

105TH CONGRESS  
1ST SESSION

# S. 784

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

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IN THE SENATE OF THE UNITED STATES

MAY 22, 1997

Mr. D'AMATO (by request) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

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

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

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

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

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purposes.

#### TITLE I—PUBLIC HOUSING AND RENT REFORMS

- Sec. 100. Establishment of capital and operating funds.
- Sec. 101. Determination of rental amounts for residents of public housing.
- Sec. 102. Minimum rents for public housing and section 8 programs.
- Sec. 103. Public housing ceiling rents.
- Sec. 104. Disallowance of earned income from public housing and section 8 rent and family contribution determinations.
- Sec. 105. Public housing home ownership.
- Sec. 106. Public housing agency plan.
- Sec. 107. PHMAP indicators for small PHAs.
- Sec. 108. PHMAP self-sufficiency indicator.
- Sec. 109. Expansion of powers for dealing with PHAs in substantial default.
- Sec. 110. Public housing site-based waiting lists.
- Sec. 111. Community service requirements for the public housing and section 8 programs.
- Sec. 112. Comprehensive improvement assistance program streamlining.
- Sec. 113. Flexibility for PHA funding.
- Sec. 114. Replacement housing resources.
- Sec. 115. Repeal of one-for-one replacement housing requirement.
- Sec. 116. Demolition, site revitalization, replacement housing, and tenant-based assistance grants for developments.
- Sec. 117. Performance evaluation board.
- Sec. 118. Economic development and supportive services for public housing residents.
- Sec. 119. Penalty for slow expenditure of modernization funds.
- Sec. 120. Designation of PHAs as troubled.
- Sec. 121. Volunteer services under the 1937 Act.
- Sec. 122. Authorization of appropriations for operation safe home program.

#### TITLE II—SECTION 8 STREAMLINING AND OTHER PROGRAM IMPROVEMENTS

- Sec. 201. Permanent repeal of Federal preferences.
- Sec. 202. Income targeting for public housing and section 8 programs.
- Sec. 203. Merger of tenant-based assistance programs.
- Sec. 204. Section 8 administrative fees.
- Sec. 205. Section 8 home ownership.
- Sec. 206. Welfare to work certificates.
- Sec. 207. Effect of failure to comply with public assistance requirements.
- Sec. 208. Streamlining section 8 tenant-based assistance.
- Sec. 209. Income verification.
- Sec. 210. Nondiscrimination against certificate and voucher holders.
- Sec. 211. Recapture and reuse of ACC project reserves under the tenant-based assistance program.
- Sec. 212. Expanding the coverage of the Public and Assisted Housing Drug Elimination Act of 1990 to include other types of crime and to provide formula funding.

#### TITLE III—“ONE STRIKE AND YOU’RE OUT” OCCUPANCY PROVISIONS

- Sec. 301. Screening of applicants.

Sec. 302. Termination of tenancy and assistance.

Sec. 303. Lease requirements.

Sec. 304. Availability of criminal records for public housing tenant screening and eviction.

Sec. 305. Definitions.

Sec. 306. Conforming amendments.

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

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

3 (1) we have a shared national interest in creat-  
4 ing safe, decent and affordable housing because, for  
5 all Americans, housing is an essential building block  
6 toward holding a job, getting an education, partici-  
7 pating in the community, and helping fulfill our na-  
8 tional goals;

9 (2) the American people recognized this shared  
10 national interest in 1937, when we created a public  
11 housing program dedicated to meeting these needs  
12 while creating more hope and opportunity for the  
13 American people;

14 (3) for 60 years America's public housing sys-  
15 tem has provided safe, decent, and affordable hous-  
16 ing for millions of low-income families, who have  
17 used public housing as a stepping stone toward  
18 greater stability, independence, and homeownership;

19 (4) today, more than 3,300 local public housing  
20 agencies—95 percent of all housing agencies  
21 throughout America—are providing a good place for  
22 families to live and fulfilling their historic mission;

1           (5) yet, for all our progress as a nation, today,  
2           only one out of four Americans who needs housing  
3           assistance receives it;

4           (6) at the same time, approximately 15 percent  
5           of the people who live in public housing nationwide  
6           live in housing with management designated as  
7           “troubled”;

8           (7) for numerous developments at these trou-  
9           bled public housing agencies and elsewhere, families  
10          face an overwhelming mix of crime, drug trafficking,  
11          unemployment, and despair, where there is little  
12          hope for a better future or a better life;

13          (8) the past 60 years have resulted in a system  
14          where outdated rules and excessive government regu-  
15          lation are limiting our ability to propose innovative  
16          solutions and solve problems, not only at the rel-  
17          atively few local public housing agencies designated  
18          as troubled, but at the 3,300 that are working well;

19          (9) obstacles faced by those agencies that are  
20          working well—multiple reports and cumbersome regu-  
21          lations—make a compelling case for deregulation  
22          and for concentration by the Department of Housing  
23          and Urban Development on fulfillment of the pro-  
24          gram’s basic mission;

1           (10) all told, the Department has drifted from  
2 its original mission, creating bureaucratic processes  
3 that encumber the people and organizations it is  
4 supposed to serve;

5           (11) under a framework enacted by Congress,  
6 the Department has begun major reforms to address  
7 these problems, with dramatic results;

8           (12) public housing agencies have begun to de-  
9 molish and replace the worst public housing, reduce  
10 crime, promote resident self-sufficiency, upgrade  
11 management, and end the isolation of public housing  
12 developments from the working world;

13           (13) the Department has also recognized that  
14 for public housing to work better, the Department  
15 needs to work better, and has begun a major over-  
16 haul of its organization, streamlining operations, im-  
17 proving management, building stronger partnerships  
18 with state and local agencies and improving its abil-  
19 ity to take enforcement actions where necessary to  
20 assure that its programs serve their intended pur-  
21 poses; and

22           (14) for these dramatic reforms to succeed, per-  
23 manent legislation is now needed to continue the  
24 transformation of public housing agencies, strip  
25 away outdated rules, provide necessary enforcement

1 tools, and empower the Department and local agen-  
2 cies to meet the needs of America’s families.

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

4 (1) to completely overhaul the framework and  
5 rules that were put in place to govern public housing  
6 60 years ago;

7 (2) to revolutionize the way public housing  
8 serves its clients, fits in the community, builds op-  
9 portunity, and prepares families for a better life;

10 (3) to reaffirm America’s historic commitment  
11 to safe, decent, and affordable housing and to re-  
12 move the obstacles to meeting that goal;

13 (4) to continue the complete and total overhaul  
14 of management of the Department;

15 (5) to dramatically deregulate and reorganize  
16 the Federal Government’s management and over-  
17 sight of America’s public housing;

18 (6) to ensure that local public housing agencies  
19 spend more time delivering vital services to residents  
20 and less time complying with unessential regulations  
21 or filing unessential reports;

22 (7) to achieve greater accountability of taxpayer  
23 funds by empowering the Federal Government to  
24 take firmer, quicker, and more effective actions to

1 improve the management of troubled local housing  
2 authorities and to crack down on poor performance;

3 (8) to preserve public housing as a rental re-  
4 source for low-income Americans, while breaking  
5 down the extreme social isolation of public housing  
6 from mainstream America;

7 (9) to provide for revitalization of severely dis-  
8 tressed public housing, or its replacement with re-  
9 placement housing or tenant-based assistance;

10 (10) to integrate public housing reform with  
11 welfare reform so that welfare recipients—many of  
12 whom are public housing residents—can better chart  
13 a path to independence and self-sufficiency;

14 (11) to anchor in a permanent statute needed  
15 changes that will result in the continued trans-  
16 formation of the public housing and tenant-based as-  
17 sistance program—including deregulating well-per-  
18 forming housing agencies, ensuring accountability to  
19 the public, providing sanctions for poor performers,  
20 and providing additional management tools;

21 (12) to streamline and simplify the tenant-  
22 based Section 8 program and to make this program  
23 workable for providing home ownership; and

1 (13) through these comprehensive measures, to  
2 reform the United States Housing Act of 1937 and  
3 the programs thereunder.

4 **TITLE I—PUBLIC HOUSING AND RENT**  
5 **REFORMS**

6 **SEC. 100. ESTABLISHMENT OF CAPITAL AND OPERATING**  
7 **FUNDS.**

8 (a) CAPITAL FUND.—Section 14(a) of the United  
9 States Housing Act of 1937 is amended—

10 (1) by redesignating paragraphs (1) through  
11 (5) as subparagraphs (A) through (E), respectively;

12 (2) by inserting the paragraph designation  
13 “(2)” before “It is the purpose”; and

14 (3) by inserting the following new paragraph  
15 (1) immediately after the subsection designation  
16 “(a)”:

17 “(1) The Secretary shall establish a Capital Fund  
18 under this section for the purpose of making assistance  
19 available to public housing agencies in accordance with  
20 this section.”.

