficiency;

16 (4) the Federal method of overseeing every as-
17 pect of public housing by detailed and complex stat-
18 utes and regulations aggravates the problem and
19 places excessive administrative burdens on public
20 housing agencies;

21 (5) the interests of low-income persons, and the
22 public interest, will best be served by a reformed
23 public housing program that—

24 (A) consolidates many public housing pro-
25 grams into programs for the operation and cap-
26 ital needs of public housing;

1 (B) streamlines program requirements;

2 (C) vests in public housing agencies that
3 perform well the maximum feasible authority,
4 discretion, and control with appropriate ac-
5 countability to both public housing tenants and
6 localities; and

7 (D) rewards employment and economic
8 self-sufficiency of public housing tenants; and

9 (6) voucher and certificate programs under sec-
10 tion 8 of the United States Housing Act of 1937 are
11 successful for approximately 80 percent of appli-
12 cants, and a consolidation of the voucher and certifi-
13 cate programs into a single, market-driven program
14 will assist in making section 8 tenant-based assist-
15 ance more successful in assisting low-income families
16 in obtaining affordable housing and will increase
17 housing choice for low-income families.

18 (b) PURPOSES.—The purposes of this Act are—

19 (1) to consolidate the various programs and ac-
20 tivities under the public housing programs adminis-
21 tered by the Secretary in a manner designed to re-
22 duce Federal overregulation;

23 (2) to redirect the responsibility for a consoli-
24 dated program to States, localities, public housing
25 agencies, and public housing tenants;

1 (3) to require Federal action to overcome prob-
2 lems of public housing agencies with severe manage-
3 ment deficiencies; and

4 (4) to consolidate and streamline tenant-based
5 assistance programs.

6 **SEC. 3. DEFINITIONS.**

7 In this Act:

8 (1) PUBLIC HOUSING AGENCY.—The term
9 “public housing agency” has the same meaning as in
10 section 3 of the United States Housing Act of 1937.

11 (2) SECRETARY.—The term “Secretary” means
12 the Secretary of Housing and Urban Development.

13 **SEC. 4. EFFECTIVE DATE.**

14 Except as otherwise specifically provided in this Act
15 or the amendments made by this Act, this Act and the
16 amendments made by this Act shall take effect on the date
17 of enactment of this Act.

18 **SEC. 5. PROPOSED REGULATIONS; TECHNICAL REC-**
19 **COMMENDATIONS.**

20 (a) PROPOSED REGULATIONS.—Not later than 9
21 months after the date of enactment of this Act, the Sec-
22 retary shall submit to Congress proposed regulations that
23 the Secretary determines are necessary to carry out the
24 United States Housing Act of 1937, as amended by this
25 Act.

1 (b) TECHNICAL RECOMMENDATIONS.—Not later
2 than 9 months after the date of enactment of this Act,
3 the Secretary shall submit to the Committee on Banking,
4 Housing, and Urban Affairs of the Senate and the Com-
5 mittee on Banking and Financial Services of the House
6 of Representatives, recommended technical and conform-
7 ing legislative changes necessary to carry out this Act and
8 the amendments made by this Act.

9 **SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.**

10 Effective 1 year after the date of enactment of this
11 Act, no rule, regulation, or order (including all handbooks,
12 notices, and related requirements) pertaining to public
13 housing or section 8 tenant-based programs issued or pro-
14 mulgated under the United States Housing Act of 1937
15 before the date of enactment of this Act may be enforced
16 by the Secretary.

17 **SEC. 7. ANNUAL REPORTS.**

18 Not later than 1 year after the date of enactment
19 of this Act, and annually thereafter, the Secretary shall
20 submit a report to Congress on the impact of the amend-
21 ments made by this Act on—

22 (1) the demographics of public housing tenants
23 and families receiving tenant-based assistance under
24 the United States Housing Act of 1937; and

1 (2) the economic viability of public housing
2 agencies.

3 **TITLE I—PUBLIC HOUSING**

4 **SEC. 101. DECLARATION OF POLICY.**

5 Section 2 of the United States Housing Act of 1937
6 (42 U.S.C. 1437) is amended to read as follows:

7 **“SEC. 2. DECLARATION OF POLICY.**

8 “It is the policy of the United States to promote the
9 general welfare of the Nation by employing the funds and
10 credit of the Nation, as provided in this title—

11 “(1) to assist States and political subdivisions
12 of States to remedy the unsafe housing conditions
13 and the acute shortage of decent and safe dwellings
14 for low-income families;

15 “(2) to assist States and political subdivisions
16 of States to address the shortage of housing afford-
17 able to low-income families; and

18 “(3) consistent with the objectives of this title,
19 to vest in public housing agencies that perform well,
20 the maximum amount of responsibility and flexibility
21 in program administration, with appropriate ac-
22 countability to both public housing tenants and lo-
23 calities.”.

1 **SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.**

2 Title I of the United States Housing Act of 1937 (42
3 U.S.C. 1437 et seq.) is amended—

4 (1) by redesignating the second section des-
5 ignated as section 27 (as added by section 903(b) of
6 Public Law 104–193 (110 Stat. 2348)) as section
7 28; and

8 (2) by adding at the end the following:

9 **“SEC. 29. MEMBERSHIP ON BOARD OF DIRECTORS.**

10 “(a) **REQUIRED MEMBERSHIP.**—Except as provided
11 in subsection (b), the membership of the board of directors
12 of each public housing agency shall contain not less than
13 1 member who is a resident of a public housing project
14 operated by the public housing agency.

15 “(b) **EXCEPTION.**—Subsection (a) shall not apply to
16 any public housing agency in any State that requires the
17 members of the board of directors of a public housing
18 agency to be salaried and to serve on a full-time basis.

19 “(c) **NONDISCRIMINATION.**—No person shall be pro-
20 hibited from serving on the board of directors or similar
21 governing body of a public housing agency because of the
22 residence of that person in a public housing project.”.

23 **SEC. 103. RENTAL PAYMENTS.**

24 (a) **IN GENERAL.**—Section 3(a)(1)(A) of the United
25 States Housing Act of 1937 (42 U.S.C. 1437a(a)(1)(A))
26 is amended by inserting before the semicolon the following:

1 “ or, if the family resides in public housing, an amount
2 established by the public housing agency, which shall not
3 exceed 30 percent of the monthly adjusted income of the
4 family”.

5 (b) AUTHORITY OF PUBLIC HOUSING AGENCIES.—
6 Section 3(a)(2) of the United States Housing Act of 1937
7 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

8 “(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

9 (A) IN GENERAL.—Notwithstanding para-
10 graph (1), a public housing agency may adopt ceil-
11 ing rents that reflect the reasonable market value of
12 the housing, but that are not less than the actual
13 monthly costs—

14 (i) to operate the housing of the public
15 housing agency; and

16 (ii) to make a deposit to a replacement
17 reserve (in the sole discretion of the public
18 housing agency).

19 (B) MINIMUM RENT.—Notwithstanding para-
20 graph (1), a public housing agency may provide that
21 each family residing in a public housing project or
22 receiving tenant-based or project-based assistance
23 under section 8 shall pay a minimum monthly rent
24 in an amount not to exceed \$25 per month.

25 (C) POLICE OFFICERS.—

1 “(i) IN GENERAL.—Notwithstanding any
2 other provision of law, a public housing agency
3 may, in accordance with the public housing
4 agency plan, allow a police officer who is not
5 otherwise eligible for residence in public hous-
6 ing to reside in a public housing unit. The num-
7 ber and location of units occupied by police offi-
8 cers under this clause, and the terms and condi-
9 tions of their tenancies, shall be determined by
10 the public housing agency.

11 “(ii) DEFINITION.—In this subparagraph,
12 the term ‘police officer’ means any person de-
13 termined by a public housing agency to be, dur-
14 ing the period of residence of that person in
15 public housing, employed on a full-time basis as
16 a duly licensed professional police officer by a
17 Federal, State, or local government or by any
18 agency thereof (including a public housing
19 agency having an accredited police force).

20 “(D) ENCOURAGEMENT OF SELF-SUFFI-
21 CIENCY.—Each public housing agency shall develop
22 a rental policy that encourages and rewards employ-
23 ment and economic self-sufficiency.”.

24 “(c) REGULATIONS.—

1 (1) IN GENERAL.—The Secretary shall, by reg-
2 ulation, after notice and an opportunity for public
3 comment, establish such requirements as may be
4 necessary to carry out section 3(a)(2)(A) of the
5 United States Housing Act of 1937, as amended by
6 this section.

7 (2) TRANSITION RULE.—Prior to the issuance
8 of final regulations under paragraph (1), a public
9 housing agency may implement ceiling rents, which
10 shall be—

11 (A) determined in accordance with section
12 3(a)(2)(A) of the United States Housing Act of
13 1937, as that section existed on the day before
14 the date of enactment of this Act;

15 (B) equal to the 95th percentile of the rent
16 paid for a unit of comparable size by tenants in
17 the same public housing project or a group of
18 comparable projects totaling 50 units or more;
19 or

20 (C) equal to the fair market rent for the
21 area in which the unit is located.

22 **SEC. 104. DEFINITIONS.**

23 (a) DEFINITIONS.—

1 (1) SINGLE PERSONS.—Section 3(b)(3) of the
2 United States Housing Act of 1937 (42 U.S.C.
3 1437a(b)(3)) is amended—

4 (A) in subparagraph (A), in the third sen-
5 tence, by striking “the Secretary shall” and all
6 that follows before the period at the end and in-
7 serting the following: “the public housing agen-
8 cy may give preference to single persons who
9 are elderly or disabled persons before single
10 persons who are otherwise eligible”; and

11 (B) in subparagraph (B), in the second
12 sentence, by striking “regulations of the Sec-
13 retary” and inserting “public housing agency
14 plan”.

15 (2) ADJUSTED INCOME.—Section 3(b)(5) of the
16 United States Housing Act of 1937 (42 U.S.C.
17 1437a(b)(5)) is amended to read as follows:

18 “(5) ADJUSTED INCOME.—The term ‘adjusted in-
19 come’ means the income that remains after excluding—

20 “(A) \$480 for each member of the family resid-
21 ing in the household (other than the head of the
22 household or the spouse of the head of the house-
23 hold)—

24 “(i) who is under 18 years of age; or

25 “(ii) who is—

- 1 “(I) 18 years of age or older; and
2 “(II) a person with disabilities or a
3 full-time student;
4 “(B) \$400 for an elderly or disabled family;
5 “(C) the amount by which the aggregate of—
6 “(i) medical expenses for an elderly or dis-
7 abled family; and
8 “(ii) reasonable attendant care and auxil-
9 iary apparatus expenses for each family mem-
10 ber who is a person with disabilities, to the ex-
11 tent necessary to enable any member of the
12 family (including a member who is a person
13 with disabilities) to be employed;
14 exceeds 3 percent of the annual income of the fam-
15 ily;
16 “(D) child care expenses, to the extent nec-
17 essary to enable another member of the family to be
18 employed or to further his or her education; and
19 “(E) any other income that the public housing
20 agency determines to be appropriate, as provided in
21 the public housing agency plan.”.

22 (b) DISALLOWANCE OF EARNED INCOME FROM PUB-
23 LIC HOUSING RENT DETERMINATIONS.—

1 (1) IN GENERAL.—Section 3 of the United
2 States Housing Act of 1937 (42 U.S.C. 1437a) is
3 amended—

4 (A) by striking the undesignated para-
5 graph at the end of subsection (c)(3) (as added
6 by section 515(b) of the Cranston-Gonzalez Na-
7 tional Affordable Housing Act); and

8 (B) by adding at the end the following:

9 “(d) DISALLOWANCE OF EARNED INCOME FROM
10 PUBLIC HOUSING RENT DETERMINATIONS.—

11 “(1) IN GENERAL.—Notwithstanding any other
12 provision of law, the rent payable under subsection
13 (a) by a family—

14 “(A) that—

15 “(i) occupies a unit in a public hous-
16 ing project; or

17 “(ii) receives assistance under section
18 8; and

19 “(B) whose income increases as a result of
20 employment of a member of the family who was
21 previously unemployed for 1 or more years (in-
22 cluding a family whose income increases as a
23 result of the participation of a family member
24 in any family self-sufficiency or other job train-
25 ing program);

1 may not be increased as a result of the increased in-
2 come due to such employment during the 18-month
3 period beginning on the date on which the employ-
4 ment is commenced.

5 “(2) PHASE-IN OF RATE INCREASES.—After the
6 expiration of the 18-month period referred to in
7 paragraph (1), rent increases due to the continued
8 employment of the family member described in para-
9 graph (1)(B) shall be phased in over a subsequent
10 3-year period.

11 “(3) OVERALL LIMITATION.—Rent payable
12 under subsection (a) shall not exceed the amount de-
13 termined under subsection (a).”.

14 (2) APPLICABILITY OF AMENDMENT.—

15 (A) PUBLIC HOUSING.—Notwithstanding
16 the amendment made by paragraph (1), any
17 tenant of public housing participating in the
18 program under the authority contained in the
19 undesignated paragraph at the end of section
20 3(e)(3) of the United States Housing Act of
21 1937, as that paragraph existed on the day be-
22 fore the date of enactment of this Act, shall be
23 governed by that authority after that date.

24 (B) SECTION 8.—The amendment made by
25 paragraph (1) shall apply to tenant-based as-

1 sistance provided under section 8 of the United
2 States Housing Act of 1937, with funds appro-
3 priated on or after October 1, 1997.

4 (c) DEFINITIONS OF TERMS USED IN REFERENCE
5 TO PUBLIC HOUSING.—

6 (1) IN GENERAL.—Section 3(c) of the United
7 States Housing Act of 1937 (42 U.S.C. 1437a(c)) is
8 amended—

9 (A) in paragraph (1), by inserting “and of
10 the fees and related costs normally involved in
11 obtaining non-Federal financing and tax credits
12 with or without private and nonprofit partners”
13 after “carrying charges”; and

14 (B) in paragraph (2), in the first sentence,
15 by striking “security personnel),” and all that
16 follows through the period and inserting the fol-
17 lowing: “security personnel), service coordina-
18 tors, drug elimination activities, or financing in
19 connection with a public housing project, in-
20 cluding projects developed with non-Federal fi-
21 nancing and tax credits, with or without private
22 and nonprofit partners.”.

23 (2) TECHNICAL CORRECTION.—Section 622(c)
24 of the Housing and Community Development Act of
25 1992 (Public Law 102–550; 106 Stat. 3817) is

1 amended by striking “‘project.’” and inserting
2 “paragraph (3)”.

3 (3) NEW DEFINITIONS.—Section 3(c) of the
4 United States Housing Act of 1937 (42 U.S.C.
5 1437a(c)) is amended by adding at the end the fol-
6 lowing:

7 “(6) PUBLIC HOUSING AGENCY PLAN.—The
8 term ‘public housing agency plan’ means the plan of
9 the public housing agency prepared in accordance
10 with section 5A.

11 “(7) DISABLED HOUSING.—The term ‘disabled
12 housing’ means any public housing project, building,
13 or portion of a project or building, that is designated
14 by a public housing agency for occupancy exclusively
15 by disabled persons or families.

16 “(8) ELDERLY HOUSING.—The term ‘elderly
17 housing’ means any public housing project, building,
18 or portion of a project or building, that is designated
19 by a public housing agency exclusively for occupancy
20 exclusively by elderly persons or families, including
21 elderly disabled persons or families.

22 “(9) MIXED-FINANCE PROJECT.—The term
23 ‘mixed-finance project’ means a public housing
24 project that meets the requirements of section 30.

1 “(10) CAPITAL FUND.—The term ‘Capital
2 Fund’ means the fund established under section
3 9(c).

4 “(11) OPERATING FUND.—The term ‘Operating
5 Fund’ means the fund established under section
6 9(d).”.

7 **SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING**
8 **PROJECTS.**

9 (a) IN GENERAL.—Section 5 of the United States
10 Housing Act of 1937 (42 U.S.C. 1437c) is amended by
11 striking subsections (h) through (l).

12 (b) CONFORMING AMENDMENTS.—The United States
13 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-
14 ed—

15 (1) in section 21(d), by striking “section 5(h)
16 or”;

17 (2) in section 25(l)(1), by striking “and for sale
18 under section 5(h)”;

19 (3) in section 307, by striking “section 5(h)
20 and”.

21 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

22 (a) IN GENERAL.—Title I of the United States Hous-
23 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
24 inserting after section 5 the following:

1 **“SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

2 “(a) 5-YEAR PLAN.—

3 “(1) IN GENERAL.—Subject to paragraph (2),
4 not less than once every 5 fiscal years, each public
5 housing agency shall submit to the Secretary a plan
6 that includes, with respect to the 5 fiscal years im-
7 mediately following the date on which the plan is
8 submitted—

9 “(A) a statement of the mission of the
10 public housing agency for serving the needs of
11 low-income families in the jurisdiction of the
12 public housing agency during those fiscal years;
13 and

14 “(B) a statement of the goals and objec-
15 tives of the public housing agency that will en-
16 able the public housing agency to serve the
17 needs identified pursuant to subparagraph (A)
18 during those fiscal years.

19 “(2) INITIAL PLAN.—The initial 5-year plan
20 submitted by a public housing agency under this
21 subsection shall be submitted for the 5-year period
22 beginning with the first fiscal year for which the
23 public housing agency receives assistance under this
24 Act.

25 “(b) ANNUAL PLAN.—

1 “(1) IN GENERAL.—Each public housing agen-
2 cy shall submit to the Secretary a public housing
3 agency plan under this subsection for each fiscal
4 year for which the public housing agency receives as-
5 sistance under sections 8(o) and 9.

6 “(2) UPDATES.—For each fiscal year after the
7 initial submission of a plan under this section by a
8 public housing agency, the public housing agency
9 may comply with requirements for submission of a
10 plan under this subsection by submitting an update
11 of the plan for the fiscal year.

12 “(c) PROCEDURES.—

13 “(1) IN GENERAL.—The Secretary shall estab-
14 lish requirements and procedures for submission and
15 review of plans, including requirements for timing
16 and form of submission, and for the contents of
17 those plans.

18 “(2) CONTENTS.—The procedures established
19 under paragraph (1) shall provide that a public
20 housing agency shall—

21 “(A) consult with the resident advisory
22 board established under subsection (e) in devel-
23 oping the plan; and

24 “(B) ensure that the plan under this sec-
25 tion is consistent with the applicable com-

1 prehensive housing affordability strategy (or
2 any consolidated plan incorporating that strat-
3 egy) for the jurisdiction in which the public
4 housing agency is located, in accordance with
5 title I of the Cranston-Gonzalez National Af-
6 fordable Housing Act and contains a certifi-
7 cation by the appropriate State or local official
8 that the plan meets the requirements of this
9 paragraph.