21 (b) OPERATING FUND.—Section 9(a) of the United  
22 States Housing Act of 1937 is amended by striking “SEC.  
23 9. (a)(1)(A) In addition to” and inserting the following:

24 “SEC. 9. (a) The Secretary shall establish an Operat-  
25 ing Fund under this section for the purpose of making

1 assistance available to public housing agencies in accord-  
2 ance with this section.

3 “(1)(A) In addition to”.

4 **SEC. 101. DETERMINATION OF RENTAL AMOUNTS FOR**  
5 **RESIDENTS OF PUBLIC HOUSING.**

6 (a) Section 3 of the United States Housing Act of  
7 1937 is amended—

8 (1) in subsection (a)(1), by revising subpara-  
9 graph (A) to read as follows:

10 “(A)(i) if the family is assisted under sec-  
11 tion 8 of this Act, 30 per centum of the family’s  
12 monthly adjusted income; or

13 “(ii) if the family resides in public housing,  
14 an amount established by the public housing  
15 agency not to exceed 30 per centum of the fam-  
16 ily’s monthly adjusted income;”; and

17 (2) in subsection (b)(5)—

18 (A) after the semicolon following subpara-  
19 graph (F), by inserting “and”;

20 (B) in subparagraph (G), by striking “;  
21 and” and inserting a period; and

22 (C) by striking subparagraph (H).

23 (b) REVISED OPERATING SUBSIDY FORMULA.—The  
24 Secretary, in consultation with interested parties, shall es-  
25 tablish a revised formula for allocating operating assist-

1 ance under section 9 of the United States Housing Act  
2 of 1937, which formula may include such factors as:

3 (1) standards for the costs of operation and  
4 reasonable projections of income, taking into account  
5 the character and location of the public housing  
6 project and characteristics of the families served, or  
7 the costs of providing comparable services as deter-  
8 mined with criteria or a formula representing the  
9 operations of a prototype well-managed public hous-  
10 ing project;

11 (2) the number of public housing dwelling units  
12 owned and operated by the public housing agency,  
13 the percentage of those units that are occupied by  
14 very low-income families, and, if applicable, the re-  
15 duction in the number of public housing units as a  
16 result of any conversion to a system of tenant-based  
17 assistance;

18 (3) the degree of household poverty served by a  
19 public housing agency;

20 (4) the extent to which the public housing agen-  
21 cy provides programs and activities designed to pro-  
22 mote the economic self-sufficiency and management  
23 skills of public housing tenants;

24 (5) the number of dwelling units owned and op-  
25 erated by the public housing agency that are chron-

1        ically vacant and the amount of assistance appro-  
2        priate for those units;

3            (6) the costs of the public housing agency asso-  
4        ciated with anti-crime and anti-drug activities, in-  
5        cluding the costs of providing adequate security for  
6        public housing tenants;

7            (7) the ability of the public housing agency to  
8        effectively administer the Operating Fund distribu-  
9        tion of the public housing agency;

10          (8) incentives to public housing agencies for  
11        good management; and

12          (9) standards for the costs of operation of as-  
13        sisted housing compared to unassisted housing.

14        (c) TRANSITION PROVISION.—Prior to the establish-  
15        ment and implementation of an operating subsidy formula  
16        under subsection (b), if a public housing agency estab-  
17        lishes a rental amount that is less than 30 percent of the  
18        family’s monthly adjusted income pursuant to section  
19        3(a)(1)(A)(ii) of the United States Housing Act of 1937,  
20        as amended by subsection (a)(1), the Secretary shall not  
21        take into account any reduction of or increase in the public  
22        housing agency’s per unit dwelling rental income resulting  
23        from the use of such rental amount when calculating the  
24        contributions under section 9 of the United States Hous-

1 ing Act of 1937 for the public housing agency for the oper-  
2 ation of the public housing.

3 **SEC. 102. MINIMUM RENTS FOR PUBLIC HOUSING AND SEC-**  
4 **TION 8 PROGRAMS.**

5 The second sentence of section 3(a)(1) of the United  
6 States Housing Act of 1937 is amended—

7 (1) at the end of subparagraph (B), by striking  
8 “or”;

9 (2) in subsection (C), by striking the period and  
10 inserting “; or”; and

11 (3) by inserting the following at the end:

12 “(D) \$25.

13 Where establishing the rent or family contribution  
14 based on subparagraph (D) would otherwise result  
15 in undue hardship, as defined by the Secretary or  
16 the public housing agency, for one or more cat-  
17 egories of affected families, the Secretary or the  
18 public housing agency may exempt one or more such  
19 categories from the requirements of this paragraph  
20 and may require a lower minimum monthly rental  
21 contribution for one or more such categories.”.

22 **SEC. 103. PUBLIC HOUSING CEILING RENTS.**

23 (a) Section 3(a)(2)(A) of the United States Housing  
24 Act of 1937, as amended by section 402(b)(1) of The Bal-

1 anced Budget Downpayment Act, I, is amended to read  
2 as follows:

3 “(A) adopt ceiling rents that reflect the reason-  
4 able market value of the housing, but that are not  
5 less than—

6 “(i) for housing other than housing pre-  
7 dominantly for elderly or disabled families (or  
8 both), 75 percent of the monthly cost to operate  
9 the housing of the agency;

10 “(ii) for housing predominantly for elderly  
11 or disabled families (or both), 100 percent of  
12 the monthly cost to operate the housing of the  
13 agency; and

14 “(iii) the monthly cost to make a deposit  
15 to a replacement reserve (in the sole discretion  
16 of the public housing agency); and”.

17 (b) Notwithstanding section 402(f) of The Balanced  
18 Budget Downpayment Act, I, the amendments made by  
19 section 402(b) of that Act shall remain in effect after fis-  
20 cal year 1997.

21 **SEC. 104. DISALLOWANCE OF EARNED INCOME FROM PUB-**  
22 **LIC HOUSING AND SECTION 8 RENT AND FAM-**  
23 **ILY CONTRIBUTION DETERMINATIONS.**

24 (a) IN GENERAL.—Section 3 of the United States  
25 Housing Act of 1937 is amended—

1           (1) by striking the undesignated paragraph at  
2           the end of subsection (c)(3) (as added by section  
3           515(b) of Public Law 101–625); and

4           (2) by adding at the end the following new sub-  
5           section:

6           “(d) DISALLOWANCE OF EARNED INCOME FROM  
7           PUBLIC HOUSING AND SECTION 8 RENT AND FAMILY  
8           CONTRIBUTION DETERMINATIONS.—

9           “(1) IN GENERAL.—Notwithstanding any other  
10          provision of law, the rent payable under subsection  
11          (a) by, the family contribution determined in accord-  
12          ance with subsection (a) for, a family—

13                 “(A) that—

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

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

18                 “(B) whose income increases as a result of  
19                 employment of a member of the family who was  
20                 previously unemployed for one or more years  
21                 (including a family whose income increases as a  
22                 result of the participation of a family member  
23                 in any family self-sufficiency or other job train-  
24                 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 3-  
10 year period.

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

14 (b) APPLICABILITY OF AMENDMENT.—

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

24 (2) SECTION 8.—The amendments made by  
25 subsection (a) shall apply to tenant-based assistance

1 provided by a public housing agency under section 8  
2 of the United States Housing Act of 1937 on and  
3 after October 1, 1998, but shall apply only to the ex-  
4 tent approved in appropriation Acts.

5 **SEC. 105. PUBLIC HOUSING HOMEOWNERSHIP.**

6 Section 5(h) of the United States Housing Act of  
7 1937 is amended—

8 (1) in the first sentence, by striking “lower in-  
9 come tenants,” and inserting the following: “low-in-  
10 come tenants, or to any organization serving as a  
11 conduit for sales to such tenants,”; and

12 (2) by adding the following two sentences at the  
13 end: “In the case of purchase by an entity that is  
14 an organization serving as a conduit for sales to  
15 such tenants, the entity shall sell the units to low-  
16 income families within five years from the date of its  
17 acquisition of the units. The entity shall use any net  
18 proceeds from the resale and from managing the  
19 units, as determined in accordance with guidelines of  
20 the Secretary, for housing purposes, such as funding  
21 resident organizations and reserves for capital re-  
22 placements.”.

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

24 The United States Housing Act of 1937 is amended  
25 by inserting after section 5 the following new section:

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

2 “(a) CONTENTS OF PLAN.—(1) Each public housing  
3 agency shall submit to the Secretary a public housing  
4 agency plan that shall consist of the following parts, as  
5 applicable—

6 “(A) For assistance under section 14, a 5-year  
7 comprehensive plan, as described in section 14(e)(1).

8 “(B) For assistance under section 14, the an-  
9 nual statement, as required under section 14(e)(3).

10 “(C) An annual description of the public hous-  
11 ing agency’s plans for the following activities—

12 “(i) demolition and disposition under sec-  
13 tion 18;

14 “(ii) homeownership under section 5(h);  
15 and

16 “(iii) designated housing under section 7.

17 “(D) An annual submission by the public hous-  
18 ing agency consisting of the following information—

19 “(i) tenant selection admission and assign-  
20 ment policies, including any admission pref-  
21 erences;

22 “(ii) rent policies, including income and  
23 rent calculation methodology, minimum rents,  
24 ceiling rents, and income exclusions, disregards,  
25 or deductions;

1           “(iii) any cooperation agreements between  
2           the public housing agency and State welfare  
3           and employment agencies to target services to  
4           public housing residents (public housing agen-  
5           cies shall use best efforts to enter into such  
6           agreements); and

7           “(iv) anti-crime and security plans, includ-  
8           ing a strategic plan for addressing crime on or  
9           affecting the sites owned by the agency, a state-  
10          ment of activities in furtherance of the strategic  
11          plan to be carried out with assistance under the  
12          Public and Assisted Housing Drug Elimination  
13          Act of 1990, performance criteria regarding the  
14          effective use of such assistance, and any plans  
15          for the provision of anti-crime assistance to be  
16          provided by the local government in addition to  
17          the assistance otherwise required to be provided  
18          by the agreement for local cooperation under  
19          section 5(e)(2) or other applicable law.

20          Where a public housing agency has no changes to  
21          report in any of the information required under this  
22          subparagraph since the previous annual submission,  
23          the public agency shall only state in its annual sub-  
24          mission that it has made no changes.

1           “(E) Other appropriate information that the  
2 Secretary requires for each public housing agency  
3 that is—

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

6                   “(ii) designated as troubled under section  
7 6(j).

8           “(F) Other information required by the Sec-  
9 retary in connection with the provision of assistance  
10 under section 9.

11           “(G) An annual certification by the public hous-  
12 ing agency that it has met the citizen participation  
13 requirements under subsection (b).

14           “(H) An annual certification by the public  
15 housing agency that it will carry out the public  
16 housing agency plan in conformity with title VI of  
17 the Civil Rights Act of 1964, the Fair Housing Act,  
18 section 504 of the Rehabilitation Act of 1973, and  
19 title II of the Americans With Disabilities Act of  
20 1990, and will affirmatively further fair housing.

21           “(I) An annual certification by the public hous-  
22 ing agency that the public housing agency plan is  
23 consistent with the approved Consolidated Plan for  
24 the locality.

1           (2) The Secretary may provide for more frequent sub-  
2 missions where the public housing agency proposes to  
3 amend any parts of the public housing agency plan.

4           “(b) CITIZEN PARTICIPATION REQUIREMENTS.—In  
5 developing the public housing agency plan under sub-  
6 section (a), each public housing agency shall consult with  
7 appropriate local government officials and with tenants of  
8 the housing projects, which shall include at least one pub-  
9 lic hearing that shall be held prior to the adoption of the  
10 plan, and afford tenants and interested parties an oppor-  
11 tunity to summarize their priorities and concerns, to en-  
12 sure their due consideration in the planning process of the  
13 public housing agency.

14           “(c) PERFORMANCE REPORTS.—The Secretary shall  
15 require the public housing agency to submit any informa-  
16 tion that the Secretary determines is appropriate or nec-  
17 essary to assess the management performance of public  
18 housing agencies and resident management corporations  
19 under section 6(j) and to monitor assistance provided  
20 under this Act. To the maximum extent feasible, the Sec-  
21 retary shall require such information in one report, as part  
22 of the annual submission of the agency under subsection  
23 (a).

1 “(d) HUD REVIEW.—After submission of the public  
2 housing agency plan under subsection (a), the Secretary  
3 shall—

4 “(1) with respect to the 5-year comprehensive  
5 plan under subsection (a)(1)(A), review the plan  
6 under the standards described in section 14(e)(2);

7 “(2) with respect to the annual statement under  
8 subsection (a)(1)(B), review the statement as re-  
9 quired under section 14(e)(3);

10 “(3) with respect to the annual description  
11 under subsection (a)(1)(C), not review the descrip-  
12 tion (the Secretary shall review any applications,  
13 which may be submitted with the public housing  
14 agency plan, as provided in sections 18, 5(h), and  
15 7);

16 “(4) with respect to the annual submission  
17 under subsection (a)(1)(D), not review the submis-  
18 sion unless the submission has been challenged;  
19 where the submission has been challenged, the Sec-  
20 retary shall review the submission to determine only  
21 whether the submission sets forth the information  
22 required by subsection (a)(1)(D);

23 “(5) with respect to information from troubled  
24 agencies under subsection (a)(1)(E) and section 9  
25 information under subsection (a)(1)(F), review such

1 information as necessary or appropriate to carry out  
2 the Secretary's responsibilities under section 6(j)  
3 and section 9;

4 “(6) with respect to the certifications under  
5 subsections (a)(1)(G) and (a)(1)(I), not review the  
6 certification unless the certification has been chal-  
7 lenged; and, where the certification has been chal-  
8 lenged, the Secretary shall review the certification to  
9 determine only whether the certification sets forth  
10 the information required by subsection (a)(1)(G) or  
11 (a)(1)(I), and whether there is any available evi-  
12 dence that tends to challenge in a substantial man-  
13 ner any certification made under those subsections;  
14 and

15 “(7) with respect to the certification under sub-  
16 section (a)(1)(H), review the certification to deter-  
17 mine only whether the certification sets forth the in-  
18 formation required by such subsection, and whether  
19 there is any available evidence that tends to chal-  
20 lenge in a substantial manner any certification made  
21 under such subsection.

22 “(e) WAIVER AUTHORITY.—The Secretary may  
23 waive, or specify alternative requirements for, any require-  
24 ments under this section that the Secretary determines are  
25 burdensome or unnecessary for public housing agencies

1 that only administer tenant-based assistance and do not  
2 own or operate public housing.”.

3 **SEC. 107. PHMAP INDICATORS FOR SMALL PHAS.**

4 Section 6(j)(1) of the United States Housing Act of  
5 1937 is amended by—

6 (1) redesignating subparagraphs (A) through  
7 (I) as clauses (i) through (ix);

8 (2) redesignating clauses (1), (2), and (3) in  
9 clause (ix), as redesignating by paragraph (1), as  
10 subclauses (I), (II), and (III) respectively;

11 (3) in the fourth sentence, inserting imme-  
12 diately before clause (i), as redesignated, the follow-  
13 ing new subparagraph:

14 “(A) For public housing agencies that own  
15 or operate 250 or more public housing dwelling  
16 units—”; and

17 (4) adding the following new subparagraph at  
18 the end:

19 “(B) For public housing agencies that own  
20 and operate fewer than 250 public housing  
21 dwelling units—

22 “(i) The number and percentage of  
23 vacancies within an agency’s inventory, in-  
24 cluding the progress that an agency has

1           made within the previous 3 years to reduce  
2           such vacancies.

3           “(ii) The percentage of rents uncol-  
4           lected.

5           “(iii) The ability of the agency to  
6           produce and use accurate and timely  
7           records of monthly income and expenses  
8           and to maintain at least a 3-month re-  
9           serve.

10          “(iv) The annual inspection of occu-  
11          pied units and the agency’s ability to re-  
12          spond to maintenance work orders.

13          “(v) Any one additional factor that  
14          the Secretary may determine to be appro-  
15          priate.”.

16 **SEC. 108. PHMAP SELF-SUFFICIENCY INDICATOR.**

17          Section 6(j)(1)(A) of the United States Housing Act  
18          of 1937, as amended by section 107 of this Act, is amend-  
19          ed at the end by adding the following new clause:

20                 “(x) The extent to which the agency coordinates  
21                 and promotes participation by families in programs  
22                 that assist them to achieve self-sufficiency.”.

1 **SEC. 109. EXPANSION OF POWERS FOR DEALING WITH**  
2 **PHAS IN SUBSTANTIAL DEFAULT.**

3 (a) IN GENERAL.—Section 6(j)(3) of the United  
4 States Housing Act of 1937 is amended—

5 (1) in subparagraph (A)—

6 (A) by amending clause (i) to read as fol-  
7 lows:

8 “(i) solicit competitive proposals from other  
9 public housing agencies and private housing manage-  
10 ment agents which, in the discretion of the Sec-  
11 retary, may be selected by existing public housing  
12 residents through administrative procedures estab-  
13 lished by the Secretary; if appropriate, these propos-  
14 als shall provide for such agents to manage all, or  
15 part, of the housing administered by the public  
16 housing agency or all or part of the other programs  
17 of the agency;”;

18 (B) by redesignating clause (iv) as clause  
19 (v) and amending it to read as follows:

20 “(v) require the agency to make other arrange-  
21 ments acceptable to the Secretary and in the best in-  
22 terests of the public housing residents and families  
23 assisted under section 8 for managing all, or part,  
24 of the public housing administered by the agency or  
25 of the programs of the agency.”; and

1 (C) by inserting a new clause (iv) after  
2 clause (iii) to read as follows:

3 “(iv) take possession of all or part of the public  
4 housing agency, including all or part of any project  
5 or program of the agency, including any project or  
6 program under any other provision of this title;  
7 and”; and

8 (2) by striking subparagraphs (B) through (D)  
9 and inserting in lieu thereof the following:

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

13 “(ii) Upon the expiration of the 1-year period begin-  
14 ning on the later of the date on which the agency receives  
15 notice from the Secretary of the troubled status of the  
16 agency under clause (i) and the date of enactment of the  
17 Public Housing Management Reform Act of 1997, the  
18 Secretary shall—

19 “(I) in the case of a troubled public housing  
20 agency with 1,250 or more units, petition for the ap-  
21 pointment of a receiver pursuant to subparagraph  
22 (A)(ii); or

23 “(II) in the case of a troubled public housing  
24 agency with fewer than 1,250 units, either—

1           “(aa) petition for the appointment of a re-  
2           ceiver pursuant to subparagraph (A)(ii); or

3           “(bb) appoint, on a competitive or non-  
4           competitive basis, an individual or entity as an  
5           administrative receiver to assume the respon-  
6           sibilities of the Secretary for the administration  
7           of all or part of the public housing agency (in-  
8           cluding all or part of any project or program of  
9           the agency), provided the Secretary has taken  
10          possession of all or part of the public housing  
11          agency (including all or part of any project or  
12          program of the agency) pursuant to subpara-  
13          graph (A)(iv).