10 “(d) CONTENTS.—An annual public housing agency
11 plan under this section for a public housing agency shall
12 contain the following information relating to the upcoming
13 fiscal year for which the assistance under this Act is to
14 be made available:

15 “(1) NEEDS.—A statement of the housing
16 needs of low-income and very low-income families re-
17 siding in the community served by the public hous-
18 ing agency, and of other low-income families on the
19 waiting list of the agency (including housing needs
20 of elderly families and disabled families), and the
21 means by which the public housing agency intends,
22 to the maximum extent practicable, to address those
23 needs.

1 “(2) FINANCIAL RESOURCES.—A statement of
2 financial resources available for the agency and the
3 planned uses of those resources.

4 “(3) ELIGIBILITY, SELECTION, AND ADMIS-
5 SIONS POLICIES.—A statement of the policies gov-
6 erning eligibility, selection, admissions (including
7 any preferences), assignment, and occupancy of fam-
8 ilies with respect to public housing dwelling units
9 and housing assistance under section 8(o).

10 “(4) RENT DETERMINATION.—A statement of
11 the policies of the public housing agency governing
12 rents charged for public housing dwelling units and
13 rental contributions of assisted families under sec-
14 tion 8(o).

15 “(5) OPERATION AND MANAGEMENT.—A state-
16 ment of the rules, standards, and policies of the pub-
17 lic housing agency governing maintenance and man-
18 agement of housing owned and operated by the pub-
19 lic housing agency, and management of the public
20 housing agency and programs of the public housing
21 agency.

22 “(6) GRIEVANCE PROCEDURE.—A statement of
23 the grievance procedures of the public housing agen-
24 cy.

1 “(7) CAPITAL IMPROVEMENTS.—With respect
2 to public housing developments owned or operated
3 by the public housing agency, a plan describing the
4 capital improvements necessary to ensure long-term
5 physical and social viability of the developments.

6 “(8) DEMOLITION AND DISPOSITION.—With re-
7 spect to public housing developments owned or oper-
8 ated by the public housing agency—

9 “(A) a description of any housing to be de-
10 molished or disposed of; and

11 “(B) a timetable for that demolition or dis-
12 position.

13 “(9) DESIGNATION OF HOUSING FOR ELDERLY
14 AND DISABLED FAMILIES.—With respect to public
15 housing developments owned or operated by the pub-
16 lic housing agency, a description of any develop-
17 ments (or portions thereof) that the public housing
18 agency has designated or will designate for occu-
19 pancy by elderly and disabled families in accordance
20 with section 7.

21 “(10) CONVERSION OF PUBLIC HOUSING.—
22 With respect to public housing owned or operated by
23 a public housing agency—

24 “(A) a description of any building or build-
25 ings that the public housing agency is required

1 to convert to tenant-based assistance under sec-
2 tion 31 or that the public housing agency volun-
3 tarily converts under section 22;

4 “(B) an analysis of those buildings re-
5 quired under that section for conversion; and

6 “(C) a statement of the amount of grant
7 amounts to be used for rental assistance or
8 other housing assistance.

9 “(11) HOMEOWNERSHIP ACTIVITIES.—A de-
10 scription of any homeownership programs of the
11 public housing agency and the requirements for par-
12 ticipation in and the assistance available under those
13 programs.

14 “(12) ECONOMIC SELF-SUFFICIENCY AND CO-
15 ORDINATION WITH WELFARE AND OTHER APPRO-
16 PRIATE AGENCIES.—A description of—

17 “(A) any programs relating to services and
18 amenities provided or offered to assisted fami-
19 lies;

20 “(B) any policies or programs of the public
21 housing agency for the enhancement of the eco-
22 nomic and social self-sufficiency of assisted
23 families; and

1 “(C) how the public housing agency will
2 comply with the requirements of subsections (c)
3 and (d) of section 12.

4 “(13) SAFETY AND CRIME PREVENTION.—A de-
5 scription of policies established by the public housing
6 agency that increase or maintain the safety of public
7 housing residents.

8 “(14) ANNUAL AUDIT.—The results of the most
9 recent fiscal year audit of the public housing agency.

10 “(e) RESIDENT ADVISORY BOARD.—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (3), each public housing agency shall establish
13 one or more resident advisory boards in accordance
14 with this subsection, the membership of which shall
15 adequately reflect and represent the residents of the
16 dwelling units owned, operated, or assisted by the
17 public housing agency.

18 “(2) PURPOSE.—Each resident advisory board
19 established under this subsection shall assist and
20 make recommendations regarding the development
21 of the public housing agency plan. The public hous-
22 ing agency shall consider the recommendations of
23 the resident advisory board in preparing the final
24 public housing agency plan, and shall include a copy
25 of those recommendations in the public housing

1 agency plan submitted to the Secretary under this
2 section.

3 “(3) WAIVER.—The Secretary may waive the
4 requirements of this subsection with respect to the
5 establishment of a resident advisory board, if the
6 public housing agency demonstrates to the satisfac-
7 tion of the Secretary that there exists a resident
8 council or other tenant organization of the public
9 housing agency that—

10 “(A) adequately represents the interests of
11 the tenants of the public housing agency; and

12 “(B) has the ability to perform the func-
13 tions described in paragraph (2).

14 “(f) PUBLICATION OF NOTICE.—

15 “(1) IN GENERAL.—Not later than 45 days be-
16 fore the date of a hearing conducted under para-
17 graph (2) by the governing body of a public housing
18 agency, the public housing agency shall publish a no-
19 tice informing the public that—

20 “(A) the proposed public housing agency
21 plan is available for inspection at the principal
22 office of the public housing agency during nor-
23 mal business hours; and

1 “(B) a public hearing will be conducted to
2 discuss the public housing agency plan and to
3 invite public comment regarding that plan.

4 “(2) PUBLIC HEARING.—Each public housing
5 agency shall, at a location that is convenient to resi-
6 dents, conduct a public hearing, as provided in the
7 notice published under paragraph (1).

8 “(3) ADOPTION OF PLAN.—After conducting
9 the public hearing under paragraph (2), and after
10 considering all public comments received and, in con-
11 sultation with the resident advisory board, making
12 any appropriate changes in the public housing agen-
13 cy plan, the public housing agency shall—

14 “(A) adopt the public housing agency plan;
15 and

16 “(B) submit the plan to the Secretary in
17 accordance with this section.

18 “(g) AMENDMENTS AND MODIFICATIONS TO
19 PLANS.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), nothing in this section shall preclude a
22 public housing agency, after submitting a plan to the
23 Secretary in accordance with this section, from
24 amending or modifying any policy, rule, regulation,
25 or plan of the public housing agency, except that no

1 such significant amendment or modification may be
2 adopted or implemented—

3 “(A) other than at a duly called meeting of
4 commissioners (or other comparable governing
5 body) of the public housing agency that is open
6 to the public; and

7 “(B) until notification of the amendment
8 or modification is provided to the Secretary and
9 approved in accordance with subsection (h)(2).

10 “(2) CONSISTENCY.—Each significant amend-
11 ment or modification to a public housing agency
12 plan submitted to the Secretary under this section
13 shall—

14 “(A) meet the consistency requirement of
15 subsection (c)(2);

16 “(B) be subject to the notice and public
17 hearing requirements of subsection (f); and

18 “(C) be subject to approval by the Sec-
19 retary in accordance with subsection (h)(2).

20 “(h) TIMING OF PLANS.—

21 “(1) IN GENERAL.—

22 “(A) INITIAL SUBMISSION.—Each public
23 housing agency shall submit the initial plan re-
24 quired by this section, and any amendment or
25 modification to the initial plan, to the Secretary

1 at such time and in such form as the Secretary
2 shall require.

3 “(B) ANNUAL SUBMISSION.—Not later
4 than 60 days prior to the start of the fiscal
5 year of the public housing agency, after initial
6 submission of the plan required by this section
7 in accordance with subparagraph (A), each pub-
8 lic housing agency shall annually submit to the
9 Secretary a plan update, including any amend-
10 ments or modifications to the public housing
11 agency plan.

12 “(2) REVIEW AND APPROVAL.—

13 “(A) REVIEW.—After submission of the
14 public housing agency plan or any amendment
15 or modification to the plan to the Secretary, to
16 the extent that the Secretary considers such ac-
17 tion to be necessary to make determinations
18 under this subparagraph, the Secretary shall re-
19 view the public housing agency plan (including
20 any amendments or modifications thereto) to
21 determine whether the contents of the plan—

22 “(i) set forth the information required
23 by this section to be contained in a public
24 housing agency plan;

1 “(ii) are consistent with information
2 and data available to the Secretary; and

3 “(iii) are prohibited by or inconsistent
4 with any provision of this title or other ap-
5 plicable law.

6 “(B) APPROVAL.—

7 “(i) IN GENERAL.—Except as pro-
8 vided in paragraph (3)(B), not later than
9 60 days after the date on which a public
10 housing agency plan is submitted in ac-
11 cordance with this section, the Secretary
12 shall provide written notice to the public
13 housing agency if the plan has been dis-
14 approved, stating with specificity the rea-
15 sons for the disapproval.

16 “(ii) FAILURE TO PROVIDE NOTICE OF
17 DISAPPROVAL.—If the Secretary does not
18 provide notice of disapproval under clause
19 (i) before the expiration of the 60-day pe-
20 riod described in clause (i), the public
21 housing agency plan shall be deemed to be
22 approved by the Secretary.

23 “(3) SECRETARIAL DISCRETION.—

24 “(A) IN GENERAL.—The Secretary may re-
25 quire such additional information as the Sec-

1 retary determines to be appropriate for each
2 public housing agency that is—

3 “(i) at risk of being designated as
4 troubled under section 6(j); or

5 “(ii) designated as troubled under sec-
6 tion 6(j).

7 “(B) TROUBLED AGENCIES.—The Sec-
8 retary shall provide explicit written approval or
9 disapproval, in a timely manner, for a public
10 housing agency plan submitted by any public
11 housing agency designated by the Secretary as
12 a troubled public housing agency under section
13 6(j).

14 “(4) STREAMLINED PLAN.—In carrying out this
15 section, the Secretary may establish a streamlined
16 public housing agency plan for—

17 “(A) public housing agencies that are de-
18 termined by the Secretary to be high perform-
19 ing public housing agencies; and

20 “(B) public housing agencies with less
21 than 250 public housing units that have not
22 been designated as troubled under section
23 6(j).”.

24 (b) IMPLEMENTATION.—

1 (1) INTERIM RULE.—Not later than 120 days
2 after the date of enactment of this Act, the Sec-
3 retary shall issue an interim rule to require the sub-
4 mission of an interim public housing agency plan by
5 each public housing agency, as required by section
6 5A of the United States Housing Act of 1937 (as
7 added by subsection (a) of this section).

8 (2) FINAL REGULATIONS.—Not later than 1
9 year after the date of enactment of this Act, in ac-
10 cordance with the negotiated rulemaking procedures
11 set forth in subchapter III of chapter 5 of title 5,
12 United States Code, the Secretary shall promulgate
13 final regulations implementing section 5A of the
14 United States Housing Act of 1937 (as added by
15 subsection (a) of this section).

16 (c) AUDIT AND REVIEW; REPORT.—

17 (1) AUDIT AND REVIEW.—Not later than 1 year
18 after the effective date of final regulations promul-
19 gated under subsection (b)(2), in order to determine
20 the degree of compliance with public housing agency
21 plans approved under section 5A of the United
22 States Housing Act of 1937 (as added by subsection
23 (a) of this section) by public housing agencies, the
24 Comptroller General of the United States shall con-
25 duct—

1 (A) a review of a representative sample of
2 the public housing agency plans approved under
3 such section 5A before that date; and

4 (B) an audit and review of the public hous-
5 ing agencies submitting those plans.

6 (2) REPORT.—Not later than 2 years after the
7 date on which public housing agency plans are ini-
8 tially required to be submitted under section 5A of
9 the United States Housing Act of 1937 (as added by
10 subsection (a) of this section) the Comptroller Gen-
11 eral of the United States shall submit to Congress
12 a report, which shall include—

13 (A) a description of the results of each
14 audit and review under paragraph (1); and

15 (B) any recommendations for increasing
16 compliance by public housing agencies with
17 their public housing agency plans approved
18 under section 5A of the United States Housing
19 Act of 1937 (as added by subsection (a) of this
20 section).

21 **SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.**

22 (a) CONDITIONS.—Section 6(a) of the United States
23 Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

1 (1) in the first sentence, by inserting “, in a
2 manner consistent with the public housing agency
3 plan” before the period; and

4 (2) by striking the second sentence.

5 (b) REPEAL OF FEDERAL PREFERENCES; REVISION
6 OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COM-
7 PLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGI-
8 BILITY.—Section 6(c) of the United States Housing Act
9 of 1937 (42 U.S.C. 1437d(c)) is amended to read as fol-
10 lows:

11 “(c) [Reserved.]”.

12 (c) EXCESS FUNDS.—Section 6(e) of the United
13 States Housing Act of 1937 (42 U.S.C. 1437d(e)) is
14 amended to read as follows:

15 “(e) [Reserved.]”.

16 (d) PERFORMANCE INDICATORS FOR PUBLIC HOUS-
17 ING AGENCIES.—Section 6(j) of the United States Hous-
18 ing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

19 (1) in paragraph (1)—

20 (A) in subparagraph (B)—

21 (i) by striking “obligated” and insert-
22 ing “provided”; and

23 (ii) by striking “unexpended” and in-
24 serting “unobligated by the public housing
25 agency”;

1 (B) in subparagraph (D), by striking “en-
2 ergy” and inserting “utility”;

3 (C) by redesignating subparagraph (H) as
4 subparagraph (J); and

5 (D) by inserting after subparagraph (G)
6 the following:

7 “(H) The extent to which the public hous-
8 ing agency provides—

9 “(i) effective programs and activities
10 to promote the economic self-sufficiency of
11 public housing tenants; and

12 “(ii) public housing tenants with op-
13 portunities for involvement in the adminis-
14 tration of the public housing.

15 “(I) The extent to which the public hous-
16 ing agency implements—

17 “(i) effective screening and eviction
18 policies; and

19 “(ii) other anticrime strategies;
20 including the extent to which the public housing
21 agency coordinates with local government offi-
22 cials and tenants in the development and imple-
23 mentation of these strategies.

24 “(J) The extent to which the public hous-
25 ing agency successfully meets the goals and car-

1 ries out the activities and programs of the pub-
 2 lic housing agency plan under section 5(A).”;
 3 and

4 (2) in paragraph (2)(A)(i), by inserting after
 5 the first sentence the following: “The Secretary may
 6 use a simplified set of indicators for public housing
 7 agencies with less than 250 public housing units.”.

8 (e) DRUG-RELATED AND CRIMINAL ACTIVITY.—

9 (1) PUBLIC HOUSING.—Section 6(k) of the
 10 United States Housing Act of 1937 (42 U.S.C.
 11 1437d(k)) is amended, in the matter following para-
 12 graph (6)—

13 (A) by striking “drug-related” and insert-
 14 ing “violent or drug-related”; and

15 (B) by inserting “or any activity resulting
 16 in a felony conviction,” after “on or off such
 17 premises,”.

18 (2) LOWER INCOME HOUSING ASSISTANCE.—
 19 Section 8(d)(1)(B)(iii) of the United States Housing
 20 Act of 1937 (42 U.S.C. 1437f(d)(1)(B)(iii))—

21 (A) by striking “drug-related” and insert-
 22 ing “violent or drug-related”; and

23 (B) by striking “on or near such premises”
 24 and inserting “on or off such premises, or any
 25 activity resulting in a felony conviction”.

1 (f) LEASES.—Section 6(l) of the United States Hous-
2 ing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

3 (1) in paragraph (3), by striking “not be less
4 than” and all that follows before the semicolon and
5 inserting “be the period of time required under
6 State law”;

7 (2) in paragraph (5)—

8 (A) by striking “drug-related” and insert-
9 ing “violent or drug-related”; and

10 (B) by inserting “or any activity resulting
11 in a felony conviction,” after “on or off such
12 premises,”.

13 (3) in paragraph (6), by striking “and” at the
14 end;

15 (4) by redesignating paragraph (7) as para-
16 graph (8); and

17 (5) by inserting after paragraph (6) following:

18 “(7) provide that any occupancy in violation of
19 section 7(e)(1) or the furnishing of any false or mis-
20 leading information pursuant to section 7(e)(2) shall
21 be cause for termination of tenancy; and”.

22 (g) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE
23 CHILDREN.—Section 6(o) of the United States Housing
24 Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking

1 “Subject” and all that follows through “, in” and inserting
2 “In”.

3 (h) PREFERENCE FOR AREAS WITH INADEQUATE
4 SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p)
5 of the United States Housing Act of 1937 (42 U.S.C.
6 1437d(p)) is amended to read as follows:

7 “(p) [Reserved.]”.

8 (i) TRANSITION RULE RELATING TO PREF-
9 ERENCES.—During the period beginning on the date of
10 enactment of this Act and ending on the date on which
11 the initial public housing agency plan of a public housing
12 agency is approved under section 5A of the United States
13 Housing Act of 1937 (as added by this Act) the public
14 housing agency may establish local preferences for making
15 available public housing under the United States Housing
16 Act of 1937 and for providing tenant-based assistance
17 under section 8 of that Act.

18 **SEC. 108. EXPANSION OF POWERS.**

19 (a) IN GENERAL.—Section 6(j)(3) of the United
20 States Housing Act of 1937 (42 U.S.C. 1437d(j)(3)) is
21 amended—

22 (1) in subparagraph (A)—

23 (A) by redesignating clauses (iii) and (iv)

24 as clauses (iv) and (v), respectively; and

1 (B) by inserting after clause (ii) the follow-
2 ing:

3 “(iii) take possession of the public housing
4 agency, including any project or function of the
5 agency, including any project or function under any
6 other provision of this title;”;

7 (2) by redesignating subparagraphs (B)
8 through (D) as subparagraphs (E) through (G), re-
9 spectively;

10 (3) by inserting after subparagraph (A) the fol-
11 lowing:

12 “(B)(i) If a public housing agency is identified as
13 troubled under this subsection, the Secretary shall notify
14 the agency of the troubled status of the agency.

15 “(ii) The Secretary may give a public housing agency
16 a 1-year period, beginning on the later of the date on
17 which the agency receives notice from the Secretary of the
18 troubled status of the agency under clause (i), and the
19 date of enactment of the Public Housing Reform and Re-
20 sponsibility Act of 1997, within which to demonstrate im-
21 provement satisfactory to the Secretary. Nothing in this
22 clause shall preclude the Secretary from taking any action
23 the Secretary considers necessary before the commence-
24 ment or the expiration of the 1-year period described in
25 this clause.