14          “(C) If a receiver is appointed pursuant to subpara-  
15          graph (a)(ii), in addition to the powers accorded by the  
16          court appointing the receiver, the receiver—

17                 “(i) may abrogate any contract to which the  
18                 United States or an agency of the United States is  
19                 not a party that, in the receiver’s written determina-  
20                 tion (which shall include the basis for such deter-  
21                 mination), substantially impedes correction of the  
22                 substantial default, but only after the receiver deter-  
23                 mines that reasonable efforts to renegotiate such  
24                 contract have failed;

1           “(ii) may demolish and dispose of all or part of  
2           the assets of the public housing agency (including all  
3           or part of any project of the agency) in accordance  
4           with section 18, including disposition by transfer of  
5           properties to resident-supported nonprofit entities;

6           “(iii) if determined to be appropriate by the  
7           Secretary, may seek the establishment, as permitted  
8           by applicable State and local law, of one or more  
9           new public housing agencies;

10           “(iv) if determined to be appropriate by the  
11           Secretary, may seek consolidation of all or part of  
12           the agency (including all or part of any project or  
13           program of the agency), as permitted by applicable  
14           State and local laws, into other well-managed public  
15           housing agencies with the consent of such well-man-  
16           aged agencies; and

17           “(v) shall not be required to comply with any  
18           State or local law relating to civil service require-  
19           ments, employee rights (except civil rights), procure-  
20           ment, or financial or administrative controls that, in  
21           the receiver’s written determination (which shall in-  
22           clude the basis for such determination), substantially  
23           impedes correction of the substantial default.

24           “(D)(i) If the Secretary takes possession of all or  
25           part of the public housing agency, including all or part

1 of any project or program of the agency, pursuant to sub-  
2 paragraph (A)(iv), the Secretary—

3 “(I) may abrogate any contract to which the  
4 United States or an agency of the United States is  
5 not a party that, in the written determination of the  
6 Secretary (which shall include the basis for such de-  
7 termination), substantially impedes correction of the  
8 substantial default, but only after the Secretary de-  
9 termines that reasonable efforts to renegotiate such  
10 contract have failed;

11 “(II) may demolish and dispose of all or part  
12 of the assets of the public housing agency (including  
13 all or part of any project of the agency) in accord-  
14 ance with section 18, including disposition by trans-  
15 fer of properties to resident-supported nonprofit en-  
16 tities;

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

20 “(IV) may seek consolidation of all or part of  
21 the agency (including all or part of any project or  
22 program of the agency), as permitted by applicable  
23 State and local laws, into other well-managed public  
24 housing agencies with the consent of such well-man-  
25 aged agencies;

1           “(V) shall not be required to comply with any  
2           State or local law relating to civil service require-  
3           ments, employee rights (except civil rights), procure-  
4           ment, or financial or administrative controls that, in  
5           the Secretary’s written determination (which shall  
6           include the basis for such determination), substan-  
7           tially impedes correction of the substantial default;  
8           and

9           “(VI) shall, without any action by a district  
10          court of the United States, have such additional au-  
11          thority as a district court of the United States would  
12          have the authority to confer upon a receiver to  
13          achieve the purposes of the receivership.

14          “(ii) If the Secretary, pursuant to subparagraph  
15          (B)(ii)(II)(bb), appoints an administrative receiver to as-  
16          sume the responsibilities of the Secretary for the adminis-  
17          tration of all or part of the public housing agency (includ-  
18          ing all or part of any project or program of the agency),  
19          the Secretary may delegate to the administrative receiver  
20          any or all of the powers given the Secretary by this sub-  
21          paragraph, as the Secretary determines to be appropriate.

22          “(iii) Regardless of any delegation under this sub-  
23          paragraph, an administrative receiver may not seek the  
24          establishment of one or more new public housing agencies  
25          pursuant to clause (i)(III) or the consolidation of all or

1 part of an agency into other well-managed agencies pursu-  
2 ant to clause (i)(IV), unless the Secretary first approves  
3 an application by the administrative receiver to authorize  
4 such action.

5       “(E) The Secretary may make available to receivers  
6 and other entities selected or appointed pursuant to this  
7 paragraph such assistance as the Secretary determines in  
8 the discretion of the Secretary is necessary and available  
9 to remedy the substantial deterioration of living conditions  
10 in individual public housing developments or other related  
11 emergencies that endanger the health, safety, and welfare  
12 of public housing residents or families assisted under sec-  
13 tion 8. A decision made by the Secretary under this para-  
14 graph is not subject to review in any court of the United  
15 States, or in any court of any State, territory, or posses-  
16 sion of the United States.

17       “(F) In any proceeding under subparagraph (A)(ii),  
18 upon a determination that a substantial default has oc-  
19 curred, and without regard to the availability of alter-  
20 native remedies, the court shall appoint a receiver to con-  
21 duct the affairs of all or part of the public housing agency  
22 in a manner consistent with this Act and in accordance  
23 with such further terms and conditions as the court may  
24 provide. The receiver appointed may be another public  
25 housing agency, a private management corporation, or any

1 other person or appropriate entity. The court shall have  
2 power to grant appropriate temporary or preliminary relief  
3 pending final disposition of the petition by the Secretary.

4 “(G) The appointment of a receiver pursuant to this  
5 paragraph may be terminated, upon the petition of any  
6 party, when the court determines that all defaults have  
7 been cured or the public housing agency is capable again  
8 of discharging its duties.

9 “(H) If the Secretary (or an administrative receiver  
10 appointed by the Secretary) takes possession of a public  
11 housing agency (including all or part of any project or pro-  
12 gram of the agency), or if a receiver is appointed by a  
13 court, the Secretary or receiver shall be deemed to be act-  
14 ing not in the official capacity of that person or entity,  
15 but rather in the capacity of the public housing agency,  
16 and any liability incurred, regardless of whether the inci-  
17 dent giving rise to that liability occurred while the Sec-  
18 retary or receiver was in possession of all or part of the  
19 public housing agency (including all or part of any project  
20 or program of the agency), shall be the liability of the pub-  
21 lic housing agency.”.

22 (b) EFFECTIVENESS.—The provisions of, and duties  
23 and authorities conferred or confirmed by, subsection (a)  
24 shall apply with respect to actions taken before, on, or  
25 after the effective date of this Act and shall apply to any

1 receivers appointed for a public housing agency before the  
2 date of enactment of this Act.

3 (c) TECHNICAL CORRECTION REGARDING APPLICA-  
4 BILITY TO SECTION 8.—Section 8(h) of the United States  
5 Housing Act of 1937 is amended by inserting after “6”  
6 the following: “(except as provided in section 6(j)(3))”.

7 **SEC. 110. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

8 Section 6 of the United States Housing Act of 1937,  
9 as amended by section 306(a)(2) of this Act, is amended  
10 by inserting the following new subsection at the end:

11 “(q) A public housing agency may establish, in ac-  
12 cordance with guidelines established by the Secretary, pro-  
13 cedures for maintaining waiting lists for admissions to  
14 public housing developments of the agency, which may in-  
15 clude a system whereby applicants may apply directly at  
16 or otherwise designate the development or developments  
17 in which they seek to reside. All such procedures must  
18 comply with all provisions of title VI of the Civil Rights  
19 Act of 1964, the Fair Housing Act, and other applicable  
20 civil rights laws.”.

1 **SEC. 111. COMMUNITY SERVICE REQUIREMENTS FOR THE**  
2 **PUBLIC HOUSING AND SECTION 8 PRO-**  
3 **GRAMS.**

4 Section 12 of the United States Housing Act of 1937  
5 is amended by adding at the end the following new sub-  
6 section:

7 “(c) **COMMUNITY SERVICE REQUIREMENTS FOR THE**  
8 **PUBLIC HOUSING AND SECTION 8 PROGRAMS.**—

9 “(1) **IN GENERAL.**—Notwithstanding any other  
10 provision of law, each adult member of each family  
11 residing in public housing or assisted under section  
12 8 shall, without compensation, participate, for not  
13 less than 8 hours per month, in community service  
14 activities (not to include any political activity) within  
15 the community in which that adult resides.

16 “(2) **EXEMPTIONS.**—The requirement in para-  
17 graph (1) shall not apply to any adult who is—

18 “(A) at least 62 years of age;

19 “(B) a person with disabilities who is un-  
20 able, as determined in accordance with guide-  
21 lines established by the Secretary, to comply  
22 with this subsection;

23 “(C) working at least 20 hours per week,  
24 a student, receiving vocational training, or oth-  
25 erwise meeting work, training, or educational  
26 requirements of a public assistance program

1 other than the program specified subparagraph  
2 (E);

3 “(D) a single parent, grandparent, or the  
4 spouse of an otherwise exempt individual, who  
5 is the primary caretaker of one or more—

6 (i) children who are 6 years of age or  
7 younger;

8 (ii) persons who are at least 62 years  
9 of age; or

10 (iii) persons with disabilities; or

11 “(E) in a family receiving assistance under  
12 the Temporary Assistance for Needy Families  
13 program under part A of title IV of the Social  
14 Security Act.”.

15 **SEC. 112. COMPREHENSIVE IMPROVEMENT ASSISTANCE**  
16 **PROGRAM STREAMLINING.**

17 (a) Section 14(d) of the United States Housing Act  
18 of 1937 is amended to read as follows:

19 “(d) No assistance may be made available under sub-  
20 section (b) to a public housing agency that owns or oper-  
21 ates fewer than 250 public housing units unless the agency  
22 has submitted a comprehensive plan in accordance with  
23 subsection (e)(1) and the Secretary has approved it in ac-  
24 cordance with subsection (e)(2). The assistance shall be

1 allocated to individual agencies on the basis of a formula  
2 established by the Secretary.”.

3 (b) Section 14(f)(1) is repealed.

4 (c) Section 14(g) is amended by striking “(d)(3)” and  
5 inserting “(d)”.

6 (d) Section 14(h) is repealed.

7 (e) Section 14(i) is repealed.

8 (f) Section 14(k)(1) is amended by striking  
9 “\$75,000,000” and inserting “\$100,000,000”.

10 **SEC. 113. FLEXIBILITY FOR PHA FUNDING.**

11 (a) EXPANSION OF USES OF FUNDING.—Section  
12 14(q)(1) of the United States Housing Act of 1937 is  
13 amended—

14 (1) in the first sentence, by inserting after “sec-  
15 tion 5,” the following “by section 24,”;

16 (2) in the first sentence, by inserting after  
17 “public housing agency,” the following: “except for  
18 the provision of tenant-based assistance,”; and

19 (3) by inserting at the end the following: “Not-  
20 withstanding the foregoing, (i) a public housing  
21 agency that owns or operates fewer than 250 units  
22 may use modernization assistance provided under  
23 section 14, development assistance provided under  
24 section 5(a), and operating subsidy provided under  
25 section 9, for any eligible activity authorized by this

1 Act or by applicable appropriations Acts for a public  
2 housing agency, except for assistance under section  
3 8, and (ii) any agency determined to be a troubled  
4 agency under section 6(j) may use amounts not ap-  
5 propriated under section 9 for any operating subsidy  
6 purpose authorized in section 9 only with the ap-  
7 proval of the Secretary.”.

8 (b) MIXED-FINANCE DEVELOPMENT.—Section  
9 14(q)(2) of such Act is amended to read as follows:

10 “(2) A public housing agency may use capital or oper-  
11 ating assistance provided under section 5, 14, or 9 of this  
12 Act, or under applicable Appropriations Acts for a public  
13 housing agency, to assist public housing units in a develop-  
14 ment that is owned by the public housing agency or other  
15 legal entity approved by the Secretary and that may in-  
16 clude units other than public housing units (‘mixed-fi-  
17 nance development’). The public housing units in a mixed-  
18 finance development shall be developed, operated, and  
19 maintained as public housing in accordance with the re-  
20 quirements of this Act during the period required by law.  
21 The Secretary may waive regulatory and other require-  
22 ments established by the Secretary under this Act govern-  
23 ing the development, management, and operation of public  
24 housing units to the extent necessary to allow a public  
25 housing agency to undertake or permit measures that en-

1 hance the viability of the public housing units included in  
2 a mixed-finance development. A public housing agency  
3 may, in accordance with guidelines established by the Sec-  
4 retary, provide capital assistance to a mixed-finance devel-  
5 opment in the form of a grant, loan, or other form of in-  
6 vestment in the project, which may involve the drawdown  
7 of funds on a schedule commensurate with construction  
8 draws for deposit into an interest earning escrow account  
9 to serve as collateral or credit enhancement for bonds is-  
10 sued by a public agency for the construction or rehabilita-  
11 tion of the development.”.

12 (c) CONFORMING AMENDMENTS.—Section 14(q) of  
13 such Act is amended—

14 (1) in paragraph (3), by striking “mixed in-  
15 come” and inserting “mixed-finance”; and

16 (2) in paragraph (4), by striking “mixed-income  
17 project” and inserting “mixed-finance development”.

18 (d) APPLICABILITY.—Section 14(q) of the United  
19 States Housing Act of 1937, as amended by this section,  
20 shall be effective with respect to any assistance provided  
21 to the public housing agency under sections 5 and 14 of  
22 the United States Housing Act of 1937 and applicable ap-  
23 propriations Acts for a public housing agency.

1 **SEC. 114. REPLACEMENT HOUSING RESOURCES.**

2 (a) OPERATING FUND.—Section 9(a)(3)(B) of the  
3 United States Housing Act of 1937 is amended—

4 (1) at the end of clause (iv), by striking “and”;

5 (2) at the end of clause (v), by striking the pe-  
6 riod and inserting “; and”; and

7 (3) by inserting at the end the following:

8 “(vi) where an existing unit under a contract is  
9 demolished or disposed of, the Secretary shall adjust  
10 the amount the public housing agency receives under  
11 this section; notwithstanding this requirement, the  
12 Secretary shall provide assistance under this section  
13 for any replacement housing that is available for oc-  
14 cupancy within five years of the demolition or dis-  
15 position, is public housing developed under this Act  
16 or is developed without assistance under this Act but  
17 is operated as public housing, and meets other re-  
18 quirements established by the Secretary.”.

19 (b) COMPREHENSIVE GRANT PROGRAM.—Section  
20 14(k)(2)(D)(ii) of such Act is amended to read as follows:

21 (ii) Where an existing unit under a contract is demol-  
22 ished or disposed of, the Secretary shall adjust the amount  
23 the agency receives under the formula. Notwithstanding  
24 the preceding sentence, for the five-year period after dem-  
25 olition or disposition, the Secretary may provide for no  
26 adjustment, or a partial adjustment, of the amount the

1 agency receives under the formula and shall require the  
 2 agency to use any additional amount received as a result  
 3 of this sentence for replacement housing or physical im-  
 4 provements necessary to preserve viable public housing.”.

5 **SEC. 115. REPEAL OF ONE-FOR-ONE REPLACEMENT HOUS-**  
 6 **ING REQUIREMENT.**

7 Section 1002(d) of Public Law 104–19 is amended  
 8 by striking “and on or before September 30, 1997”.

9 **SEC. 116. DEMOLITION, SITE REVITALIZATION, REPLACEMENT**  
 10 **HOUSING, AND TENANT-BASED ASSIST-**  
 11 **ANCE GRANTS FOR DEVELOPMENTS.**

12 Section 24 of the United States Housing Act of 1937  
 13 is amended—

14 (1) by amending the heading to read as follows:

15 **“DEMOLITION, SITE REVITALIZATION, RE-**  
 16 **PLACEMENT HOUSING, AND TENANT-BASED AS-**  
 17 **SISTANCE GRANTS FOR DEVELOPMENTS”;**

18 (2) by amending subsections (a) through (c) to  
 19 read as follows:

20 **“(a) PURPOSE.—**The purpose of this section is to  
 21 provide assistance to public housing agencies for the pur-  
 22 poses of—

23 **“(1) reducing the density and improving the liv-**  
 24 **ing environment for public housing residents of se-**  
 25 **verely distressed public housing through the demoli-**

1       tion of obsolete public housing developments (or por-  
2       tions thereof);

3           “(2) revitalizing sites (including remaining pub-  
4       lic housing dwelling units) on which such public  
5       housing developments are located and contributing  
6       to the improvement of the surrounding neighbor-  
7       hood;

8           “(3) providing housing that will avoid or de-  
9       crease the concentration of very low-income families;  
10      and

11          “(4) providing tenant-based assistance in ac-  
12      cordance with the provisions of section 8 for the pur-  
13      pose of providing replacement housing and assisting  
14      residents to be displaced by the demolition.

15      “(b) GRANT AUTHORITY.—The Secretary may make  
16      grants available to public housing agencies as provided in  
17      this section.