1 “(iii) Upon the expiration of the 1-year period de-
2 scribed in clause (ii), if the troubled public housing agency
3 has not demonstrated improvement satisfactory to the
4 Secretary and the Secretary has not yet declared the agen-
5 cy to be in breach of the contract of the agency with the
6 Federal Government under this title, the Secretary shall
7 declare the public housing agency to be in substantial de-
8 fault, as described in subparagraph (A).

9 “(iv) Upon declaration of a substantial default under
10 clause (iii), the Secretary—

11 “(I) shall either—

12 “(aa) petition for the appointment of a re-
13 ceiver pursuant to subparagraph (A)(ii);

14 “(bb) take possession of the public housing
15 agency or any public housing projects of the
16 public housing agency pursuant to subpara-
17 graph (A)(iii); or

18 “(cc) take such actions as the Secretary
19 determines to be necessary to cure the substan-
20 tial default; and

21 “(II) may, in addition, take other appropriate
22 action.

23 “(C)(i) If a receiver is appointed pursuant to sub-
24 paragraph (A)(ii), in addition to the powers accorded by
25 the court appointing the receiver, the receiver—

1 “(I) may abrogate a contract that, in the deter-
2 mination of the receiver (which determination shall
3 be in writing and shall include the basis for such de-
4 termination), substantially impedes correction of the
5 substantial default, only if the receiver has deter-
6 mined that reasonable efforts to renegotiate the con-
7 tract have failed;

8 “(II) may demolish and dispose of the assets of
9 the public housing agency, in accordance with sec-
10 tion 18, including the transfer of properties to resi-
11 dent-supported nonprofit entities;

12 “(III) if determined to be appropriate by the
13 Secretary, may require the establishment, as per-
14 mitted by applicable State and local law, of one or
15 more new public housing agencies; and

16 “(IV) shall not be subject to any State or local
17 law relating to civil service requirements, employee
18 rights, procurement, or financial or administrative
19 controls that, in the determination of the receiver
20 (which determination shall be made in writing and
21 shall include the basis for the determination), sub-
22 stantially impedes correction of the substantial de-
23 fault.

24 “(ii) In this subparagraph, the term ‘public housing
25 agency’ includes any project or function of a public hous-

1 ing agency, as appropriate, including any project or func-
2 tion under any other provision of this title.

3 “(D)(i) If the Secretary takes possession of a public
4 housing agency, or any project or function of the agency,
5 pursuant to subparagraph (A)(iii), the Secretary—

6 “(I) may abrogate a contract that, in the deter-
7 mination of the Secretary (which determination shall
8 be in writing and shall include the basis for such de-
9 termination), substantially impedes correction of the
10 substantial default, only if the Secretary has deter-
11 mined that reasonable efforts to renegotiate the con-
12 tract have failed;

13 “(II) may demolish and dispose of the assets of
14 the public housing agency, in accordance with sec-
15 tion 18, including the transfer of properties to resi-
16 dent-supported nonprofit entities;

17 “(III) may require the establishment, as per-
18 mitted by applicable State and local law, of one or
19 more new public housing agencies;

20 “(IV) shall not be subject to any State or local
21 law relating to civil service requirements, employee
22 rights, procurement, or financial or administrative
23 controls that, in the determination of the Secretary
24 (which determination shall be made in writing and
25 shall include the basis for the determination), sub-

1 stantially impedes correction of the substantial de-
2 fault; and

3 “(V) shall have such additional authority as a
4 district court of the United States has the authority
5 to confer under like circumstances upon a receiver to
6 fulfill the purposes of the receivership.

7 “(ii) The Secretary may appoint, on a competitive or
8 noncompetitive basis, an individual or entity as an admin-
9 istrative receiver to assume the responsibilities of the Sec-
10 retary under this subparagraph for the administration of
11 a public housing agency. The Secretary may delegate to
12 the administrative receiver any or all of the powers given
13 the Secretary by this subparagraph, as the Secretary de-
14 termines to be appropriate.

15 “(iii) Regardless of any delegation under this sub-
16 paragraph, an administrative receiver may not require the
17 establishment of one or more new public housing agencies
18 pursuant to clause (i)(III), unless the Secretary first ap-
19 proves an application by the administrative receiver to au-
20 thorize such establishment.

21 “(iv) In this subparagraph, the term ‘public housing
22 agency’ includes any project or function of a public hous-
23 ing agency, as appropriate, including any project or func-
24 tion under any other provision of this title.”; and

25 (4) by adding at the end the following:

1 “(H) If the Secretary (or an administrative receiver
2 appointed by the Secretary) takes possession of a public
3 housing agency (including any project or function of the
4 agency), or if a receiver is appointed by a court, the Sec-
5 retary or receiver shall be deemed to be acting not in the
6 official capacity of that person or entity, but rather in the
7 capacity of the public housing agency, and any liability
8 incurred, regardless of whether the incident giving rise to
9 that liability occurred while the Secretary or receiver was
10 in possession of the public housing agency (including any
11 project or function of the agency), shall be the liability
12 of the public housing agency.”.

13 (b) APPLICABILITY.—The amendments made by sub-
14 section (a) shall apply—

15 (1) to a public housing agency that is found to
16 be in substantial default, on or after the date of en-
17 actment of this Act, with respect to the covenants or
18 conditions to which the agency is subject (as such
19 substantial default is defined in the contract for con-
20 tributions of the agency) or with respect to an agree-
21 ment entered into under section 6(j)(2)(C) of the
22 United States Housing Act of 1937;

23 (2) with respect to any action taken before, on,
24 or after the date of enactment of this Act; and

1 (3) to any receiver appointed for a public hous-
2 ing agency before the date of enactment of this Act.

3 **SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING**
4 **FUNDS.**

5 (a) IN GENERAL.—Section 9 of the United States
6 Housing Act of 1937 (42 U.S.C. 1437g) is amended to
7 read as follows:

8 **“SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING**
9 **FUNDS.**

10 “(a) IN GENERAL.—Except for assistance provided
11 under section 8 of this Act or as otherwise provided in
12 the Public Housing Reform and Responsibility Act of
13 1997, all programs under which assistance is provided for
14 public housing under this Act on the day before October
15 1, 1998, shall be merged, as appropriate, into either—

16 “(1) the Capital Fund established under sub-
17 section (c); or

18 “(2) the Operating Fund established under sub-
19 section (d).

20 “(b) USE OF EXISTING FUNDS.—With the exception
21 of funds made available pursuant to section 8 or section
22 20(f) and funds made available for the urban revitalization
23 demonstration program authorized under the Department
24 of Veterans Affairs and Housing and Urban Development,
25 and Independent Agencies Appropriations Acts—

1 “(1) funds made available to the Secretary for
2 public housing purposes that have not been obligated
3 by the Secretary to a public housing agency as of
4 October 1, 1998, shall be made available, for the pe-
5 riod originally provided in law, for use in either the
6 Capital Fund or the Operating Fund, as appro-
7 priate; and

8 “(2) funds made available to the Secretary for
9 public housing purposes that have been obligated by
10 the Secretary to a public housing agency but that,
11 as of October 1, 1998, have not been obligated by
12 the public housing agency, may be made available by
13 that public housing agency, for the period originally
14 provided in law, for use in either the Capital Fund
15 or the Operating Fund, as appropriate.

16 “(c) CAPITAL FUND.—

17 “(1) IN GENERAL.—The Secretary shall estab-
18 lish a Capital Fund for the purpose of making as-
19 sistance available to public housing agencies to carry
20 out capital and management activities, including—

21 “(A) the development and modernization of
22 public housing projects, including the redesign,
23 reconstruction, and reconfiguration of public
24 housing sites and buildings and the develop-
25 ment of mixed-finance projects;

1 “(B) vacancy reduction;

2 “(C) addressing deferred maintenance
3 needs and the replacement of dwelling equip-
4 ment;

5 “(D) planned code compliance;

6 “(E) management improvements;

7 “(F) demolition and replacement;

8 “(G) tenant relocation;

9 “(H) capital expenditures to facilitate pro-
10 grams to improve the economic empowerment
11 and self-sufficiency of public housing tenants;
12 and

13 “(I) capital expenditures to improve the se-
14 curity and safety of residents.

15 “(2) ESTABLISHMENT OF CAPITAL FUND FOR-
16 MULA.—The Secretary shall develop a formula for
17 providing assistance under the Capital Fund, which
18 may take into account—

19 “(A) the number of public housing dwell-
20 ing units owned or operated by the public hous-
21 ing agency and the percentage of those units
22 that are occupied by very low-income families;

23 “(B) if applicable, the reduction in the
24 number of public housing units owned or oper-
25 ated by the public housing agency as a result

1 of any conversion to a system of tenant-based
2 assistance;

3 “(C) the costs to the public housing agency
4 of meeting the rehabilitation and modernization
5 needs, and meeting the reconstruction, develop-
6 ment, and demolition needs of public housing
7 dwelling units owned and operated by the public
8 housing agency;

9 “(D) the degree of household poverty
10 served by the public housing agency;

11 “(E) the costs to the public housing agen-
12 cy of providing a safe and secure environment
13 in public housing units owned and operated by
14 the public housing agency; and

15 “(F) the ability of the public housing agen-
16 cy to effectively administer the Capital Fund
17 distribution of the public housing agency.

18 “(d) OPERATING FUND.—

19 “(1) IN GENERAL.—The Secretary shall estab-
20 lish an Operating Fund for the purpose of making
21 assistance available to public housing agencies for
22 the operation and management of public housing, in-
23 cluding—

1 “(A) procedures and systems to maintain
2 and ensure the efficient management and oper-
3 ation of public housing units;

4 “(B) activities to ensure a program of rou-
5 tine preventative maintenance;

6 “(C) anticrime and antidrug activities, in-
7 cluding the costs of providing adequate security
8 for public housing tenants;

9 “(D) activities related to the provision of
10 services, including service coordinators for el-
11 derly persons or persons with disabilities;

12 “(E) activities to provide for management
13 and participation in the management of public
14 housing by public housing tenants;

15 “(F) the costs associated with the oper-
16 ation and management of mixed-finance
17 projects, to the extent appropriate (including
18 the funding of an operating reserve to ensure
19 affordability for low-income families in lieu of
20 the availability of operating funds for public
21 housing units in a mixed-finance project);

22 “(G) the reasonable costs of insurance;

23 “(H) the reasonable energy costs associ-
24 ated with public housing units, with an empha-
25 sis on energy conservation; and

1 “(I) the costs of administering a public
2 housing work program under section 12, includ-
3 ing the costs of any related insurance needs.

4 “(2) ESTABLISHMENT OF OPERATING FUND
5 FORMULA.—The Secretary shall establish a formula
6 for providing assistance under the Operating Fund,
7 which may take into account—

8 “(A) standards for the costs of operation
9 and reasonable projections of income, taking
10 into account the character and location of the
11 public housing project and characteristics of the
12 families served, or the costs of providing com-
13 parable services as determined with criteria or
14 a formula representing the operations of a pro-
15 totype well-managed public housing project;

16 “(B) the number of public housing dwell-
17 ing units owned and operated by the public
18 housing agency, the percentage of those units
19 that are occupied by very low-income families,
20 and, if applicable, the reduction in the number
21 of public housing units as a result of any con-
22 version to a system of tenant-based assistance;

23 “(C) the degree of household poverty
24 served by a public housing agency;

1 “(D) the extent to which the public hous-
2 ing agency provides programs and activities de-
3 signed to promote the economic self-sufficiency
4 and management skills of public housing ten-
5 ants;

6 “(E) the number of dwelling units owned
7 and operated by the public housing agency that
8 are chronically vacant and the amount of assist-
9 ance appropriate for those units;

10 “(F) the costs of the public housing agency
11 associated with anticrime and antidrug activi-
12 ties, including the costs of providing adequate
13 security for public housing tenants; and

14 “(G) the ability of the public housing agen-
15 cy to effectively administer the Operating Fund
16 distribution of the public housing agency.

17 “(e) LIMITATIONS ON USE OF FUNDS.—

18 “(1) IN GENERAL.—Each public housing agen-
19 cy may use not more than 20 percent of the Capital
20 Fund distribution of the public housing agency for
21 activities that are eligible for assistance under the
22 Operating Fund under subsection (d), if the public
23 housing agency plan provides for such use.

24 “(2) NEW CONSTRUCTION.—

1 “(A) IN GENERAL.—A public housing
2 agency may not use any of the Capital Fund or
3 Operating Fund distributions of the public
4 housing agency for the purpose of constructing
5 any public housing unit, if such construction
6 would result in a net increase in the number of
7 public housing units owned or operated by the
8 public housing agency on the date of enactment
9 of the Public Housing Reform and Responsibil-
10 ity Act of 1997, including any public housing
11 units demolished as part of any revitalization
12 effort.

13 “(B) EXCEPTION.—Notwithstanding sub-
14 paragraph (A), a public housing agency may
15 use the Capital Fund or Operating Fund dis-
16 tributions of the public housing agency for the
17 construction and operation of housing units
18 that are available and affordable to low-income
19 families in excess of the limitations on new con-
20 struction set forth in subparagraph (A), except
21 that the formulas established under subsections
22 (c)(2) and (d)(2) shall not provide additional
23 funding for the specific purpose of allowing con-
24 struction and operation of housing in excess of
25 those limitations.

1 “(f) DIRECT PROVISION OF OPERATING AND CAP-
2 ITAL ASSISTANCE.—

3 “(1) IN GENERAL.—The Secretary shall directly
4 provide operating and capital assistance under this
5 section to a resident management corporation man-
6 aging a public housing development pursuant to a
7 contract under this section, but only if—

8 “(A) the resident management corporation
9 petitions the Secretary for the release of the
10 funds;

11 “(B) the contract provides for the resident
12 management corporation to assume the primary
13 management responsibilities of the public hous-
14 ing agency; and

15 “(C) the Secretary determines that the
16 corporation has the capability to effectively dis-
17 charge such responsibilities.

18 “(2) USE OF ASSISTANCE.—Any operating and
19 capital assistance provided to a resident manage-
20 ment pursuant to this subsection shall be used for
21 purposes of operating the public housing develop-
22 ments of the agency and performing such other eligi-
23 ble activities with respect to public housing as may
24 be provided under the contract.

1 “(3) RESPONSIBILITY OF PUBLIC HOUSING
2 AGENCY.—If the Secretary provides direct funding
3 to a resident management corporation under this
4 subsection, the public housing agency shall not be
5 responsible for the actions of the resident manage-
6 ment corporation.

7 “(g) TECHNICAL ASSISTANCE.—To the extent ap-
8 proved in advance in appropriations Acts, the Secretary
9 may make grants or enter into contracts in accordance
10 with this subsection for purposes of providing, either di-
11 rectly or indirectly—

12 “(1) technical assistance to public housing
13 agencies, resident councils, resident organizations,
14 and resident management corporations, including as-
15 sistance relating to monitoring and inspections;

16 “(2) training for public housing agency employ-
17 ees and tenants;

18 “(3) data collection and analysis; and

19 “(4) training, technical assistance, and edu-
20 cation to assist public housing agencies that are—

21 “(A) at risk of being designated as trou-
22 bled under section 6(j) from being so des-
23 igned; and

1 “(B) designated as troubled under section
2 6(j) in achieving the removal of that designa-
3 tion.

4 “(h) EMERGENCY RESERVE.—

5 “(1) IN GENERAL.—

6 “(A) SET-ASIDE.—In each fiscal year, the
7 Secretary shall set aside not more than 2 per-
8 cent of the amount made available for use
9 under the capital fund to carry out this section
10 for that fiscal year for use in accordance with
11 this subsection.

12 “(B) USE OF FUNDS.—Amounts set aside
13 under this paragraph shall be available to the
14 Secretary for use in connection with—

15 “(i) emergencies and other disasters;

16 “(ii) housing needs resulting from any
17 settlement of litigation; and

18 “(iii) the Operation Safe Home pro-
19 gram, except that amounts set aside under
20 this clause may not exceed \$10,000,000 in
21 any fiscal year.

22 “(2) LIMITATION.—With respect to any fiscal
23 year, the Secretary may carry over not more than a
24 total of \$25,000,000 in unobligated amounts set
25 aside under this subsection for use in connection

1 with the activities described in paragraph (1)(B)
2 during the succeeding fiscal year.

3 “(3) REPORTS.—The Secretary and the Office
4 of Inspector General shall report to the Committee
5 on Banking, Housing, and Urban Affairs of the Sen-
6 ate and the Committee on Banking and Financial
7 Services of the House of Representatives regarding
8 the feasibility of transferring the authority to admin-
9 ister the program functions implemented to reduce
10 violent crime in public housing under Operation Safe
11 Home to the Office of Public and Indian Housing or
12 to the Department of Justice.

13 “(4) PUBLICATION.—The Secretary shall pub-
14 lish the use of any amounts allocated under this sub-
15 section relating to emergencies (other disasters and
16 housing needs resulting from any settlement of liti-
17 gation) in the Federal Register.”.

18 (b) IMPLEMENTATION; EFFECTIVE DATE; TRANSI-
19 TION PERIOD.—

20 (1) IMPLEMENTATION.—Not later than 1 year
21 after the date of enactment of this Act, in accord-
22 ance with the negotiated rulemaking procedures set
23 forth in subchapter III of chapter 5 of title 5, Unit-
24 ed States Code, the Secretary shall establish the for-
25 mulas described in subsections (c)(3) and (d)(2) of

1 section 9 of the Public Housing Reform and Respon-
2 sibility Act of 1997, as amended by this section.

3 (2) EFFECTIVE DATE.—The formulas estab-
4 lished under paragraph (1) shall be effective only
5 with respect to amounts made available under sec-
6 tion 9 of the United States Housing Act of 1937, as
7 amended by this section, in fiscal year 1999 or in
8 any succeeding fiscal year.

9 (3) TRANSITION PERIOD.—Prior to the effective
10 date described in paragraph (2), the Secretary shall
11 provide that each public housing agency shall receive
12 funding under sections 9 and 14 of the United
13 States Housing Act of 1937, as those sections ex-
14 isted on the day before the date of enactment of this
15 Act.

16 **SEC. 110. LABOR STANDARDS.**

17 Section 12 of the United States Housing Act of 1937
18 (42 U.S.C. 1437j) is amended by adding at the end the
19 following:

20 “(c) WORK REQUIREMENT.—

21 “(1) MINIMUM REQUIREMENT.—Notwithstand-
22 ing any other provision of law, each adult member
23 of each family assisted under this title shall contrib-
24 ute not less than 8 hours of volunteer work per

1 month (not to include any political activity) within
2 the community in which that adult resides.

3 “(2) INCLUSION IN PLAN.—Each public housing
4 agency shall include in the public housing agency
5 plan a detailed description of the manner in which
6 the public housing agency intends to implement and
7 administer paragraph (1).

8 “(3) EXEMPTIONS.—The Secretary may provide
9 an exemption from paragraph (1) for any adult who
10 is—

11 “(A) not less than 62 years of age;

12 “(B) a person with disabilities who is un-
13 able, as determined in accordance with guide-
14 lines established by the Secretary, to comply
15 with this section;

16 “(C) working not less than 20 hours per
17 week, a student, receiving vocational training,
18 or otherwise meeting work, training, or edu-
19 cational requirements of a public assistance
20 program; or

21 “(D) a single parent or the spouse of an
22 otherwise exempt individual who is the primary
23 caretaker of one or more children who are 6
24 years of age or younger.

25 “(d) SELF-SUFFICIENCY.—

1 “(1) DEFINITIONS.—In this subsection—

2 “(A) the term ‘covered family’ means a
3 family that—

4 “(i) receives benefits for welfare or
5 public assistance from a State or other
6 public agency under a program for which
7 the Federal, State, or local law relating to
8 the program requires, as a condition of eli-
9 gibility for assistance under the program,
10 participation of a member of the family in
11 a self-sufficiency program; and

12 “(ii) resides in a public housing dwell-
13 ing unit or is provided tenant-based assist-
14 ance; and

15 “(B) the term ‘self-sufficiency program’
16 means any program designed to encourage, as-
17 sist, train, or facilitate the economic independ-
18 ence of participants and their families or to
19 provide work for participants, including pro-
20 grams for job training, employment counseling,
21 work placement, basic skills training, education,
22 workfare, money or household management, ap-
23 prenticeship, or other activities.

24 “(2) COMPLIANCE.—

1 “(A) SANCTIONS.—Notwithstanding any
2 other provision of law, if the welfare or public
3 assistance benefits of a covered family are re-
4 duced under a Federal, State, or local law re-
5 garding such an assistance program because of
6 any failure of any member of the family to com-
7 ply with the conditions under the assistance
8 program requiring participation in a self-suffi-
9 ciency program, or because of an act of fraud
10 by any member of the family under the law or
11 program, the amount required to be paid by the
12 family as a monthly contribution toward rent
13 may not be decreased, during the period of the
14 reduction, as a result of any decrease in the in-
15 come of the family (to the extent that the de-
16 crease in income is a result of the benefits re-
17 duction).

18 “(B) REVIEW.—Any covered family resid-
19 ing in public housing that is affected by the op-
20 eration of this paragraph shall have the right to
21 review the determination under this paragraph
22 through the administrative grievance procedure
23 for the public housing agency.

24 “(C) NOTICE.—Subparagraph (A) shall
25 not apply to any covered family before the pub-

1 lic housing agency providing assistance under
2 this Act on behalf of the family obtains written
3 notification from the relevant welfare or public
4 assistance agency specifying that the family's
5 benefits have been reduced because of non-
6 compliance with self-sufficiency program re-
7 quirements and the level of such reduction.

8 “(3) OCCUPANCY RIGHTS.—This subsection
9 may not be construed to authorize any public hous-
10 ing agency to limit the duration of tenancy in a pub-
11 lic housing dwelling unit or of tenant-based assist-
12 ance.

13 “(4) COOPERATION AGREEMENTS FOR SELF-
14 SUFFICIENCY ACTIVITIES.—

15 “(A) REQUIREMENT.—To the maximum
16 extent practicable, a public housing agency pro-
17 viding public housing dwelling units or tenant-
18 based assistance for covered families shall enter
19 into such cooperation agreements, with State,
20 local, and other agencies providing assistance to
21 covered families under welfare or public assist-
22 ance programs, as may be necessary, to provide
23 for such agencies to transfer information to fa-
24 cilitate administration of subsection (c) or para-
25 graph (2) of this subsection, and other informa-

1 tion regarding rents, income, and assistance
2 that may assist a public housing agency or wel-
3 fare or public assistance agency in carrying out
4 its functions.

5 “(B) CONTENTS.—A public housing agen-
6 cy shall seek to include in a cooperation agree-
7 ment under this paragraph requirements and
8 provisions designed to target assistance under
9 welfare and public assistance programs to fami-
10 lies residing in public and other assisted hous-
11 ing developments, which may include providing
12 for self-sufficiency services within such housing,
13 providing for services designed to meet the
14 unique employment-related needs of residents of
15 such housing, providing for placement of
16 workfare positions on-site in such housing, and
17 such other elements as may be appropriate.

18 “(C) CONFIDENTIALITY.—This paragraph
19 may not be construed to authorize any release
20 of information that is prohibited by, or in con-
21 travention of, any other provision of Federal,
22 State, or local law.”.

1 **SEC. 111. REPEAL OF ENERGY CONSERVATION; CONSORTIA**
2 **AND JOINT VENTURES.**

3 Section 13 of the United States Housing Act of 1937
4 (42 U.S.C. 1437k) is amended to read as follows:

5 **“SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND**
6 **SUBSIDIARIES OF PUBLIC HOUSING AGEN-**
7 **CIES.**

8 “(a) CONSORTIA.—

9 “(1) IN GENERAL.—Any 2 or more public hous-
10 ing agencies may participate in a consortium for the
11 purpose of administering any or all of the housing
12 programs of those public housing agencies in accord-
13 ance with this section.

14 “(2) EFFECT.—With respect to any consortium
15 described in paragraph (1)—

16 “(A) any assistance made available under
17 this title to each of the public housing agencies
18 participating in the consortium shall be paid to
19 the consortium; and

20 “(B) all planning and reporting require-
21 ments imposed upon each public housing agency
22 participating in the consortium with respect to
23 the programs operated by the consortium shall
24 be consolidated.

25 “(3) RESTRICTIONS.—

1 “(A) AGREEMENT.—Each consortium de-
2 scribed in paragraph (1) shall be formed and
3 operated in accordance with a consortium
4 agreement, and shall be subject to the require-
5 ments of a joint public housing agency plan,
6 which shall be submitted by the consortium in
7 accordance with section 5A.

8 “(B) MINIMUM REQUIREMENTS.—The Sec-
9 retary shall specify minimum requirements re-
10 lating to the formation and operation of consor-
11 tia and the minimum contents of consortium
12 agreements under this paragraph.

13 “(b) JOINT VENTURES.—

14 “(1) IN GENERAL.—Notwithstanding any other
15 provision of law, a public housing agency, in accord-
16 ance with the public housing agency plan, may—

17 “(A) form and operate wholly owned or
18 controlled subsidiaries (which may be nonprofit
19 corporations) and other affiliates, any of which
20 may be directed, managed, or controlled by the
21 same persons who constitute the board of com-
22 missioners or other similar governing body of
23 the public housing agency, or who serve as em-
24 ployees or staff of the public housing agency; or

1 “(B) enter into joint ventures, partner-
2 ships, or other business arrangements with, or
3 contract with, any person, organization, entity,
4 or governmental unit, with respect to the ad-
5 ministration of the programs of the public hous-
6 ing agency, including any program that is sub-
7 ject to this title.

8 “(2) USE OF AND TREATMENT INCOME.—Any
9 income generated under paragraph (1)—

10 “(A) shall be used for low-income housing
11 or to benefit the tenants of the public housing
12 agency; and

13 “(B) shall not result in any decrease in
14 any amount provided to the public housing
15 agency under this title.

16 “(3) AUDITS.—The Comptroller General of the
17 United States, the Secretary, and the Inspector Gen-
18 eral of the Department of Housing and Urban De-
19 velopment may conduct an audit of any activity un-
20 dertaken under paragraph (1) at any time.”.

21 **SEC. 112. REPEAL OF MODERNIZATION FUND.**

22 (a) IN GENERAL.—Section 14 of the United States
23 Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

1 (b) CONFORMING AMENDMENTS.—The United States
2 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-
3 ed—

4 (1) in section 5(c)(5), by striking “for use
5 under section 14 or”;

6 (2) in section 5(c)(7)—

7 (A) in subparagraph (A)—

8 (i) by striking clause (iii); and

9 (ii) by redesignating clauses (iv)
10 through (x) as clauses (iii) through (ix),
11 respectively; and

12 (B) in subparagraph (B)—

13 (i) by striking clause (iii); and

14 (ii) by redesignating clauses (iv)
15 through (x) as clauses (iii) through (ix),
16 respectively;

17 (3) in section 6(j)(1)—

18 (A) by striking subparagraph (B); and

19 (B) by redesignating subparagraphs (C)
20 through (H) as subparagraphs (B) through (G),
21 respectively;

22 (4) in section 6(j)(2)(A)—

23 (A) in clause (i), by striking “The Sec-
24 retary shall also designate,” and all that follows
25 through the period at the end; and

1 (B) in clause (iii), by striking “(including
2 designation as a troubled agency for purposes
3 of the program under section 14)”;

4 (5) in section 6(j)(2)(B)—

5 (A) in clause (i), by striking “and deter-
6 mining that an assessment under this subpara-
7 graph will not duplicate any review conducted
8 under section 14(p)”;

9 (B) in clause (ii)—

10 (i) by striking “(I) the agency’s com-
11 prehensive plan prepared pursuant to sec-
12 tion 14 adequately and appropriately ad-
13 dresses the rehabilitation needs of the
14 agency’s inventory, (II)” and inserting
15 “(I)”;

16 (ii) by striking “(III)” and inserting
17 “(II)”;

18 (6) in section 6(j)(3)—

19 (A) in clause (ii), by adding “and” at the
20 end;

21 (B) by striking clause (iii); and

22 (C) by redesignating clause (iv) as clause
23 (iii);

24 (7) in section 6(j)(4)—

1 (A) in subparagraph (D), by adding “and”
2 at the end;

3 (B) in subparagraph (E), by striking “;
4 and” at the end and inserting a period; and

5 (C) by striking subparagraph (F);

6 (8) in section 20—

7 (A) by striking subsection (c) and inserting
8 the following:

9 “(c) [Reserved.]”; and

10 (B) by striking subsection (f) and inserting
11 the following:

12 “(f) [Reserved.]”;

13 (9) in section 21(a)(2)—

14 (A) by striking subparagraph (A); and

15 (B) by redesignating subparagraphs (B)
16 and (C) as subparagraphs (A) and (B), respec-
17 tively;

18 (10) in section 21(a)(3)(A)(v), by striking “the
19 building or buildings meet the minimum safety and
20 livability standards applicable under section 14,
21 and”;

22 (11) in section 25(b)(1), by striking “From
23 amounts reserved” and all that follows through “the
24 Secretary may” and inserting the following: To the

1 extent approved in appropriations Acts, the Sec-
 2 retary may”;

3 (12) in section 25(e)(2)—

4 (A) by striking “The Secretary” and in-
 5 serting “To the extent approved in appropria-
 6 tions Acts, the Secretary”; and

7 (B) by striking “available annually from
 8 amounts under section 14”;

9 (13) in section 25(e), by striking paragraph (3);

10 (14) in section 25(f)(2)(G)(i), by striking “in-
 11 cluding—” and all that follows through “an expla-
 12 nation” and inserting “including an explanation”;

13 (15) in section 25(i)(1), by striking the second
 14 sentence; and

15 (16) in section 202(b)(2)—

16 (A) by striking “(b) FINANCIAL ASSIST-
 17 ANCE.—” and all that follows through “The
 18 Secretary may,” and inserting the following:

19 “(b) FINANCIAL ASSISTANCE.—The Secretary may”;

20 and

21 (B) by striking paragraph (2).

22 **SEC. 113. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
 23 **ING.**

24 Section 16 of the United States Housing Act of 1937
 25 (42 U.S.C. 1437n) is amended to read as follows:

1 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
2 **ING.**

3 “(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

4 “(1) IN GENERAL.—Of the dwelling units of a
5 public housing agency, including public housing
6 units in a designated mixed-finance project, made
7 available for occupancy in any fiscal year of the pub-
8 lic housing agency—

9 “(A) not less than 40 percent shall be oc-
10 cupied by families whose incomes do not exceed
11 30 percent of the area median income for those
12 families;

13 “(B) not less than 75 percent shall be oc-
14 cupied by families whose incomes do not exceed
15 60 percent of the area median income for those
16 families; and

17 “(C) any remaining dwelling units may be
18 made available for families whose incomes do
19 not exceed 80 percent of the area median in-
20 come for those families.

21 “(2) ESTABLISHMENT OF DIFFERENT STAND-
22 ARDS.—Notwithstanding paragraph (1), if approved
23 by the Secretary, a public housing agency, in accord-
24 ance with the public housing agency plan, may for
25 good cause establish and implement an occupancy

1 standard other than the standard described in para-
2 graph (1).

3 “(3) MIXED-INCOME HOUSING STANDARD.—
4 Each public housing agency plan submitted by a
5 public housing agency shall include a plan for
6 achieving a diverse income mix among tenants in
7 each public housing project of the public housing
8 agency and among the scattered site public housing
9 of the public housing agency.

10 “(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED
11 HOUSING.—

12 “(1) IN GENERAL.—Of the dwelling units re-
13 ceiving tenant-based assistance under section 8
14 made available for occupancy in any fiscal year of
15 the public housing agency—

16 “(A) not less than 50 percent shall be oc-
17 cupied by families whose incomes do not exceed
18 30 percent of the area median income for those
19 families; and

20 “(B) any remaining dwelling units may be
21 made available for families whose incomes do
22 not exceed 80 percent of the area median in-
23 come for those families.

24 “(2) ESTABLISHMENT OF DIFFERENT STAND-
25 ARDS.—Notwithstanding paragraph (1), if approved

1 by the Secretary, a public housing agency, in accord-
2 ance with the public housing agency plan, may for
3 good cause establish and implement an occupancy
4 standard other than the standard described in para-
5 graph (1).

6 “(c) INELIGIBILITY OF ILLEGAL DRUG USERS AND
7 ALCOHOL ABUSERS.—

8 “(1) IN GENERAL.—Notwithstanding any other
9 provision of law, a public housing agency shall estab-
10 lish standards for occupancy in public housing dwell-
11 ing units and assistance under section 8—

12 “(A) that prohibit occupancy in any public
13 housing dwelling unit by, and assistance under
14 section 8 for, any person—

15 “(i) who the public housing agency
16 determines is illegally using a controlled
17 substance; or

18 “(ii) if the public housing agency de-
19 termines that it has reasonable cause to
20 believe that such person’s illegal use (or
21 pattern of illegal use) of a controlled sub-
22 stance, or abuse (or pattern of abuse) of
23 alcohol, may interfere with the health,
24 safety, or right to peaceful enjoyment of

1 the premises by other residents of the
2 project; and

3 “(B) that allow the public housing agency
4 to terminate the tenancy in any public housing
5 unit of, and the assistance under section 8 for,
6 any person—

7 “(i) who the public housing agency
8 determines is illegally using a controlled
9 substance; or

10 “(ii) whose illegal use of a controlled
11 substance, or whose abuse of alcohol, is de-
12 termined by the public housing agency to
13 interfere with the health, safety, or right to
14 peaceful enjoyment of the premises by
15 other residents of the project.

16 “(2) CONSIDERATION OF REHABILITATION.—In
17 determining whether, pursuant to paragraph (1), to
18 deny occupancy or assistance to any person based on
19 a pattern of use of a controlled substance or a pat-
20 tern of abuse of alcohol, a public housing agency
21 may consider whether such person—

22 “(A) has successfully completed a super-
23 vised drug or alcohol rehabilitation program (as
24 applicable) and is no longer engaging in the ille-

1 gal use of a controlled substance or abuse of al-
 2 cohol (as applicable);

3 “(B) has otherwise been rehabilitated suc-
 4 cessfully and is no longer engaging in the illegal
 5 use of a controlled substance or abuse of alco-
 6 hol (as applicable); or

7 “(C) is participating in a supervised drug
 8 or alcohol rehabilitation program (as applicable)
 9 and is no longer engaging in the illegal use of
 10 a controlled substance or abuse of alcohol (as
 11 applicable).”.

12 **SEC. 114. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 13 **ING.**

14 (a) IN GENERAL.—Section 18 of the United States
 15 Housing Act of 1937 (42 U.S.C. 1437p) is amended to
 16 read as follows:

17 **“SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
 18 **ING.**

19 “(a) APPLICATIONS FOR DEMOLITION AND DISPOSI-
 20 TION.—Except as provided in subsection (b), not later
 21 than 60 days after receiving an application by a public
 22 housing agency for authorization, with or without financial
 23 assistance under this title, to demolish or dispose of a pub-
 24 lic housing project or a portion of a public housing project
 25 (including any transfer to a resident-supported nonprofit

1 entity), the Secretary shall approve the application, if the
2 public housing agency certifies—

3 “(1) in the case of—

4 “(A) an application proposing demolition
5 of a public housing project or a portion of a
6 public housing project, that—

7 “(i) the project or portion of the pub-
8 lic housing project is obsolete as to phys-
9 ical condition, location, or other factors,
10 making it unsuitable for housing purposes;
11 and

12 “(ii) no reasonable program of modi-
13 fications is cost-effective to return the pub-
14 lic housing project or portion of the project
15 to useful life; and

16 “(B) an application proposing the demoli-
17 tion of only a portion of a public housing
18 project, that the demolition will help to assure
19 the viability of the remaining portion of the
20 project;

21 “(2) in the case of an application proposing dis-
22 position of a public housing project or other real
23 property subject to this title by sale or other trans-
24 fer, that—

1 “(A) the retention of the property is not in
2 the best interests of the tenants or the public
3 housing agency because—

4 “(i) conditions in the area surround-
5 ing the public housing project adversely af-
6 fect the health or safety of the tenants or
7 the feasible operation of the project by the
8 public housing agency; or

9 “(ii) disposition allows the acquisition,
10 development, or rehabilitation of other
11 properties that will be more efficiently or
12 effectively operated as low-income housing;

13 “(B) the public housing agency has other-
14 wise determined the disposition to be appro-
15 priate for reasons that are—

16 “(i) in the best interests of the ten-
17 ants and the public housing agency;

18 “(ii) consistent with the goals of the
19 public housing agency and the public hous-
20 ing agency plan; and

21 “(iii) otherwise consistent with this
22 title; or

23 “(C) for property other than dwelling
24 units, the property is excess to the needs of a
25 public housing project or the disposition is inci-

1 dental to, or does not interfere with, continued
2 operation of a public housing project;

3 “(3) that the public housing agency has specifi-
4 cally authorized the demolition or disposition in the
5 public housing agency plan, and has certified that
6 the actions contemplated in the public housing agen-
7 cy plan comply with this section;

8 “(4) that the public housing agency—

9 “(A) will provide for the payment of the
10 relocation expenses of each tenant to be dis-
11 placed;

12 “(B) will ensure that the amount of rent
13 paid by the tenant following relocation will not
14 exceed the amount permitted under this title;
15 and

16 “(C) will not commence demolition or com-
17 plete disposition until all tenants residing in the
18 unit are relocated;

19 “(5) that the net proceeds of any disposition
20 will be used—

21 “(A) unless waived by the Secretary, for
22 the retirement of outstanding obligations issued
23 to finance the original public housing project or
24 modernization of the project; and

1 “(B) to the extent that any proceeds re-
2 main after the application of proceeds in ac-
3 cordance with subparagraph (A), for the provi-
4 sion of low-income housing or to benefit the
5 tenants of the public housing agency; and

6 “(6) that the public housing agency has com-
7 plied with subsection (e).