18      “(c) CONTRIBUTION REQUIREMENT.—The Secretary  
19      may not make any grant under this section to any appli-  
20      cant unless the applicant supplements the amount of as-  
21      sistance provided under this section (other than amounts  
22      provided for demolition or tenant-based assistance) with  
23      an amount of funds from sources other than this Act equal  
24      to not less than 5 percent of the amount provided under  
25      this section, including amounts from other Federal

1 sources, any State or local government sources, any pri-  
2 vate contributions, and the value of any in-kind services  
3 or administrative costs provided.”;

4 (3) by amending subsection (d)(1) to read as  
5 follows:

6 “(1) IN GENERAL.—The Secretary may make  
7 grants under this subsection to applicants for the  
8 purpose of carrying out demolition, revitalization,  
9 and replacement programs for severely distressed  
10 public housing under this section. The Secretary  
11 may make a grant for the revitalization or replace-  
12 ment of public housing only if the agency dem-  
13 onstrates that the neighborhood is or will be a viable  
14 residential community, as defined by the Secretary,  
15 after completion of the work assisted under this sec-  
16 tion and any other neighborhood improvements  
17 planned by the State or local government or other-  
18 wise to be provided. The Secretary may approve  
19 grants providing assistance for one eligible activity  
20 or a combination of eligible activities under this sec-  
21 tion, including assistance only for demolition and as-  
22 sistance only for tenant-based assistance in accord-  
23 ance with the provisions of section 8.”;

24 (4) in subsection (d)(2)(B)—

1 (A) by striking “the redesign” and insert-  
2 ing “the abatement of environmental hazards,  
3 demolition, redesign”; and

4 (B) by striking “is located” and inserting  
5 “is or was located”;

6 (5) in subsection (d)(2), by redesignating sub-  
7 paragraphs (C) through (I) as subparagraphs (D)  
8 through (J), respectively, and inserting the following  
9 new subparagraph after subparagraph (B):

10 “(C) replacement housing, which shall consist  
11 of public housing, homeownership units as permitted  
12 under the HOPE VI program (as previously author-  
13 ized in appropriations Acts), tenant-based assistance  
14 in accordance with the provisions of section 8, or a  
15 combination;”;

16 (6)(A) in subsection (G), as redesignated by  
17 paragraph (5), by inserting before the semicolon the  
18 following: “and any necessary supportive services,  
19 except that not more than 15 percent of any grant  
20 under this subsection may be used for such pur-  
21 poses.”;

22 (B) by inserting “and” at the end of subsection  
23 (H), as redesignated by paragraph (4); and

1           (C) by striking the semicolon at the end of sub-  
2           section (I), as redesignated by paragraph (4), and  
3           all that follows up to the period;

4           (7) in paragraph (3), by striking the second  
5           sentence;

6           (8) by amending subsection (d)(4) to read as  
7           follows:

8           “(4) SELECTION CRITERIA.—

9           “(A) APPLICATIONS FOR DEMOLITION.—The  
10          Secretary shall establish selection criteria for appli-  
11          cations that request assistance only for demolition,  
12          which shall include—

13                 (i) the need for demolition, taking into ac-  
14                 count the effect of the distressed development  
15                 on the public housing agency and the commu-  
16                 nity;

17                 “(ii) the extent to which the public housing  
18                 agency is not able to undertake such activities  
19                 without a grant under this section; and

20                 “(iii) such other factors as the Secretary  
21                 determines appropriate.

22          “(B) APPLICATIONS FOR DEMOLITION, REVI-  
23          TALIZATION, AND REPLACEMENT.—The Secretary  
24          shall establish selection criteria for applications that

1 request assistance for a combination of eligible ac-  
2 tivities, which shall include—

3 “(i) the relationship of the grant to the  
4 comprehensive plan for the locality;

5 “(ii) the extent to which the grant will re-  
6 sult in a viable development which will foster  
7 the economic and social integration of public  
8 housing residents and the extent to which the  
9 development will enhance the community;

10 “(iii) the capability and record of the ap-  
11 plicant public housing agency, its development  
12 team, or any alternative management agency  
13 for the agency, for managing large-scale rede-  
14 velopment or modernization projects, meeting  
15 construction timetables, and obligating amounts  
16 in a timely manner;

17 “(iv) the extent to which the public hous-  
18 ing agency is not able to undertake such activi-  
19 ties without a grant under this section;

20 “(v) the extent of involvement of residents,  
21 State and local governments, private service  
22 providers, financing entities, and developers, in  
23 the development of a revitalization program for  
24 the development;

1           “(vi) the amount of funds and other re-  
2           sources to be leveraged by the grant; and

3           “(vii) such other factors as the Secretary  
4           determines appropriate.”

5           “(C) APPLICATIONS FOR TENANT-BASED AS-  
6           SISTANCE.—Notwithstanding any other provision of  
7           this subsection, the Secretary may allocate tenant-  
8           based assistance under this section on a noncompeti-  
9           tive basis in connection with the demolition or dis-  
10          position of public housing.”;

11          (9) by amending subsection (e) to read as fol-  
12          lows:

13          “(e) LONG TERM VIABILITY.—The Secretary may  
14          waive or revise rules established under this Act governing  
15          the development, management, and operation of public  
16          housing units, to permit a public housing agency to under-  
17          take measures that enhance the long-term viability of a  
18          severely distressed public housing project revitalized under  
19          this section.”;

20          (10) in subsection (f)—

21                  (A) by striking “OTHER” and all that fol-  
22                  lows through “(1)”;

23                  (B) by striking paragraph (2); and

24                  (C) by redesignating subparagraphs (A)  
25                  and (B) as paragraphs (1) and (2);

1           (11) by striking subsections (g) and (i) and re-  
2           designating subsection (h) as subsection (j);

3           (12) by inserting the following new subsections  
4           after subsection (f):

5           “(g) ADMINISTRATION BY OTHER ENTITIES.—The  
6           Secretary may require a grantee under this section to  
7           make arrangements satisfactory to the Secretary for use  
8           of an entity other than the public housing agency to carry  
9           out activities assisted under the revitalization plan, if the  
10          Secretary determines that such action will help to effec-  
11          tuate the purposes of this section.

12          “(h) TIMELY EXPENDITURES.—

13                 “(1) WITHDRAWAL OF FUNDING.—If a grantee  
14                 under this section or under the HOPE VI program  
15                 does not sign the primary construction contract for  
16                 the work included in the grant agreement within 18  
17                 months from the date of the grant agreement, the  
18                 Secretary shall withdraw any grant amounts under  
19                 the grant agreement which have not been obligated  
20                 by the grantee. The Secretary shall redistribute any  
21                 withdrawn amounts to one or more applicants eligi-  
22                 ble for assistance under this section. The Secretary  
23                 may grant an extension of up to one additional year  
24                 from the date of enactment of this Act if the 18-  
25                 month period has expired as of the date of enact-

1       ment, for delays caused by factors beyond the con-  
2       trol of the grantee.

3           “(2) COMPLETION.—A grant agreement under  
4       this section shall provide for interim checkpoints and  
5       for completion of physical activities within four years  
6       of execution, and the Secretary shall enforce these  
7       requirements through default remedies up to and in-  
8       cluding withdrawal of funding. The Secretary may,  
9       however, provide for a longer timeframe, but only  
10      when necessary due to factors beyond the control of  
11      the grantee.

12          “(3) INAPPLICABILITY.—This subsection shall  
13      not apply to grants for tenant-based assistance  
14      under section 8.

15          “(i) INAPPLICABILITY OF SECTION 18.—Section 18  
16      shall not apply to the demolition of developments removed  
17      from the inventory of the public housing agency under this  
18      section.”;

19           (13) by amending subsection (j)(1), as redesi-  
20      gnated by paragraph (11)—

21           (A) in subparagraph (C), by inserting after  
22           “nonprofit organization,” the following: “pri-  
23           vate program manager, a partner in a mixed-fi-  
24           nance development,”;

1 (B) at the end of subparagraph (B), after  
2 the semicolon, by inserting “and”; and

3 (C) at the end of subparagraph (C), by  
4 striking “; and” and all that follows up to the  
5 period;

6 (14) by amending subsection (j)(5), as redesignated by paragraph (11)—

8 (A) in subparagraph (A)—

9 (i) by striking “(i)”;

10 (ii) by striking clauses (ii) through  
11 (iv); and

12 (iii) by inserting after “physical plant  
13 of the project” the following: “, where such  
14 distress cannot be remedied through assist-  
15 ance under section 14 because of inad-  
16 equacy of available funding”;

17 (B) by amending subparagraph (A), as  
18 amended by subparagraph (A) of this para-  
19 graph (14), by striking “appropriately” and in-  
20 serting “inappropriately”; and

21 (C) by amending subparagraph (B) to read  
22 as follows:

23 “(B) that was a project as described in  
24 subparagraph (A) that has been demolished,  
25 but for which the Secretary has not provided

1 replacement housing assistance (other than ten-  
2 ant-based assistance).”;

3 (15) by inserting at the end of subsection (j),  
4 as redesignated by paragraph (11), the following  
5 new paragraph:

6 “(6) SUPPORTIVE SERVICES.—The term ‘sup-  
7 portive services’ includes all activities that will pro-  
8 mote upward mobility, self-sufficiency, and improved  
9 quality of life for the residents of the public housing  
10 development involved, including literacy training, job  
11 training, day care, and economic development activi-  
12 ties.”; and

13 (16) by inserting the following new subsection  
14 at the end:

15 “(k) FUNDING.—

16 “(1) AUTHORIZATION OF APPROPRIATIONS.—  
17 There are authorized to be appropriated for grants  
18 under this section \$524,000,000 for fiscal year 1998  
19 and such sums as may be necessary for each of fis-  
20 cal years 1999 through 2002.