8 “(b) DISAPPROVAL OF APPLICATIONS.—The Sec-
9 retary shall disapprove an application submitted under
10 subsection (a) if the Secretary determines that any certifi-
11 cation made by the public housing agency under that sub-
12 section is clearly inconsistent with information and data
13 available to the Secretary.

14 “(c) TENANT OPPORTUNITY TO PURCHASE IN CASE
15 OF PROPOSED DISPOSITION.—

16 “(1) IN GENERAL.—In the case of a proposed
17 disposition of a public housing project or portion of
18 a project, the public housing agency shall, in appro-
19 priate circumstances, as determined by the Sec-
20 retary, initially offer the property to any eligible
21 resident organization, eligible resident management
22 corporation, or nonprofit organization supported by
23 the residents, if that entity has expressed an inter-
24 est, in writing, to the public housing agency in a

1 timely manner, in purchasing the property for con-
2 tinued use as low-income housing.

3 “(2) TIMING.—

4 “(A) THIRTY-DAY NOTICE.—A resident or-
5 ganization, resident management corporation,
6 or other resident-supported nonprofit entity re-
7 ferred to in paragraph (1) may express interest
8 in purchasing property that is the subject of a
9 disposition, as described in paragraph (1), dur-
10 ing the 30-day period beginning on the date of
11 notification of a proposed sale of the property.

12 “(B) SIXTY-DAY NOTICE.—If an entity ex-
13 presses written interest in purchasing a prop-
14 erty, as provided in subparagraph (A), no dis-
15 position of the property shall occur during the
16 60-day period beginning on the date of receipt
17 of that written notice, during which time that
18 entity shall be given the opportunity to obtain
19 a firm commitment for financing the purchase
20 of the property.

21 “(d) REPLACEMENT UNITS.—Notwithstanding any
22 other provision of law, replacement housing units for pub-
23 lic housing units demolished in accordance with this sec-
24 tion may be built on the original public housing location
25 or in the same neighborhood as the original public housing

1 location if the number of those replacement units is fewer
2 than the number of units demolished.”.

3 (b) HOMEOWNERSHIP REPLACEMENT PLAN.—

4 (1) IN GENERAL.—Section 304(g) of the United
5 States Housing Act of 1937 (42 U.S.C. 1437aaa–
6 3(g)), as amended by section 1002(b) of the Emer-
7 gency Supplemental Appropriations for Additional
8 Disaster Assistance, for Anti-terrorism Initiatives,
9 for Assistance in the Recovery from the Tragedy
10 that Occurred At Oklahoma City, and Rescissions
11 Act, 1995 (Public Law 104–19; 109 Stat. 236), is
12 amended to read as follows:

13 “(g) [Reserved.]”.

14 (2) EFFECTIVE DATE.—The amendment made
15 by paragraph (1) shall be effective with respect to
16 any plan for the demolition, disposition, or conver-
17 sion to homeownership of public housing that is ap-
18 proved by the Secretary after September 30, 1995.

19 (c) UNIFORM RELOCATION AND REAL PROPERTY
20 ACQUISITION ACT.—The Uniform Relocation and Real
21 Property Acquisition Act shall not apply to activities
22 under section 18 of the United States Housing Act of
23 1937, as amended by this section.

1 **SEC. 115. REPEAL OF FAMILY INVESTMENT CENTERS;**
2 **VOUCHER SYSTEM FOR PUBLIC HOUSING.**

3 (a) IN GENERAL.—Section 22 of the United States
4 Housing Act of 1937 (42 U.S.C. 1437t) is amended to
5 read as follows:

6 **“SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.**

7 “(a) IN GENERAL.—

8 “(1) AUTHORIZATION.—A public housing agen-
9 cy may convert any public housing project (or por-
10 tion thereof) owned and operated by the public hous-
11 ing agency to a system of tenant-based assistance in
12 accordance with this section.

13 “(2) REQUIREMENTS.—In converting to a ten-
14 ant-based system of assistance under this section,
15 the public housing agency shall develop a conversion
16 assessment and plan under subsection (b) in con-
17 sultation with the appropriate public officials, with
18 significant participation by the residents of the
19 project (or portion thereof), which assessment and
20 plan shall—

21 “(A) be consistent with and part of the
22 public housing agency plan; and

23 “(B) describe the conversion and future
24 use or disposition of the public housing project,
25 including an impact analysis on the affected
26 community.

1 “(b) CONVERSION ASSESSMENT AND PLAN.—

2 “(1) IN GENERAL.—Not later than 2 years
3 after the date of enactment of the Public Housing
4 Reform and Responsibility Act of 1997, each public
5 housing agency shall assess the status of each public
6 housing project owned and operated by that public
7 housing agency, and shall submit to the Secretary
8 an assessment that includes—

9 “(A) a cost analysis that demonstrates
10 whether or not the cost (both on a net present
11 value basis and in terms of new budget author-
12 ity requirements) of providing tenant-based as-
13 sistance under section 8 for the same families
14 in substantially similar dwellings over the same
15 period of time is less expensive than continuing
16 public housing assistance in the public housing
17 project proposed for conversion for the remain-
18 ing useful life of the project;

19 “(B) an analysis of the market value of the
20 public housing project proposed for conversion
21 both before and after rehabilitation, and before
22 and after conversion;

23 “(C) an analysis of the rental market con-
24 ditions with respect to the likely success of ten-
25 ant-based assistance under section 8 in that

1 market for the specific residents of the public
2 housing project proposed for conversion, includ-
3 ing an assessment of the availability of decent
4 and safe dwellings renting at or below the pay-
5 ment standard established for tenant-based as-
6 sistance under section 8 by the public housing
7 agency;

8 “(D) the impact of the conversion to a sys-
9 tem of tenant-based assistance under this sec-
10 tion on the neighborhood in which the public
11 housing project is located; and

12 “(E) a plan that identifies actions, if any,
13 that the public housing agency would take with
14 regard to converting any public housing project
15 or projects (or portions thereof) of the public
16 housing agency to a system of tenant-based as-
17 sistance.

18 “(2) STREAMLINED ASSESSMENT.—At the dis-
19 cretion of the Secretary or at the request of a public
20 housing agency, the Secretary may waive any or all
21 of the requirements of paragraph (1) or otherwise
22 require a streamlined assessment with respect to any
23 public housing project or class of public housing
24 projects.

1 “(3) IMPLEMENTATION OF CONVERSION
2 PLAN.—

3 “(A) IN GENERAL.—A public housing
4 agency may implement a conversion plan only if
5 the conversion assessment under this section
6 demonstrates that the conversion—

7 “(i) will not be more expensive than
8 continuing to operate the public housing
9 project (or portion thereof) as public hous-
10 ing; and

11 “(ii) will principally benefit the resi-
12 dents of the public housing project (or por-
13 tion thereof) to be converted, the public
14 housing agency, and the community.

15 “(B) DISAPPROVAL.—The Secretary shall
16 disapprove a conversion plan only if the plan is
17 plainly inconsistent with the conversion assess-
18 ment under subsection (b) or if there is reliable
19 information and data available to the Secretary
20 that contradicts that conversion assessment.

21 “(c) OTHER REQUIREMENTS.—To the extent ap-
22 proved by the Secretary, the funds used by the public
23 housing agency to provide tenant-based assistance under
24 section 8 shall be added to the housing assistance payment
25 contract administered by—

1 “(1) the public housing agency; or

2 “(2) any entity administering the contract on
3 behalf of the public housing agency.”.

4 (b) SAVINGS PROVISION.—The amendment made by
5 subsection (a) does not affect any contract or other agree-
6 ment entered into under section 22 of the United States
7 Housing Act of 1937, as that section existed on the day
8 before the date of enactment of this Act.

9 **SEC. 116. REPEAL OF FAMILY SELF-SUFFICIENCY; HOME-**
10 **OWNERSHIP OPPORTUNITIES.**

11 (a) IN GENERAL.—Section 23 of the United States
12 Housing Act of 1937 (42 U.S.C. 1437u) is amended to
13 read as follows:

14 **“SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNI-**
15 **TIES.**

16 “(a) IN GENERAL.—Notwithstanding any other pro-
17 vision of law, a public housing agency may, in accordance
18 with this section—

19 “(1) sell any public housing unit in any public
20 housing project of the public housing agency to—

21 “(A) the low-income tenants of the public
22 housing agency; or

23 “(B) any organization serving as a conduit
24 for sales to those persons; and

1 “(2) provide assistance to public housing resi-
2 dents to facilitate the ability of those residents to
3 purchase a principal residence.

4 “(b) RIGHT OF FIRST REFUSAL.—In making any
5 sale under this section, the public housing agency shall
6 initially offer the public housing unit at issue to the tenant
7 or tenants occupying that unit, if any, or to an organiza-
8 tion serving as a conduit for sales to any such tenant.

9 “(c) SALE PRICES, TERMS, AND CONDITIONS.—Any
10 sale under this section may involve such prices, terms, and
11 conditions as the public housing agency may determine in
12 accordance with procedures set forth in the public housing
13 agency plan.

14 “(d) PURCHASE REQUIREMENTS.—

15 “(1) IN GENERAL.—Each tenant that purchases
16 a dwelling unit under subsection (a) shall, as of the
17 date on which the purchase is made—

18 “(A) intend to occupy the property as a
19 principal residence; and

20 “(B) submit a written certification to the
21 public housing agency that such tenant will oc-
22 cupy the property as a principal residence for a
23 period of not less than 12 months beginning on
24 that date.

1 “(2) RECAPTURE.—Except for good cause, as
2 determined by a public housing agency in the public
3 housing agency plan, if, during the 1-year period be-
4 ginning on the date on which any tenant acquires a
5 public housing unit under this section, that public
6 housing unit is resold, the public housing agency
7 shall recapture 75 percent of the amount of any pro-
8 ceeds from that resale that exceed the sum of—

9 “(A) the original sale price for the acquisi-
10 tion of the property by the qualifying tenant;

11 “(B) the costs of any improvements made
12 to the property after the date on which the ac-
13 quisition occurs; and

14 “(C) any closing costs incurred in connec-
15 tion with the acquisition.

16 “(e) PROTECTION OF NONPURCHASING TENANTS.—
17 If a public housing tenant does not exercise the right of
18 first refusal under subsection (b) with respect to the public
19 housing unit in which the tenant resides, the public hous-
20 ing agency shall—

21 “(1) ensure that either another public housing
22 unit or rental assistance under section 8 is made
23 available to the tenant; and

24 “(2) provide for the payment of the reasonable
25 relocation expenses of the tenant.

1 “(f) NET PROCEEDS.—The net proceeds of any sales
 2 under this section remaining after payment of all costs
 3 of the sale and any unassumed, unpaid indebtedness owed
 4 in connection with the dwelling units sold under this sec-
 5 tion unless waived by the Secretary, shall be used for pur-
 6 poses relating to low-income housing and in accordance
 7 with the public housing agency plan.

8 “(g) HOMEOWNERSHIP ASSISTANCE.—From
 9 amounts distributed to a public housing agency under sec-
 10 tion 9, or from other income earned by the public housing
 11 agency, the public housing agency may provide assistance
 12 to public housing residents to facilitate the ability of those
 13 residents to purchase a principal residence, including a
 14 residence other than a residence located in a public hous-
 15 ing project.”.

16 (b) CONFORMING AMENDMENTS.—The United States
 17 Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amend-
 18 ed—

19 (1) in section 8(y)(7)(A)—

20 (A) by striking “, (ii)” and inserting “,
 21 and (ii)”; and

22 (B) by striking “, and (iii)” and all that
 23 follows before the period at the end; and

24 (2) in section 25(l)(2)—

1 (A) in the first sentence, by striking “,
2 consistent with the objectives of the program
3 under section 23,”; and

4 (B) by striking the second sentence.

5 (c) SAVINGS PROVISION.—The amendments made by
6 this section do not affect any contract or other agreement
7 entered into under section 23 of the United States Hous-
8 ing Act of 1937, as that section existed on the day before
9 the date of enactment of this Act.

10 **SEC. 117. REVITALIZING SEVERELY DISTRESSED PUBLIC**
11 **HOUSING.**

12 Section 24 of the United States Housing Act of 1937
13 (42 U.S.C. 1437v) is amended to read as follows:

14 **“SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC**
15 **HOUSING.**

16 “(a) IN GENERAL.—To the extent provided in ad-
17 vance in appropriations Acts, the Secretary may make
18 grants to public housing agencies for the purposes of—

19 “(1) enabling the demolition of obsolete public
20 housing projects or portions thereof;

21 “(2) revitalizing sites (including remaining pub-
22 lic housing units) on which such public housing
23 projects are located;

1 “(3) the provision of replacement housing,
2 which will avoid or lessen concentrations of very low-
3 income families; and

4 “(4) the provision of tenant-based assistance
5 under section 8 for use as replacement housing.

6 “(b) COMPETITION.—The Secretary shall make
7 grants under this section on the basis of a competition,
8 which shall be based on such factors as—

9 “(1) the need for additional resources for ad-
10 dressing a severely distressed public housing project;

11 “(2) the need for affordable housing in the
12 community;

13 “(3) the supply of other housing available and
14 affordable to a family receiving tenant-based assist-
15 ance under section 8; and

16 “(4) the local impact of the proposed revitaliza-
17 tion program.

18 “(c) TERMS AND CONDITIONS.—The Secretary may
19 impose such terms and conditions on recipients of grants
20 under this section as the Secretary determines to be ap-
21 propriate to carry out the purposes of this section, except
22 that such terms and conditions shall be similar to the
23 terms and conditions of either—

24 “(1) the urban revitalization demonstration pro-
25 gram authorized under the Departments of Veterans

1 Affairs and Housing and Urban Development and
 2 Independent Agencies Appropriations Acts; or

3 “(2) section 24 of the United States Housing
 4 Act of 1937, as such section existed before the date
 5 of enactment of the Public Housing Reform and Re-
 6 sponsibility Act of 1997.

7 “(d) ALTERNATIVE MANAGEMENT.—The Secretary
 8 may require any recipient of a grant under this section
 9 to make arrangements with an entity other than the public
 10 housing agency to carry out the purposes for which the
 11 grant was awarded, if the Secretary determines that such
 12 action is necessary for the timely and effective achieve-
 13 ment of the purposes for which the grant was awarded.

14 “(e) SUNSET.—No grant may be made under this
 15 section on or after October 1, 1999.”.

16 **SEC. 118. MIXED-FINANCE AND MIXED-OWNERSHIP**
 17 **PROJECTS.**

18 (a) IN GENERAL.—Title I of the United States Hous-
 19 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
 20 adding at the end the following:

21 **“SEC. 30. MIXED-FINANCE AND MIXED-OWNERSHIP**
 22 **PROJECTS.**

23 “(a) IN GENERAL.—A public housing agency may
 24 own, operate, assist, or otherwise participate in one or

1 more mixed-finance projects in accordance with this sec-
2 tion.

3 “(b) REQUIREMENTS.—

4 “(1) MIXED-FINANCE PROJECT.—In this sec-
5 tion, the term ‘mixed-finance project’ means a
6 project that meets the requirements of paragraph
7 (2) and that is occupied both by one or more very
8 low-income families and by one or more families that
9 are not very low-income families.

10 “(2) STRUCTURE OF PROJECTS.—Each mixed-
11 finance project shall be developed—

12 “(A) in a manner that ensures that units
13 are made available in the project, by master
14 contract, individual lease, or equity interest for
15 occupancy by eligible families identified by the
16 public housing agency for a period of not less
17 than 20 years;

18 “(B) in a manner that ensures that the
19 number of public housing units bears approxi-
20 mately the same proportion to the total number
21 of units in the mixed-finance project as the
22 value of the total financial commitment pro-
23 vided by the public housing agency bears to the
24 value of the total financial commitment in the
25 project, or shall not be less than the number of

1 units that could have been developed under the
2 conventional public housing program with the
3 assistance; and

4 “(C) in accordance with such other re-
5 quirements as the Secretary may prescribe by
6 regulation.

7 “(3) TYPES OF PROJECTS.—The term ‘mixed-
8 finance project’ includes a project that is devel-
9 oped—

10 “(A) by a public housing agency or by an
11 entity affiliated with a public housing agency;

12 “(B) by a partnership, a limited liability
13 company, or other entity in which the public
14 housing agency (or an entity affiliated with a
15 public housing agency) is a general partner,
16 managing member, or otherwise participates in
17 the activities of that entity;

18 “(C) by any entity that grants to the pub-
19 lic housing agency the option to purchase the
20 public housing project during the 20-year pe-
21 riod beginning on the date of initial occupancy
22 of the public housing project in accordance with
23 section 42(l)(7) of the Internal Revenue Code of
24 1986; or

1 “(D) in accordance with such other terms
2 and conditions as the Secretary may prescribe
3 by regulation.

4 “(c) TAXATION.—

5 “(1) IN GENERAL.—A public housing agency
6 may elect to have all public housing units in a
7 mixed-finance project subject to local real estate
8 taxes, except that such units shall be eligible at the
9 discretion of the public housing agency for the tax-
10 ing requirements under section 6(d).

11 “(2) LOW-INCOME HOUSING TAX CREDIT.—

12 With respect to any unit in a mixed-finance project
13 that is assisted pursuant to the low-income housing
14 tax credit under section 42 of the Internal Revenue
15 Code of 1986, the rents charged to the tenants may
16 be set at levels not to exceed the amounts allowable
17 under that section.

18 “(d) RESTRICTION.—No assistance provided under
19 section 9 shall be used by a public housing agency in direct
20 support of any unit rented to a family that is not a low-
21 income family.