21 “(2) TECHNICAL ASSISTANCE AND PROGRAM  
22 OVERSIGHT.—Of the amount appropriated pursuant  
23 to paragraph (1) for any fiscal year, the Secretary  
24 may use up to 2.5 percent for technical assistance,  
25 program oversight, and fellowships for on-site public

1 housing agency assistance and supplemental edu-  
2 cation. Technical assistance may be provided directly  
3 or indirectly by grants, contracts, or cooperative  
4 agreements, and may include training, and the cost  
5 of necessary travel for participants in such training,  
6 by or to officials of the Department of Housing and  
7 Urban Development, of public housing agencies, and  
8 of residents. The Secretary may use amounts under  
9 this paragraph for program oversight to contract  
10 with private program and construction management  
11 entities to assure that development activities are car-  
12 ried out in a timely and cost-effective manner.”.

13 **SEC. 117. PERFORMANCE EVALUATION BOARD.**

14 (a) ESTABLISHMENT.—There is hereby established a  
15 performance evaluation board to assist the Secretary of  
16 Housing and Urban Development in improving and mon-  
17 itoring the system for evaluation of public housing author-  
18 ity performance, including by studying and making rec-  
19 ommendations to the Secretary on the most effective, effi-  
20 cient and productive method or methods of evaluating the  
21 performance of public housing agencies, consistent with  
22 the overall goal of improving management of the public  
23 housing program.

24 (b) MEMBERSHIP.—

1           (1) IN GENERAL.—The board shall be composed  
2 of at least seven members with relevant experience  
3 who shall be appointed by the Secretary as soon as  
4 practicable, but not later than 90 days after enact-  
5 ment of this Act.

6           (2) APPOINTMENTS.—In appointing members  
7 of the board, the Secretary shall assure that each of  
8 the background areas set forth in paragraph (3) are  
9 represented.

10          (3) BACKGROUNDS.—Background areas to be  
11 represented are—

12                   (A) major public housing organizations;

13                   (B) public housing resident organizations;

14                   (C) real estate management, finance, or  
15 development entities; and

16                   (D) units of general local government.

17          (c) BOARD PROCEDURES.—

18           (1) CHAIRPERSON.—The Secretary shall ap-  
19 point a chairperson from among members of the  
20 board.

21           (2) QUORUM.—A majority of the members of  
22 the board shall constitute a quorum for the trans-  
23 action of business.

1           (3) VOTING.—Each member of the board shall  
2 be entitled to one vote, which shall be equal to the  
3 vote of each other member of the board.

4           (4) PROHIBITION OF ADDITIONAL PAY.—Mem-  
5 bers of the board shall serve without compensation,  
6 but shall be reimbursed for travel, subsistence, and  
7 other necessary expenses incurred in the perform-  
8 ance of their duties as members of the board.

9           (d) POWERS.—

10           (1) HEARINGS.—The board may, for the pur-  
11 pose of carrying out this section, hold such hearings  
12 and sit and act at such times and places as the  
13 board determines appropriate.

14           (2) ASSISTANCE FROM FEDERAL AGENCIES.—

15           (A) INFORMATION.—The board may re-  
16 quest from any agency of the United States,  
17 and such agency is authorized to provide, such  
18 data and information as the board may require  
19 for carrying out its functions.

20           (B) STAFF SUPPORT.—Upon request of  
21 the chairperson of the board, to assist the board  
22 in carrying out its duties under this section, the  
23 Secretary may—

24           (i) provide an executive secretariat;

1                   (ii) assign by detail or otherwise any  
2                   of the personnel of the Department of  
3                   Housing and Urban Development; and

4                   (iii) obtain by personal services con-  
5                   tracts or otherwise any technical or other  
6                   assistance needed to carry out this section.

7           (e) ADVISORY COMMITTEE.—The board shall be con-  
8           sidered an advisory committee within the meaning of the  
9           Federal Advisory Committee Act (5 U.S.C. App.).

10          (f) FUNCTIONS.—The board shall, as needed—

11               (1) examine and assess the need for further  
12               modifications to or replacement of the Public Hous-  
13               ing Management Assessment program, established  
14               by the Secretary under section 6(j) of the United  
15               States Housing Act of 1937;

16               (2) examine and assess models used in other in-  
17               dustries or public programs to assess the perform-  
18               ance of recipients of assistance, including accredita-  
19               tion systems, and the applicability of those models to  
20               public housing;

21               (3) develop (either itself, or through another  
22               body) standards for professional competency for the  
23               public housing industry, including methods of as-  
24               sessing the qualifications of employees of public

1 housing authorities, such as systems for certifying  
2 the qualifications of employees;

3 (4) develop a system for increasing the use of  
4 on-site physical inspections of public housing devel-  
5 opments; and

6 (5) develop a system for increasing the use of  
7 independent audits, as part of the overall system for  
8 evaluating the performance of public housing agen-  
9 cies.

10 (g) REPORTS.—

11 (1) Not later than the expiration of the three-  
12 month period beginning upon the appointment of the  
13 seventh member of the board, and one year from  
14 such appointment, the board shall issue interim re-  
15 ports to the Secretary on its activities. The board  
16 shall make its final report and recommendations one  
17 year after its second interim report is issued. The  
18 final report shall include findings and recommenda-  
19 tions of the board based upon the functions carried  
20 out under this section.

21 (2) After the board issues its final report, it  
22 may be convened by its chair, upon the request of  
23 the Secretary, to review implementation of the per-  
24 formance evaluation system and for other purposes.

1 (h) TERM.—The duration of the board shall be seven  
2 years.

3 (i) FUNDING.—The Secretary is authorized to use  
4 any amounts appropriated under the head Preserving Ex-  
5 isting Housing Investment, or predecessor or successor ap-  
6 propriation accounts, without regard to any earmarks of  
7 funding, to carry out this section.

8 **SEC. 118. ECONOMIC DEVELOPMENT AND SUPPORTIVE**  
9 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

10 The United States Housing Act of 1937 is amended  
11 by adding the following new section after section 27:

12 **“SEC. 28. ECONOMIC DEVELOPMENT AND SUPPORTIVE**  
13 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

14 “(a) IN GENERAL.—To the extent provided in ad-  
15 vance in appropriations Acts, the Secretary shall make  
16 grants for the purposes of providing a program of support-  
17 ive services and resident self-sufficiency activities to enable  
18 residents of public housing to become economically self-  
19 sufficient and to assist elderly persons and persons with  
20 disabilities to maintain independent living, to the following  
21 eligible applicants:

22 “(1) public housing agencies;

23 “(2) resident councils;

24 “(3) resident management corporations or other  
25 eligible resident entities defined by the Secretary;

1           “(4) other applicants, as determined by the  
2       Secretary; and

3           “(5) any partnership of eligible applicants.

4       “(b) ELIGIBLE ACTIVITIES.—Grantees under this  
5 section may use grants for the provision of supportive  
6 service, economic development, and self-sufficiency activi-  
7 ties conducted primarily for public housing residents in a  
8 manner that is easily accessible to those residents. Such  
9 activities shall include—

10           “(1) the provision of service coordinators and  
11       case managers;

12           “(2) the provision of services related to work  
13       readiness, including education, job training and  
14       counseling, job search skills, business development  
15       training and planning, tutoring, mentoring, adult lit-  
16       eracy, computer access, personal and family counsel-  
17       ing, health screening, work readiness health services,  
18       transportation, and child care;

19           “(3) economic and job development, including  
20       employer linkages and job placement, and the start-  
21       up of resident microenterprises, community credit  
22       unions, and revolving loan funds, including the li-  
23       censing, bonding and insurance needed to operate  
24       such enterprises;

1           “(4) resident management activities, including  
2 related training and technical assistance; and

3           “(5) other activities designed to improve the  
4 self-sufficiency of residents, as may be determined in  
5 the sole discretion of the Secretary.

6           “(c) FUNDING DISTRIBUTION.—

7           “(1) IN GENERAL.—After reserving such  
8 amounts as the Secretary determines to be necessary  
9 for technical assistance and clearinghouse services  
10 under subsection (d), the Secretary shall distribute  
11 any remaining amounts made available under this  
12 section on a competitive basis. The Secretary may  
13 set a cap on the maximum grant amount permitted  
14 under this section, and may limit applications for  
15 grants under this section to selected applicants or  
16 categories of applicants.