22 “(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an
23 entity that owns or operates a mixed-finance project under
24 this section enters into a contract with a public housing
25 agency, the terms of which obligate the entity to operate

1 and maintain a specified number of units in the project
2 as public housing units in accordance with the require-
3 ments of this Act for the period required by law, such con-
4 tractual terms may provide that, if, as a result of a reduc-
5 tion in appropriations under section 9, or any other
6 change in applicable law, the public housing agency is un-
7 able to fulfill its contractual obligations with respect to
8 those public housing units, that entity may deviate, under
9 procedures and requirements developed through regula-
10 tions by the Secretary, from otherwise applicable restric-
11 tions under this Act regarding rents, income eligibility,
12 and other areas of public housing management with re-
13 spect to a portion or all of those public housing units, to
14 the extent necessary to preserve the viability of those units
15 while maintaining the low-income character thereof to the
16 maximum extent practicable.”.

17 (b) REGULATIONS.—The Secretary shall issue such
18 regulations as may be necessary to promote the develop-
19 ment of mixed-finance projects, as that term is defined
20 in section 30 of the United States Housing Act of 1937
21 (as added by this Act).

1 **SEC. 119. CONVERSION OF DISTRESSED PUBLIC HOUSING**
2 **TO TENANT-BASED ASSISTANCE.**

3 (a) IN GENERAL.—Title I of the United States Hous-
4 ing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by
5 adding at the end the following:

6 **“SEC. 31. CONVERSION OF DISTRESSED PUBLIC HOUSING**
7 **TO TENANT-BASED ASSISTANCE.**

8 “(a) IDENTIFICATION OF UNITS.—To the extent ap-
9 proved in advance in appropriations Acts, each public
10 housing agency shall identify all public housing projects
11 of the public housing agency—

12 “(1) that are on the same or contiguous sites;

13 “(2) that the public housing agency determines
14 to be distressed, which determination shall be made
15 in accordance with guidelines established by the Sec-
16 retary, which guidelines shall be based on the cri-
17 teria established in the Final Report of the National
18 Commission on Severely Distressed Public Housing
19 (August 1992);

20 “(3) identified as distressed housing under
21 paragraph (2) for which the public housing agency
22 cannot assure the long-term viability as public hous-
23 ing through reasonable modernization expenses, den-
24 sity reduction, achievement of a broader range of
25 family income, or other measures; and

1 “(4) for which the estimated cost, during the
2 remaining useful life of the project, of continued op-
3 eration and modernization as public housing exceeds
4 the estimated cost, during the remaining useful life
5 of the project, of providing tenant-based assistance
6 under section 8 for all families in occupancy, based
7 on appropriate indicators of cost (such as the per-
8 centage of total development costs required for mod-
9 ernization).

10 “(b) CONSULTATION.—Each public housing agency
11 shall consult with the appropriate public housing tenants
12 and the appropriate unit of general local government in
13 identifying any public housing projects under subsection
14 (a).

15 “(c) REMOVAL OF UNITS FROM THE INVENTORIES
16 OF PUBLIC HOUSING AGENCIES.—

17 “(1) IN GENERAL.—

18 “(A) DEVELOPMENT OF PLAN.—Each pub-
19 lic housing agency shall develop and, to the ex-
20 tent provided in advance in appropriations Acts,
21 carry out a 5-year plan in conjunction with the
22 Secretary for the removal of public housing
23 units identified under subsection (a) from the
24 inventory of the public housing agency and the
25 annual contributions contract.

1 “(B) APPROVAL OF PLAN.—The plan re-
2 quired under subparagraph (A) shall—

3 “(i) be included as part of the public
4 housing agency plan;

5 “(ii) be certified by the relevant local
6 official to be in accordance with the com-
7 prehensive housing affordability strategy
8 under title I of the Housing and Commu-
9 nity Development Act of 1992; and

10 “(iii) include a description of any dis-
11 position and demolition plan for the public
12 housing units.

13 “(2) EXTENSIONS.—The Secretary may extend
14 the 5-year deadline described in paragraph (1) by
15 not more than an additional 5 years if the Secretary
16 makes a determination that the deadline is imprac-
17 ticable.

18 “(d) CONVERSION TO TENANT-BASED ASSIST-
19 ANCE.—

20 “(1) IN GENERAL.—With respect to any public
21 housing project that has not received a grant for as-
22 sistance under the urban revitalization demonstra-
23 tion program authorized under the Departments of
24 Veterans Affairs and Housing and Urban Develop-
25 ment and Independent Agencies Appropriations Acts

1 or under section 24 of the United States Housing
2 Act of 1937, the Secretary shall make authority
3 available to a public housing agency to provide as-
4 sistance under this Act to families residing in any
5 public housing project that is removed from the in-
6 ventory of the public housing agency and the annual
7 contributions contract pursuant to this section.

8 “(2) PLAN REQUIREMENTS.—Each plan under
9 subsection (c) shall require the agency to—

10 “(A) notify families residing in the public
11 housing project, consistent with any guidelines
12 issued by the Secretary governing such notifica-
13 tions, that—

14 “(i) the public housing project will be
15 removed from the inventory of the public
16 housing agency; and

17 “(ii) the families displaced by such ac-
18 tion will receive tenant-based or project-
19 based assistance or occupancy in a unit op-
20 erated or assisted by the public housing
21 agency;

22 “(B) provide any necessary counseling for
23 families displaced by such action; and

24 “(C) provide any reasonable relocation ex-
25 penses for families displaced by such action.

1 “(e) REMOVAL BY SECRETARY.—The Secretary shall
2 take appropriate actions to ensure removal of any public
3 housing project identified under subsection (a) from the
4 inventory of a public housing agency, if the public housing
5 agency fails to adequately develop a plan under subsection
6 (c) with respect to that project, or fails to adequately im-
7 plement such plan in accordance with the terms of the
8 plan.

9 “(f) ADMINISTRATION.—

10 “(1) IN GENERAL.—The Secretary may require
11 a public housing agency to provide to the Secretary
12 or to public housing tenants such information as the
13 Secretary considers to be necessary for the adminis-
14 tration of this section.

15 “(2) APPLICABILITY OF SECTION 18.—Section
16 18 does not apply to the demolition of public hous-
17 ing projects removed from the inventory of the pub-
18 lic housing agency under this section.”.

19 “(b) CONFORMING AMENDMENT.—Section 202 of the
20 Departments of Veterans Affairs and Housing and Urban
21 Development, and Independent Agencies Appropriations
22 Act, 1996 (42 U.S.C. 14371 note) is repealed.

1 **SEC. 120. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
2 **TERESTS.**

3 Title I of the United States Housing Act of 1937 (42
4 U.S.C. 1437 et seq.) is amended by adding at the end
5 the following:

6 **“SEC. 32. PUBLIC HOUSING MORTGAGES AND SECURITY IN-**
7 **TERESTS.**

8 “(a) GENERAL AUTHORIZATION.—The Secretary
9 may, upon such terms and conditions as the Secretary
10 may prescribe, authorize a public housing agency to mort-
11 gage or otherwise grant a security interest in any public
12 housing project or other property of the public housing
13 agency.

14 “(b) TERMS AND CONDITIONS.—

15 “(1) CRITERIA FOR APPROVAL.—In making any
16 authorization under subsection (a), the Secretary
17 may consider—

18 “(A) the ability of the public housing agen-
19 cy to use the proceeds of the mortgage or secu-
20 rity interest for low-income housing uses;

21 “(B) the ability of the public housing agen-
22 cy to make payments on the mortgage or secu-
23 rity interest; and

24 “(C) such other criteria as the Secretary
25 may specify.

1 “(2) TERMS AND CONDITIONS OF MORTGAGES
2 AND SECURITY INTERESTS OBTAINED.—Each mort-
3 gage or security interest granted under this section
4 shall be—

5 “(A) for a term that—

6 “(i) is consistent with the terms of
7 private loans in the market area in which
8 the public housing project or property at
9 issue is located; and

10 “(ii) does not exceed 30 years; and

11 “(B) subject to conditions that are consist-
12 ent with the conditions to which private loans
13 in the market area in which the subject project
14 or other property is located are subject.

15 “(3) NO FULL FAITH AND CREDIT.—No action
16 taken under this section shall result in any liability
17 to the Federal Government.”.

18 **SEC. 121. LINKING SERVICES TO PUBLIC HOUSING RESI-**
19 **DENTS.**

20 Title I of the United States Housing Act of 1937 (42
21 U.S.C. 1437 et seq.) is amended by adding at the end
22 the following:

23 **“SEC. 33. SERVICES FOR PUBLIC HOUSING RESIDENTS.**

24 “(a) IN GENERAL.—To the extent provided in ad-
25 vance in appropriations Acts, the Secretary may make

1 grants to public housing agencies on behalf of public hous-
2 ing residents, or directly to resident management corpora-
3 tions, resident councils, or resident organizations (includ-
4 ing nonprofit entities supported by residents), for the pur-
5 poses of providing a program of supportive services and
6 resident empowerment activities to assist public housing
7 residents in becoming economically self-sufficient.

8 “(b) ELIGIBLE ACTIVITIES.—Grantees under this
9 section may use such amounts only for activities on or
10 near the public housing agency or public housing project
11 that are designed to promote the self-sufficiency of public
12 housing residents, including activities relating to—

13 “(1) physical improvements to a public housing
14 project in order to provide space for supportive serv-
15 ices for residents;

16 “(2) the provision of service coordinators;

17 “(3) the provision of services related to work
18 readiness, including academic skills, job training, job
19 search skills, tutoring, adult literacy, transportation,
20 and child care, except that grants received under
21 this section shall not comprise more than 50 percent
22 of the costs of providing such services;

23 “(4) resident management activities; and

24 “(5) other activities designed to improve the
25 economic self-sufficiency of residents.

1 “(c) FUNDING DISTRIBUTION.—

2 “(1) IN GENERAL.—Except for amounts pro-
3 vided under subsection (d), the Secretary may dis-
4 tribute amounts made available under this section on
5 the basis of a competition or a formula, as appro-
6 priate.

7 “(2) FACTORS FOR DISTRIBUTION.—Factors
8 for distribution under paragraph (1) shall include—

9 “(A) the demonstrated capacity of the ap-
10 plicant to carry out a program of supportive
11 services or resident empowerment activities; and

12 “(B) the ability of the applicant to lever-
13 age additional resources for the provision of
14 services.

15 “(d) FUNDING FOR RESIDENT COUNCILS.—Of
16 amounts appropriated for activities under this section, not
17 less than \$25,000,000 shall be provided directly to resi-
18 dent councils, resident organizations, and resident man-
19 agement corporations.”.

20 **SEC. 122. PROHIBITION ON USE OF AMOUNTS.**

21 Title I of the United States Housing Act of 1937 (42
22 U.S.C. 1437 et seq.) is amended by adding at the end
23 the following:

1 **“SEC. 34. PROHIBITION ON USE OF AMOUNTS.**

2 “None of the amounts made available to the Depart-
3 ment of Housing and Urban Development to carry out this
4 that, that are obligated to State or local governments,
5 public housing agencies, housing finance agencies, or other
6 public or quasi-public housing agencies, may be used to
7 indemnify contractors or subcontractors of the govern-
8 ment or agency against costs associated with judgments
9 of infringement of intellectual property rights.”.

10 **SEC. 123. PET OWNERSHIP.**

11 Title I of the United States Housing Act of 1937 (42
12 U.S.C. 1437 et seq.) is amended by adding at the end
13 the following:

14 **“SEC. 35. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-
15 AL HOUSING.**

16 “(a) **RIGHT OF OWNERSHIP.**—A resident of a dwell-
17 ing unit in federally assisted rental housing may own com-
18 mon household pets or have common household pets
19 present in the dwelling unit of such resident, subject to
20 the reasonable requirements of the owner of the federally
21 assisted rental housing. Such reasonable requirements
22 may include requiring payment of a nominal fee and secu-
23 rity deposit by residents owning or having pets present,
24 to cover the operating costs to the project relating to the
25 presence of pets and to establish an escrow account for
26 additional such costs not otherwise covered, respectively.

1 “(b) PROHIBITION AGAINST DISCRIMINATION.—No
2 owner of federally assisted rental housing may restrict or
3 discriminate against any person in connection with admis-
4 sion to, or continued occupancy of, such housing by reason
5 of the ownership of common household pets by, or the
6 presence of such pets in the dwelling unit of, such person.

7 “(c) DEFINITIONS.—In this section:

8 “(1) FEDERALLY ASSISTED RENTAL HOUS-
9 ING.—The term ‘federally assisted rental housing’
10 means any public housing project or any rental
11 housing receiving project-based assistance.

12 “(2) OWNER.—The term ‘owner’ means, with
13 respect to federally assisted rental housing, the en-
14 tity or private person, including a cooperative or
15 public housing agency, that has the legal right to
16 lease or sublease dwelling units in such housing (in-
17 cluding a manager of such housing having such
18 right).

19 “(d) REGULATIONS.—This section shall take effect
20 upon the date of the effectiveness of regulations issued by
21 the Secretary to carry out this section. Such regulations
22 shall be issued after notice and opportunity for public
23 comment in accordance with the procedure under section
24 553 of title 5, United States Code, applicable to sub-

1 stantive rules (notwithstanding subsections (a)(2), (b)(B),
2 and (d)(3) of such section).”.

3 **TITLE II—SECTION 8 RENTAL**
4 **ASSISTANCE**

5 **SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER**
6 **PROGRAMS.**

7 Section 8(o) of the United States Housing Act of
8 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

9 “(o) VOUCHER PROGRAM.—

10 “(1) PAYMENT STANDARD.—

11 “(A) IN GENERAL.—The Secretary may
12 provide assistance to public housing agencies
13 for tenant-based assistance using a payment
14 standard established in accordance with sub-
15 paragraph (B). The payment standard shall be
16 used to determine the monthly assistance that
17 may be paid for any family, as provided in
18 paragraph (2).

19 “(B) ESTABLISHMENT OF PAYMENT
20 STANDARD.—The payment standard shall not
21 exceed 120 percent of the fair market rental es-
22 tablished under subsection (c) and shall be not
23 less than 90 percent of that fair market rental.

24 “(C) SET-ASIDE.—The Secretary may set
25 aside not more than 5 percent of the budget au-

1 thority available under this subsection as an ad-
2 justment pool. The Secretary shall use amounts
3 in the adjustment pool to make adjusted pay-
4 ments to public housing agencies under sub-
5 paragraph (A), to ensure continued afford-
6 ability, if the Secretary determines that addi-
7 tional assistance for such purpose is necessary,
8 based on documentation submitted by a public
9 housing agency.

10 “(D) APPROVAL.—The Secretary may re-
11 quire a public housing agency to submit the
12 payment standard of the public housing agency
13 to the Secretary for approval.

14 “(E) REVIEW.—The Secretary—

15 “(i) shall monitor rent burdens and
16 review any payment standard that results
17 in a significant percentage of the families
18 occupying units of any size paying more
19 than 30 percent of adjusted income for
20 rent; and

21 “(ii) may require a public housing
22 agency to modify the payment standard of
23 the public housing agency based on the re-
24 sults of that review.

1 “(2) AMOUNT OF MONTHLY ASSISTANCE PAY-
2 MENT.—

3 “(A) FAMILIES RECEIVING TENANT-BASED
4 ASSISTANCE; RENT DOES NOT EXCEED PAY-
5 MENT STANDARD.—For a family receiving ten-
6 ant-based assistance under this title, if the rent
7 for that family (including the amount allowed
8 for tenant-paid utilities) does not exceed the
9 payment standard established under paragraph
10 (1), the monthly assistance payment to that
11 family shall be equal to the amount by which
12 the rent exceeds the greatest of the following
13 amounts, rounded to the nearest dollar:

14 “(i) Thirty percent of the monthly ad-
15 justed income of the family.

16 “(ii) Ten percent of the monthly in-
17 come of the family.

18 “(iii) If the family is receiving pay-
19 ments for welfare assistance from a public
20 agency and a part of those payments, ad-
21 justed in accordance with the actual hous-
22 ing costs of the family, is specifically des-
23 ignated by that agency to meet the housing
24 costs of the family, the portion of those
25 payments that is so designated.

1 “(B) FAMILIES RECEIVING TENANT-BASED
2 ASSISTANCE; RENT EXCEEDS PAYMENT STAND-
3 ARD.—For a family receiving tenant-based as-
4 sistance under this title, if the rent for that
5 family (including the amount allowed for ten-
6 ant-paid utilities) exceeds the payment standard
7 established under paragraph (1), the monthly
8 assistance payment to that family shall be equal
9 to the amount by which the applicable payment
10 standard exceeds the greatest of the following
11 amounts, rounded to the nearest dollar:

12 “(i) Thirty percent of the monthly ad-
13 justed income of the family.

14 “(ii) Ten percent of the monthly in-
15 come of the family.

16 “(iii) If the family is receiving pay-
17 ments for welfare assistance from a public
18 agency and a part of those payments, ad-
19 justed in accordance with the actual hous-
20 ing costs of the family, is specifically des-
21 ignated by that agency to meet the housing
22 costs of the family, the portion of those
23 payments that is so designated.

24 “(C) FAMILIES RECEIVING PROJECT-
25 BASED ASSISTANCE.—For a family receiving

1 project-based assistance under this title, the
2 rent that the family is required to pay shall be
3 determined in accordance with section 3(a)(1),
4 and the amount of the housing assistance pay-
5 ment shall be determined in accordance with
6 subsection (c)(3) of this section.

7 “(3) FORTY PERCENT LIMIT.—At the time a
8 family initially receives tenant-based assistance
9 under this title with respect to any dwelling unit, the
10 total amount that a family may be required to pay
11 for rent may not exceed 40 percent of the monthly
12 adjusted income of the family.

13 “(4) ELIGIBLE FAMILIES.—At the time a fam-
14 ily initially receives assistance under this subsection,
15 a family shall qualify as—

16 “(A) a very low-income family;

17 “(B) a family previously assisted under
18 this title;

19 “(C) a low-income family that meets eligi-
20 bility criteria specified by the public housing
21 agency;

22 “(D) a family that qualifies to receive a
23 voucher in connection with a homeownership
24 program approved under title IV of the Cran-

1 ston-Gonzalez National Affordable Housing Act;
2 or

3 “(E) a family that qualifies to receive a
4 voucher under section 223 or 226 of the Low-
5 Income Housing Preservation and Resident
6 Homeownership Act of 1990.

7 “(5) ANNUAL REVIEW OF FAMILY INCOME.—
8 Each public housing agency shall, not less frequently
9 than annually, conduct a review of the family income
10 of each family receiving assistance under this sub-
11 section.

12 “(6) SELECTION OF FAMILIES.—

13 “(A) IN GENERAL.—Each public housing
14 agency may establish local preferences consist-
15 ent with the public housing agency plan submit-
16 ted by the public housing agency under section
17 5A.

18 “(B) SELECTION OF TENANTS.—The selec-
19 tion of tenants shall be made by the owner of
20 the dwelling unit, subject to the annual con-
21 tributions contract between the Secretary and
22 the public housing agency.

23 “(7) LEASE.—Each housing assistance payment
24 contract entered into by the public housing agency
25 and the owner of a dwelling unit—

1 “(A) shall provide that the screening and
2 selection of families for those units shall be the
3 function of the owner;

4 “(B) shall provide that the lease between
5 the tenant and the owner shall be for a term of
6 not less than 1 year, except that the public
7 housing agency may approve a shorter term for
8 an initial lease between the tenant and the
9 dwelling unit owner if the public housing agen-
10 cy determines that such shorter term would im-
11 prove housing opportunities for the tenant;

12 “(C) except as otherwise provided by the
13 public housing agency, may provide for a termi-
14 nation of the tenancy of a tenant assisted under
15 this subsection after 1 year;

16 “(D) shall provide that the dwelling unit
17 owner shall offer leases to tenants assisted
18 under this subsection that—

19 “(i) are in a standard form used in
20 the locality by the dwelling unit owner; and

21 “(ii) contain terms and conditions
22 that—

23 “(I) are consistent with State
24 and local law; and

1 “(II) apply generally to tenants
2 in the property who are not assisted
3 under this section;

4 “(E) shall provide that the dwelling unit
5 owner may not terminate the tenancy of any
6 person assisted under this subsection during the
7 term of a lease that meets the requirements of
8 this section unless the owner determines, on the
9 same basis and in the same manner as would
10 apply to a tenant in the property who does not
11 receive assistance under this subsection, that—

12 “(i) the tenant has committed a seri-
13 ous violation of the terms and conditions of
14 the lease;

15 “(ii) the tenant has violated applicable
16 Federal, State, or local law; or

17 “(iii) other good cause for termination
18 of the tenancy exists; and

19 “(F) shall provide that any termination of
20 tenancy under this subsection shall be preceded
21 by the provision of written notice by the owner
22 to the tenant specifying the grounds for that
23 action, and any relief shall be consistent with
24 applicable State and local law.

1 “(8) INSPECTION OF UNITS BY PUBLIC HOUS-
2 ING AGENCIES.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), for each dwelling unit for
5 which a housing assistance payment contract is
6 established under this subsection, the public
7 housing agency shall—

8 “(i) inspect the unit before any assist-
9 ance payment is made to determine wheth-
10 er the dwelling unit meets housing quality
11 standards for decent and safe housing es-
12 tablished—

13 “(I) by the Secretary for pur-
14 poses of this subsection; or

15 “(II) by local housing codes or by
16 codes adopted by public housing agen-
17 cies that—

18 “(aa) meet or exceed hous-
19 ing quality standards; and

20 “(bb) do not severely restrict
21 housing choice; and

22 “(ii) make periodic inspections during
23 the contract term.

24 “(B) LEASING OF UNITS OWNED BY PUB-
25 LIC HOUSING AGENCY.—If an eligible family as-

1 sisted under this subsection leases a dwelling
2 unit that is owned by a public housing agency
3 administering assistance under this subsection,
4 the Secretary shall require the unit of general
5 local government, or another entity approved by
6 the Secretary, to make inspections and rent de-
7 terminations as required by this paragraph.

8 “(9) EXPEDITED INSPECTION PROCEDURES.—

9 “(A) DEMONSTRATION PROJECT.—Not
10 later than 1 year after the date of enactment of
11 the Public Housing Reform and Responsibility
12 Act of 1997, the Secretary shall establish a
13 demonstration project to identify efficient pro-
14 cedures to determine whether units meet hous-
15 ing quality standards for decent and safe hous-
16 ing established by the Secretary.

17 “(B) PROCEDURES INCLUDED.—The dem-
18 onstration project shall include the development
19 of procedures to be followed in any case in
20 which a family receiving tenant-based assistance
21 under this subsection is moving into a dwelling
22 unit, or in which a family notifies the public
23 housing agency that a dwelling unit, in which
24 the family no longer resides, fails to meet hous-
25 ing quality standards. The Secretary shall also

1 establish procedures for the expedited repair
2 and inspection of units that do not meet hous-
3 ing quality standards.

4 “(C) RECOMMENDATIONS.—Not later than
5 2 years after the date on which the demonstra-
6 tion under this paragraph is implemented, the
7 Secretary shall submit a report to Congress,
8 which shall include an analysis of the dem-
9 onstration and any recommendations for
10 changes to the demonstration.

11 “(10) VACATED UNITS.—If a family vacates a
12 dwelling unit, no assistance payment may be made
13 under this subsection for the dwelling unit after the
14 month during which the unit was vacated.

15 “(11) RENT.—

16 “(A) REASONABLE MARKET RENT.—The
17 rent for dwelling units for which a housing as-
18 sistance payment contract is established under
19 this subsection shall be reasonable in compari-
20 son with rents charged for comparable dwelling
21 units in the private, unassisted, local market.

22 “(B) NEGOTIATED RENT.—A public hous-
23 ing agency shall, at the request of a family re-
24 ceiving tenant-based assistance under this sub-
25 section, assist that family in negotiating a rea-

1 sonable rent with a dwelling unit owner. A pub-
2 lic housing agency shall review the rent for a
3 unit under consideration by the family (and all
4 rent increases for units under lease by the fam-
5 ily) to determine whether the rent (or rent in-
6 crease) requested by the owner is reasonable. If
7 a public housing agency determines that the
8 rent (or rent increase) for a dwelling unit is not
9 reasonable, the public housing agency shall not
10 make housing assistance payments to the owner
11 under this subsection with respect to that unit.

12 “(C) UNITS EXEMPT FROM LOCAL RENT
13 CONTROL.—If a dwelling unit for which a hous-
14 ing assistance payment contract is established
15 under this subsection is exempt from local rent
16 control provisions during the term of that con-
17 tract, the rent for that unit shall be reasonable
18 in comparison with other units in the market
19 area that are exempt from local rent control
20 provisions.

21 “(D) TIMELY PAYMENTS.—Each public
22 housing agency shall make timely payment of
23 any amounts due to a dwelling unit owner
24 under this subsection. The housing assistance
25 payment contract between the owner and the

1 public housing agency may provide for penalties
2 for the late payment of amounts due under the
3 contract, which shall be imposed on the public
4 housing agency in accordance with generally ac-
5 cepted practices in the local housing market.

6 “(E) PENALTIES.—Unless otherwise au-
7 thorized by the Secretary, each public housing
8 agency shall pay any penalties from administra-
9 tive fees collected by the public housing agency,
10 except that no penalty shall be imposed if the
11 late payment is due to factors that the Sec-
12 retary determines are beyond the control of the
13 public housing agency.

14 “(12) MANUFACTURED HOUSING.—

15 “(A) IN GENERAL.—A public housing
16 agency may make assistance payments in ac-
17 cordance with this subsection on behalf of a
18 family that utilizes a manufactured home as a
19 principal place of residence. Such payments
20 may be made for the rental of the real property
21 on which the manufactured home owned by any
22 such family is located.

23 “(B) RENT CALCULATION.—

24 “(i) CHARGES INCLUDED.—For as-
25 sistance pursuant to this paragraph, the

1 rent for the space on which a manufac-
2 tured home is located and with respect to
3 which assistance payments are to be made
4 shall include maintenance and manage-
5 ment charges and tenant-paid utilities.

6 “(ii) PAYMENT STANDARD.—The pub-
7 lic housing agency shall establish a pay-
8 ment standard for the purpose of deter-
9 mining the monthly assistance that may be
10 paid for any family under this paragraph.
11 The payment standard may not exceed an
12 amount approved or established by the
13 Secretary.

14 “(iii) MONTHLY ASSISTANCE PAY-
15 MENT.—The monthly assistance payment
16 under this paragraph shall be determined
17 in accordance with paragraph (2).

18 “(13) CONTRACT FOR ASSISTANCE PAY-
19 MENTS.—

20 “(A) IN GENERAL.—If the Secretary en-
21 ters into an annual contributions contract
22 under this subsection with a public housing
23 agency pursuant to which the public housing
24 agency will enter into a housing assistance pay-

1 ment contract with respect to an existing struc-
2 ture under this subsection—

3 “(i) the housing assistance payment
4 contract may not be attached to the struc-
5 ture unless the owner agrees to rehabilitate
6 or newly construct the structure other than
7 with assistance under this Act, and other-
8 wise complies with this section; and

9 “(ii) the public housing agency may
10 approve a housing assistance payment con-
11 tract for such existing structure for not
12 more than 15 percent of the funding avail-
13 able for tenant-based assistance adminis-
14 tered by the public housing agency under
15 this section.

16 “(B) EXTENSION OF CONTRACT TERM.—
17 In the case of a housing assistance payment
18 contract that applies to a structure under this
19 paragraph, a public housing agency shall enter
20 into a contract with the owner, contingent upon
21 the future availability of appropriated funds for
22 the purpose of renewing expiring contracts for
23 assistance payments, as provided in appropria-
24 tions Acts, to extend the term of the underlying
25 housing assistance payment contract for such

1 period as the Secretary determines to be appro-
2 priate to achieve long-term affordability of the
3 housing. The contract shall obligate the owner
4 to have such extensions of the underlying hous-
5 ing assistance payment contract accepted by the
6 owner and the successors in interest of the
7 owner.

8 “(C) RENT CALCULATION.—For project-
9 based assistance under this paragraph, housing
10 assistance payment contracts shall establish
11 rents and provide for rent adjustments in ac-
12 cordance with subsection (c).

13 “(D) ADJUSTED RENTS.—With respect to
14 rents adjusted under this paragraph—

15 “(i) the adjusted rent for any unit
16 shall not exceed the rent for a comparable
17 unassisted unit of similar quality, type,
18 and age in the market area; and

19 “(ii) the provisions of subsection
20 (c)(2)(A) do not apply.

21 “(14) INAPPLICABILITY TO TENANT-BASED AS-
22 SISTANCE.—Subsection (c) does not apply to tenant-
23 based assistance under this subsection.

24 “(15) HOMEOWNERSHIP OPTION.—

1 “(A) IN GENERAL.—A public housing
2 agency providing assistance under this sub-
3 section may, at the option of the agency, pro-
4 vide assistance for homeownership under sub-
5 section (y).

6 “(B) ALTERNATIVE ADMINISTRATION.—A
7 public housing agency may contract with a non-
8 profit organization to administer a homeown-
9 ership program under subsection (y).

10 “(16) RENTAL VOUCHERS FOR WITNESS RELO-
11 CATION.—Of amounts made available for assistance
12 under this subsection in each fiscal year, the Sec-
13 retary, in consultation with the Inspector General,
14 shall make available such sums as may be necessary
15 for the relocation of witnesses in connection with ef-
16 forts to combat crime in public and assisted housing
17 pursuant to requests from law enforcement or pros-
18 ecution agencies.”.

19 **SEC. 202. REPEAL OF FEDERAL PREFERENCES.**

20 (a) SECTION 8 EXISTING AND MODERATE REHABILI-
21 TATION.—Section 8(d)(1)(A) of the United States Hous-
22 ing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended
23 to read as follows:

24 “(A) the selection of tenants shall be the func-
25 tion of the owner, subject to the annual contribu-

1 tions contract between the Secretary and the agency,
 2 except that with respect to the certificate and mod-
 3 erate rehabilitation programs only, for the purpose
 4 of selecting families to be assisted, the public hous-
 5 ing agency may establish, after public notice and an
 6 opportunity for public comment, a written system of
 7 preferences for selection that are not inconsistent
 8 with the comprehensive housing affordability strat-
 9 egy for the jurisdiction in which the project is lo-
 10 cated, in accordance with title I of the Cranston-
 11 Gonzalez National Affordable Housing Act;”.

12 (b) SECTION 8 NEW CONSTRUCTION AND SUBSTAN-
 13 TIAL REHABILITATION.—

14 (1) REPEAL.—Section 545(c) of the Cranston-
 15 Gonzalez National Affordable Housing Act (42
 16 U.S.C. 1437f note) is amended to read as follows:
 17 “(c) [Reserved.]”.

18 (2) PROHIBITION.—The provisions of section
 19 8(e)(2) of the United States Housing Act of 1937,
 20 as in existence on the day before October 1, 1983,
 21 that require tenant selection preferences shall not
 22 apply with respect to—

23 (A) housing constructed or substantially
 24 rehabilitated pursuant to assistance provided
 25 under section 8(b)(2) of the United States

1 Housing Act of 1937, as in existence on the day
2 before October 1, 1983; or

3 (B) projects financed under section 202 of
4 the Housing Act of 1959, as in existence on the
5 day before the date of enactment of the Cran-
6 ston-Gonzalez National Affordable Housing Act.

7 (c) RENT SUPPLEMENTS.—Section 101(k) of the
8 Housing and Urban Development Act of 1965 (12 U.S.C.
9 1701s(k)) is amended to read as follows:

10 “(k) [Reserved.]”.

11 (d) CONFORMING AMENDMENTS.—

12 (1) UNITED STATES HOUSING ACT OF 1937.—
13 The United States Housing Act of 1937 (42 U.S.C.
14 1437 et seq.) is amended—

15 (A) in section 6(o), by striking “preference
16 rules specified in” and inserting “written selec-
17 tion criteria established pursuant to”;

18 (B) in section 8(d)(2)(A), by striking the
19 last sentence; and

20 (C) in section 8(d)(2)(H), by striking
21 “Notwithstanding subsection (d)(1)(A)(i), an”
22 and inserting “An”.

23 (2) CRANSTON-GONZALEZ NATIONAL AFFORD-
24 ABLE HOUSING ACT.—The Cranston-Gonzalez Na-

1 tional Affordable Housing Act (42 U.S.C. 12704 et
2 seq.) is amended—

3 (A) in section 455(a)(2)(D)(iii), by striking
4 “would qualify for a preference under” and in-
5 serting “meet the written selection criteria es-
6 tablished pursuant to”; and

7 (B) in section 522(f)(6)(B), by striking
8 “any preferences for such assistance under sec-
9 tion 8(d)(1)(A)(i)” and inserting “the written
10 selection criteria established pursuant to section
11 8(d)(1)(A)”.

12 (3) LOW-INCOME HOUSING PRESERVATION AND
13 RESIDENT HOMEOWNERSHIP ACT OF 1990.—The sec-
14 ond sentence of section 226(b)(6)(B) of the Low-In-
15 come Housing Preservation and Resident Home-
16 ownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is
17 amended by striking “requirement for giving pref-
18 erences to certain categories of eligible families
19 under” and inserting “written selection criteria es-
20 tablished pursuant to”.

21 (4) HOUSING AND COMMUNITY DEVELOPMENT
22 ACT OF 1992.—Section 655 of the Housing and Com-
23 munity Development Act of 1992 (42 U.S.C. 13615)
24 is amended by striking “preferences for occupancy”
25 and all that follows before the period at the end and

1 inserting “selection criteria established by the owner
 2 to elderly families according to such written selection
 3 criteria, and to near-elderly families according to
 4 such written selection criteria, respectively”.

5 (5) REFERENCES IN OTHER LAW.—Any ref-
 6 erence in any Federal law other than any provision
 7 of any law amended by paragraphs (1) through (5)
 8 of this subsection or section 201 to the preferences
 9 for assistance under section 8(d)(1)(A)(i) or
 10 8(o)(3)(B) of the United States Housing Act of
 11 1937, as those sections existed on the day before the
 12 effective date of this title, shall be considered to
 13 refer to the written selection criteria established pur-
 14 suant to section 8(d)(1)(A) or 8(o)(6)(A), respec-
 15 tively, of the United States Housing Act of 1937, as
 16 amended by this subsection and section 201 of this
 17 Act.

18 **SEC. 203. PORTABILITY.**

19 Section 8(r) of the United States Housing Act of
 20 1937 (42 U.S.C. 1437f(r)) is amended—

21 (1) in paragraph (1)—

22 (A) by striking “assisted under subsection
 23 (b) or (o)” and inserting “receiving tenant-
 24 based assistance under subsection (o)”; and

1 (B) by striking “the same State” and all
2 that follows before the semicolon and inserting
3 “any area in which a program is being adminis-
4 tered under this section”;

5 (2) in paragraph (3)—

6 (A) by striking “(b) or”; and

7 (B) by adding at the end the following:

8 “The Secretary shall establish procedures for
9 the compensation of public housing agencies
10 that issue vouchers to families that move into
11 or out of the jurisdiction of the public housing
12 agency under portability procedures. The Sec-
13 retary may reserve amounts available for assist-
14 ance under subsection (o) to compensate those
15 public housing agencies.”; and

16 (3) by adding at the end the following:

17 “(5) LEASE VIOLATIONS.—A family may not receive
18 a voucher from a public housing agency and move to an-
19 other jurisdiction under the tenant-based assistance pro-
20 gram if the family has moved out of the assisted dwelling
21 unit of the family in violation of a lease.”.

22 **SEC. 204. LEASING TO VOUCHER HOLDERS.**

23 Section 8(t) of the United States Housing Act of
24 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

25 “(t) [Reserved.]”.

1 **SEC. 205. HOMEOWNERSHIP OPTION.**

2 Section 8(y) of the United States Housing Act of
3 1937 (42 U.S.C. 1437f(y)) is amended—

4 (1) in paragraph (1)(A), by inserting before the
5 semicolon “, or owns or is acquiring shares in a co-
6 operative”;

7 (2) in paragraph (1)(B), by striking “(i) par-
8 ticipates” and all that follows through “(ii) dem-
9 onstrates” and inserting “demonstrates”;

10 (3) by striking paragraph (2) and inserting the
11 following:

12 “(2) DETERMINATION OF AMOUNT OF ASSIST-
13 ANCE.—

14 “(A) MONTHLY EXPENSES DO NOT EX-
15 CEED PAYMENT STANDARD.—If the monthly
16 homeownership expenses, as determined in ac-
17 cordance with requirements established by the
18 Secretary, do not exceed the payment standard,
19 the monthly assistance payment shall be the
20 amount by which the homeownership expenses
21 exceed the highest of the following amounts,
22 rounded to the nearest dollar:

23 “(i) Thirty percent of the monthly ad-
24 justed income of the family.

25 “(ii) Ten percent of the monthly in-
26 come of the family.

1 “(iii) If the family is receiving pay-
2 ments for welfare assistance from a public
3 agency, and a portion of those payments,
4 adjusted in accordance with the actual
5 housing costs of the family, is specifically
6 designated by that agency to meet the
7 housing costs of the family, the portion of
8 those payments that is so designated.

9 “(B) MONTHLY EXPENSES EXCEED PAY-
10 MENT STANDARD.—If the monthly homeowner-
11 ship expenses, as determined in accordance with
12 requirements established by the Secretary, ex-
13 ceed the payment standard, the monthly assist-
14 ance payment shall be the amount by which the
15 applicable payment standard exceeds the high-
16 est of the following amounts, rounded to the
17 nearest dollar:

18 “(i) Thirty percent of the monthly ad-
19 justed income of the family.

20 “(ii) Ten percent of the monthly in-
21 come of the family.

22 “(iii) If the family is receiving pay-
23 ments for welfare assistance from a public
24 agency and a part of those payments, ad-
25 justed in accordance with the actual hous-

1 ing costs of the family, is specifically des-
2 ignated by that agency to meet the housing
3 costs of the family, the portion of those
4 payments that is so designated.”;

5 (4) by striking paragraphs (3) through (5); and
6 (5) by redesignating paragraphs (6) through
7 (8) as paragraphs (3) through (5), respectively.

8 **SEC. 206. LAW ENFORCEMENT AND SECURITY PERSONNEL**
9 **IN PUBLIC HOUSING.**

10 Section 8 of the United States Housing Act of 1937
11 (42 U.S.C. 1437f) is amended by adding at the end the
12 following:

13 “(cc) LAW ENFORCEMENT AND SECURITY PERSON-
14 NEL.—Notwithstanding any other provision of this Act, an
15 owner may admit, and assistance may be provided to, po-
16 lice officers and other security personnel (who are not oth-
17 erwise eligible for assistance under the Act), in the case
18 of assistance attached to a structure. In addition, the Sec-
19 retary may permit such special rent requirements to be
20 accompanied by other terms and conditions of occupancy
21 that the Secretary may consider appropriate and may re-
22 quire the owner to submit an application for special rent
23 requirements which shall include such information as the
24 Secretary, in the discretion of the Secretary, determines
25 to be necessary.”.

1 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

2 (a) LOWER INCOME HOUSING ASSISTANCE.—Section
3 8 of the United States Housing Act of 1937 (42 U.S.C.
4 1437f) is amended—

5 (1) in subsection (a), by striking the second and
6 third sentences;

7 (2) in subsection (b)—

8 (A) in the subsection heading, by striking
9 “RENTAL CERTIFICATES AND”; and

10 (B) in the first undesignated paragraph—

11 (i) by striking “The Secretary” and
12 inserting the following:

13 “(1) IN GENERAL.—The Secretary”; and

14 (ii) by striking the second sentence;

15 (3) in subsection (c)—

16 (A) in paragraph (3)—

17 (i) by striking “(A)”; and

18 (ii) by striking subparagraph (B);

19 (B) in the first sentence of paragraph (4),
20 by striking “or by a family that qualifies to re-
21 ceive” and all that follows through “1990”;

22 (C) by striking paragraph (5) and redesign-
23 ating paragraph (6) as paragraph (5);

24 (D) by striking paragraph (7) and redesign-
25 ating paragraphs (8) through (10) as para-
26 graphs (6) through (8), respectively;

1 (E) in paragraph (6), as redesignated, by
2 inserting “(other than a contract under section
3 8(o))” after “section”;

4 (F) in paragraph (7), as redesignated, by
5 striking “(but not less than 90 days in the case
6 of housing certificates or vouchers under sub-
7 section (b) or (o))” and inserting “, other than
8 a contract under subsection (o)”;

9 (G) in paragraph (8), as redesignated, by
10 striking “housing certificates or vouchers under
11 subsection (b) or (o)” and inserting “tenant-
12 based assistance under this section”;

13 (4) in subsection (d)—

14 (A) in paragraph (1)(B)(iii), by striking
15 “on or near such premises”; and

16 (B) in paragraph (2)—

17 (i) in subparagraph (A), by striking
18 the third sentence and all that follows
19 through the end of the subparagraph; and

20 (ii) by striking subparagraphs (B)
21 through (E) and redesignating subpara-
22 graphs (F) through (H) as subparagraphs
23 (B) through (D), respectively;

24 (5) in subsection (f)—

1 (A) in paragraph (6), by striking “(d)(2)”
2 and inserting “(o)(11)”; and

3 (B) in paragraph (7)—

4 (i) by striking “(b) or”; and

5 (ii) by inserting before the period the
6 following: “and that provides for the eligi-
7 ble family to select suitable housing and to
8 move to other suitable housing”;

9 (6) by striking subsection (j) and inserting the
10 following:

11 “(j) [Reserved.]”;

12 (7) by striking subsection (n) and inserting the
13 following:

14 “(n) [Reserved.]”;

15 (8) in subsection (q)—

16 (A) in the first sentence of paragraph (1),
17 by striking “and housing voucher programs
18 under subsections (b) and (o)” and inserting
19 “program under this section”;

20 (B) in paragraph (2)(A)(i), by striking
21 “and housing voucher programs under sub-
22 sections (b) and (o)” and inserting “program
23 under this section”; and

24 (C) in paragraph (2)(B), by striking “and
25 housing voucher programs under subsections

1 (b) and (o)” and inserting “program under this
2 section”;

3 (9) in subsection (u), by striking “certificates
4 or” each place that term appears; and

5 (10) in subsection (x)(2), by striking “housing
6 certificate assistance” and inserting “tenant-based
7 assistance”.

8 (b) PUBLIC HOUSING HOMEOWNERSHIP AND MAN-
9 AGEMENT OPPORTUNITIES.—Section 21(b)(3) of the
10 United States Housing Act of 1937 (42 U.S.C.
11 1437s(b)(3)) is amended—

12 (1) in the first sentence, by striking “(at the
13 option of the family) a certificate under section
14 8(b)(1) or a housing voucher under section 8(o)”
15 and inserting “tenant-based assistance under section
16 8”; and

17 (2) by striking the second sentence.

18 (c) DOCUMENTATION OF EXCESSIVE RENT BUR-
19 DENS.—Section 550(b) of the Cranston-Gonzalez National
20 Affordable Housing Act (42 U.S.C. 1437f note) is amend-
21 ed—

22 (1) in paragraph (1), by striking “assisted
23 under the certificate and voucher programs estab-
24 lished” and inserting “receiving tenant-based assist-
25 ance”;

1 (2) in the first sentence of paragraph (2)—

2 (A) by striking “, for each of the certifi-
3 cate program and the voucher program” and in-
4 serting “for the tenant-based assistance under
5 section 8”; and

6 (B) by striking “participating in the pro-
7 gram” and inserting “receiving tenant-based as-
8 sistance”; and

9 (3) in paragraph (3), by striking “assistance
10 under the certificate or voucher program” and in-
11 serting “tenant-based assistance under section 8 of
12 the United States Housing Act of 1937”.

13 (d) GRANTS FOR COMMUNITY RESIDENCES AND
14 SERVICES.—Section 861(b)(1)(D) of the Cranston-Gon-
15 zalez National Affordable Housing Act (42 U.S.C.
16 12910(b)(1)(D)) is amended by striking “certificates or
17 vouchers” and inserting “assistance”.

18 (e) SECTION 8 CERTIFICATES AND VOUCHERS.—Sec-
19 tion 931 of the Cranston-Gonzalez National Affordable
20 Housing Act (42 U.S.C. 1437c note) is amended by strik-
21 ing “assistance under the certificate and voucher pro-
22 grams under sections 8(b) and (o) of such Act” and insert-
23 ing “tenant-based assistance under section 8 of the United
24 States Housing Act of 1937”.

1 (f) ASSISTANCE FOR DISPLACED TENANTS.—Section
2 223(a) of the Housing and Community Development Act
3 of 1987 (12 U.S.C. 4113(a)) is amended by striking “as-
4 sistance under the certificate and voucher programs under
5 sections 8(b) and 8(o)” and inserting “tenant-based as-
6 sistance under section 8”.

7 (g) RURAL HOUSING PRESERVATION GRANTS.—Sec-
8 tion 533(a) of the Housing Act of 1949 (42 U.S.C.
9 1490m(a)) is amended in the second sentence by striking
10 “assistance payments as provided by section 8(o)” and in-
11 serting “tenant-based assistance as provided under section
12 8”.

13 (h) REPEAL OF MOVING TO OPPORTUNITIES FOR
14 FAIR HOUSING DEMONSTRATION.—Section 152 of the
15 Housing and Community Development Act of 1992 (42
16 U.S.C. 1437f note) is repealed.

17 (i) PREFERENCES FOR ELDERLY FAMILIES AND
18 PERSONS.—Section 655 of the Housing and Community
19 Development Act of 1992 (42 U.S.C. 13615) is amended
20 by striking “the first sentence of section 8(o)(3)(B)” and
21 inserting “section 8(o)(6)(A)”.

22 (j) ASSISTANCE FOR TROUBLED MULTIFAMILY
23 HOUSING PROJECTS.—Section 201(m)(2)(A) of the Hous-
24 ing and Community Development Amendments of 1978

1 (12 U.S.C. 1715z-1a(m)(2)(A)) is amended by striking
2 “section 8(b)(1)” and inserting “section 8”.

3 (k) MANAGEMENT AND DISPOSITION OF MULTIFAM-
4 ILY HOUSING PROJECTS.—Section 203(g)(2) of the Hous-
5 ing and Community Development Amendments of 1978
6 (12 U.S.C. 1701z-11(g)(2)), as amended by section
7 101(b) of the Multifamily Housing Property Disposition
8 Reform Act of 1994, is amended by striking “8(o)(3)(B)”
9 and inserting “8(o)(6)(A)”.

10 **SEC. 208. IMPLEMENTATION.**

11 In accordance with the negotiated rulemaking proce-
12 dures set forth in subchapter III of chapter 5 of title 5,
13 United States Code, the Secretary shall issue such regula-
14 tions as may be necessary to implement the amendments
15 made by this title after notice and opportunity for public
16 comment.

17 **SEC. 209. DEFINITION.**

18 In this title, the term “public housing agency” has
19 the same meaning as section 3 of the United States Hous-
20 ing Act of 1937, except that such term shall also include
21 any other nonprofit entity serving more than one local gov-
22 ernment jurisdiction that was administering the section 8
23 tenant-based assistance program pursuant to a contract
24 with the Secretary or a public housing agency prior to the
25 date of enactment of this Act.

1 **SEC. 210. EFFECTIVE DATE.**

2 (a) IN GENERAL.—The amendments made by this
3 title shall become effective not later than 1 year after the
4 date of enactment of this Act.

5 (b) CONVERSION ASSISTANCE.—

6 (1) IN GENERAL.—The Secretary may provide
7 for the conversion of assistance under the certificate
8 and voucher programs under subsections (b) and (o)
9 of section 8 of the United States Housing Act of
10 1937, as those sections existed on the day before the
11 effective date of the amendments made by this title,
12 to the voucher program established by the amend-
13 ments made by this title.

14 (2) CONTINUED APPLICABILITY.—The Sec-
15 retary may apply the provisions of the United States
16 Housing Act of 1937, or any other provision of law
17 amended by this title, as those provisions existed on
18 the day before the effective date of the amendments
19 made by this title, to assistance obligated by the
20 Secretary before that effective date for the certifi-
21 cate or voucher program under section 8 of the
22 United States Housing Act of 1937, if the Secretary
23 determines that such action is necessary for sim-
24 plification of program administration, avoidance of
25 hardship, or other good cause.

1 **TITLE III—MISCELLANEOUS**
2 **PROVISIONS**

3 **SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.**

4 Section 105(b) of the Cranston-Gonzalez National
5 Affordable Housing Act (42 U.S.C. 12705(b)) is amend-
6 ed—

7 (1) by redesignating the second paragraph des-
8 igned as paragraph (17) (as added by section
9 681(2) of the Housing and Community Development
10 Act of 1992) as paragraph (20);

11 (2) by redesignating paragraph (17) (as added
12 by section 220(b)(3) of the Housing and Community
13 Development Act of 1992) as paragraph (19);

14 (3) by redesignating the second paragraph des-
15 igned as paragraph (16) (as added by section
16 220(c)(1) of the Housing and Community Develop-
17 ment Act of 1992) as paragraph (18);

18 (4) in paragraph (16)—

19 (A) by striking the period at the end and
20 inserting a semicolon; and

21 (B) by striking “(16)” and inserting
22 “(17)”;

23 (5) by redesignating paragraphs (11) through
24 (15) as paragraphs (12) through (16), respectively;
25 and

1 (6) by inserting after paragraph (10) the fol-
2 lowing:

3 “(11) describe the manner in which the plan of
4 the jurisdiction will help address the needs of public
5 housing and coordinate with the local public housing
6 agency plan under section 5A of the United States
7 Housing Act of 1937;”.

8 **SEC. 302. DETERMINATION OF INCOME LIMITS.**

9 (a) IN GENERAL.—Section 3(b)(2) of the United
10 States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is
11 amended—

12 (1) in the fourth sentence—

13 (A) by striking “County,” and inserting
14 “and Rockland Counties”; and

15 (B) by inserting “each” before “such coun-
16 ty”; and

17 (2) in the fifth sentence, by striking “County”
18 each place that term appears and inserting “and
19 Rockland Counties”.

20 (b) REGULATIONS.—Not later than 90 days after the
21 date of enactment of this Act, the Secretary shall issue
22 regulations implementing the amendments made by sub-
23 section (a).

1 **SEC. 303. DEMOLITION OF PUBLIC HOUSING.**

2 Notwithstanding any other provision of law, begin-
3 ning on the date of enactment of this Act, the public hous-
4 ing projects described in section 415 of the Department
5 of Housing and Urban Development—Independent Agen-
6 cies Appropriations Act, 1988 (as in existence on April
7 25, 1996) shall be eligible for demolition under—

8 (1) section 9 of the United States Housing Act
9 of 1937, as amended by this Act; and

10 (2) section 14 of the United States Housing
11 Act of 1937, as that section existed on the day be-
12 fore the date of enactment of this Act.

13 **SEC. 304. TECHNICAL CORRECTION OF PUBLIC HOUSING**
14 **AGENCY OPT-OUT AUTHORITY.**

15 Section 214(h)(2)(A) of the Housing and Community
16 Development Act of 1980 (42 U.S.C. 1436(h)(2)(A)) is
17 amended by striking “this section” and inserting “para-
18 graph (1) of this subsection”.

19 **SEC. 305. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
20 **TRACTS.**

21 (a) REQUIREMENT.—The Secretary shall investigate
22 all security contracts awarded by grantees under the Pub-
23 lic and Assisted Housing Drug Elimination Act of 1990
24 (42 U.S.C. 11901 et seq.) that are public housing agencies
25 that own or operate more than 4,500 public housing dwell-
26 ing units—

1 (1) to determine whether the contractors under
2 such contracts have complied with all laws and regu-
3 lations regarding prohibition of discrimination in
4 hiring practices;

5 (2) to determine whether such contracts were
6 awarded in accordance with the applicable laws and
7 regulations regarding the award of such contracts;

8 (3) to determine how many such contracts were
9 awarded under emergency contracting procedures;

10 (4) to evaluate the effectiveness of the con-
11 tracts; and

12 (5) to provide a full accounting of all expenses
13 under the contracts.

14 (b) REPORT.—Not later than 180 days after the date
15 of the enactment of this Act, the Secretary shall complete
16 the investigation required under subsection (a) and submit
17 a report to Congress regarding the findings under the in-
18 vestigation. With respect to each such contract, the report
19 shall—

20 (1) state whether the contract was made and is
21 operating, or was not made or is not operating, in
22 full compliance with applicable laws and regulations;
23 and

1 (2) for each contract that the Secretary deter-
2 mines is in such compliance issue a personal certifi-
3 cation of such compliance by the Secretary.

4 (c) ACTIONS.—For each contract that is described in
5 the report under subsection (b) as not made or not operat-
6 ing in full compliance with applicable laws and regulations,
7 the Secretary shall promptly take any actions available
8 under law or regulation that are necessary—

9 (1) to bring such contract into compliance; or

10 (2) to terminate the contract.

11 (d) EFFECTIVE DATE.—This section shall take effect
12 on the date of the enactment of this Act.

13 **SEC. 306. OTHER REPEALS.**

14 The following provisions of law are repealed:

15 (1) MOVING TO OPPORTUNITY FOR FAIR HOUS-
16 ING.—Section 152 of the Housing and Community
17 Development Act of 1992 (42 U.S.C. 1437f note).

18 (2) REPORT REGARDING FAIR HOUSING OBJEC-
19 TIVES.—Section 153 of the Housing and Community
20 Development Act of 1992 (42 U.S.C. 1437f note).

21 (3) SPECIAL PROJECTS FOR ELDERLY OR
22 HANDICAPPED FAMILIES.—Section 209 of the Hous-
23 ing and Community Development Act of 1974 (42
24 U.S.C. 1438).

1 (4) MISCELLANEOUS PROVISIONS.—Subsections
2 (b)(1), (c), and (d) of section 326 of the Housing
3 and Community Development Amendments of 1981
4 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f
5 note).

6 (5) PUBLIC HOUSING CHILDHOOD DEVELOP-
7 MENT.—Section 222 of the Housing and Urban-
8 Rural Recovery Act of 1983 (12 U.S.C. 1701z–6
9 note).

10 (6) INDIAN HOUSING CHILDHOOD DEVELOP-
11 MENT.—Section 518 of the Cranston-Gonzalez Na-
12 tional Affordable Housing Act (12 U.S.C. 1701z–6
13 note).

14 (7) PUBLIC HOUSING ONE-STOP PERINATAL
15 SERVICES DEMONSTRATION.—Section 521 of the
16 Cranston-Gonzalez National Affordable Housing Act
17 (42 U.S.C. 1437t note).

18 (8) PUBLIC HOUSING MINCS DEMONSTRA-
19 TION.—Section 522 of the Cranston-Gonzalez Na-
20 tional Affordable Housing Act (42 U.S.C. 1437f
21 note).

22 (9) PUBLIC HOUSING ENERGY EFFICIENCY
23 DEMONSTRATION.—Section 523 of the Cranston-
24 Gonzalez National Affordable Housing Act (42
25 U.S.C. 1437g note).

1 (10) PUBLIC AND ASSISTED HOUSING YOUTH
2 SPORTS PROGRAMS.—Section 520 of the Cranston-
3 Gonzalez National Affordable Housing Act (42
4 U.S.C. 11903a).

○