17           “(2) SELECTION CRITERIA.—The Secretary  
18 shall establish selection criteria for applications that  
19 request assistance for one or more eligible activities  
20 under this section, which shall include—

21           “(A) the demonstrated capacity of the ap-  
22 plicant to carry out a program of supportive  
23 services or resident empowerment activities;

24           “(B) the amount of funds and other re-  
25 sources to be leveraged by the grant;

1           “(C) the extent to which the grant will re-  
2           sult in a quality program of supportive services  
3           or resident empowerment activities;

4           “(D) the extent to which any job training  
5           and placement services to be provided are co-  
6           ordinated with the provision of such services  
7           under the Job Training Partnership Act and  
8           the Wagner-Peyser Act; and

9           “(E) such other factors as the Secretary  
10          determines appropriate.

11          “(3) MATCHING REQUIREMENT.—The Sec-  
12          retary may not make any grant under this section  
13          to any applicant unless the applicant supplements  
14          every dollar provided under this subsection with an  
15          amount of funds from sources other than this sec-  
16          tion equal to at least twice the amount provided  
17          under this subsection, including amounts from other  
18          Federal sources, any State or local government  
19          sources, any private contributions, and the value of  
20          any in-kind services or administrative costs provided.  
21          Of the supplemental funds furnished by the appli-  
22          cant, not more than 50 percent may be in the form  
23          of in-kind services or administrative costs provided.

24          “(d) FUNDING FOR TECHNICAL ASSISTANCE.—The  
25          Secretary may set aside a portion of the amounts appro-

1 priated under this section, to be provided directly or indi-  
 2 rectly by grants, contracts, or cooperative agreements, for  
 3 technical assistance, which may include training and cost  
 4 of necessary travel for participants in such training, by  
 5 or to officials and employees of the Department and of  
 6 public housing agencies, and to residents and to other eli-  
 7 gible grantees, and for clearinghouse services in further-  
 8 ance of the goals and activities of this section.

9 “(e) CONTRACT ADMINISTRATORS.—The Secretary  
 10 may require resident councils, resident management cor-  
 11 porations, or other eligible entities defined by the Sec-  
 12 retary to utilize public housing agencies or other qualified  
 13 organizations as contract administrators with respect to  
 14 grants provided under this section.”.

15 **SEC. 119. PENALTY FOR SLOW EXPENDITURE OF MOD-**  
 16 **ERNIZATION FUNDS.**

17 Section 14(k)(5) of the United States Housing Act  
 18 of 1937 is amended to read as follows:

19 “(5)(A) A public housing agency shall obligate any  
 20 assistance received under this section within 18 months  
 21 of the date funds become available to the agency for obli-  
 22 gation. The Secretary may extend this time period by no  
 23 more than one year if an agency’s failure to obligate such  
 24 assistance in a timely manner is attributable to events be-  
 25 yond the control of the agency. The Secretary may also

1 provide an exception for de minimis amounts to be obli-  
2 gated with the next year's funding; an agency that owns  
3 or administers fewer than 250 public housing units, to the  
4 extent necessary to permit the agency to accumulate suffi-  
5 cient funding to undertake activities; and any agency, to  
6 the extent necessary to permit the agency to accumulate  
7 sufficient funding to provide replacement housing.

8       “(B) A public housing agency shall not be awarded  
9 assistance under this section for any month in a year in  
10 which it has funds unobligated, in violation of subpara-  
11 graph (A). During such a year, the Secretary shall with-  
12 hold all assistance which would otherwise be provided to  
13 the agency. If the agency cures its default during the year,  
14 it shall be provided with the share attributable to the  
15 months remaining in the year. Any funds not so provided  
16 to the agency shall be provided to high-performing agen-  
17 cies as determined under section 6(j).

18       “(C) If the Secretary has consented, before the date  
19 of enactment of the Public Housing Management Reform  
20 Act of 1997, to an obligation period for any agency longer  
21 than provided under this paragraph, an agency which obli-  
22 gates its funds within such extended period shall not be  
23 considered to be in violation of subparagraph (A). Not-  
24 withstanding any prior consent of the Secretary, however,  
25 all funds appropriated in fiscal year 1995 and prior years

1 shall be fully obligated by the end of fiscal year 1998, and  
2 all funds appropriated in fiscal years 1996 and 1997 shall  
3 be fully obligated by the end of fiscal year 1999.

4 “(D) A public housing agency shall spend any assist-  
5 ance received under this section within four years (plus  
6 the period of any extension approved by the Secretary  
7 under subparagraph (A)) of the date funds become avail-  
8 able to the agency for obligation. The Secretary shall en-  
9 force this requirement through default remedies up to and  
10 including withdrawal of the funding. Any obligation en-  
11 tered into by an agency shall be subject to the right of  
12 the Secretary to recapture the amounts for violation by  
13 the agency of the requirements of this subparagraph.”.

14 **SEC. 120. DESIGNATION OF PHAS AS TROUBLED.**

15 (a) Section 6(j)(1)(A) of the United States Housing  
16 Act of 1937, as amended by sections 107 and 108, is fur-  
17 ther amended—

18 (1) in subparagraph (A), by inserting the fol-  
19 lowing after clause (x):

20 “(xi) Whether the agency is providing accept-  
21 able basic housing conditions, as determined by the  
22 Secretary.”; and

23 (2) in subparagraph (B)—

24 (A) by redesignating clause (v) as clause  
25 (vi); and

1 (B) by inserting the following after clause

2 (iv):

3 “(v) Whether the agency is providing acceptable  
4 basic housing conditions, as determined by the Sec-  
5 retary.”.

6 (b) Section 6(j)(2)(A)(i) of such Act is amended by  
7 inserting the following after the first sentence: “Such pro-  
8 cedures shall provide that an agency that does not provide  
9 acceptable basic housing conditions shall be designated a  
10 troubled public housing agency.”.

11 (c) Section 6(j)(2)(A)(i) of such Act is amended in  
12 the first sentence—

13 (1) by inserting before “the performance indica-  
14 tors” the subclause designation “(I)”; and

15 (2) by inserting before the period the following:  
16 “; or (II) such other evaluation system as is deter-  
17 mined by the Secretary to assess the condition of the  
18 public housing agency or resident management cor-  
19 poration, which system may be in addition to or in  
20 lieu of the performance indicators established under  
21 paragraph (1)”.

22 **SEC. 121. VOLUNTEER SERVICES UNDER THE 1937 ACT.**

23 (a) IN GENERAL.—Section 12(b) of the United  
24 States Housing Act of 1937 is amended by striking  
25 “that—” and all that follows up to the period and insert-

1 ing “who performs volunteer services in accordance with  
 2 the requirements of the Community Improvement Volun-  
 3 teer Act of 1994”.

4 (b) CIVIL AMENDMENT.—Section 7305 of the Com-  
 5 munity Improvement Volunteer Act of 1994 is amended—

6 (1) in paragraph (5), by striking “and” after  
 7 the semicolon;

8 (2) in paragraph (6), by striking the period and  
 9 inserting “; and”; and

10 (3) by inserting the following paragraph after  
 11 paragraph (6):

12 “(7) the United States Housing Act of 1937.”.

13 **SEC. 122. AUTHORIZATION OF APPROPRIATIONS FOR OP-**  
 14 **ERATION SAFE HOME PROGRAM.**

15 There are authorized to be appropriated to carry out  
 16 the Operation Safe Home Program \$20,000,000 for fiscal  
 17 year 1998 and such sums as may be necessary for fiscal  
 18 years 1999, 2000, 2001, and 2002.

19 **TITLE II—SECTION 8 STREAMLINING AND**  
 20 **OTHER PROGRAM IMPROVEMENTS**

21 **SEC. 201. PERMANENT REPEAL OF FEDERAL PREF-**  
 22 **ERENCES.**

23 (a) Notwithstanding section 402(f) of The Balanced  
 24 Budget Downpayment Act, I, the amendments made by  
 25 section 402(d) of that Act shall remain in effect after fis-

1 cal year 1997, except that the amendments made by sec-  
2 tions 402(d)(3) and 402(d)(6)(A) (iii), (iv), and (vi) of  
3 such Act shall remain in effect as amended by sections  
4 203 and 116 of this Act, and section 402(d)(6)(v) shall  
5 be repealed by the amendments made to section 16 of the  
6 United States Housing Act of 1937 by section 202 of this  
7 Act.

8 (b) Section 6(c)(4)(A) of the United States Housing  
9 Act of 1937, as amended by section 402(d)(1) of The Bal-  
10 anced Budget Downpayment Act, I, is amended by strik-  
11 ing “is” and all that follows through “Act” and inserting  
12 the following: “shall be based upon local housing needs  
13 and priorities, as determined by the public housing agency  
14 using generally accepted data sources, including any infor-  
15 mation obtained pursuant to an opportunity for public  
16 comment under this subparagraph, under section 5A(b),  
17 and under the requirements of the approved Consolidated  
18 Plan for the locality”.

19 (c) Section 8(d)(1)(A) of the United States Housing  
20 Act of 1937, as amended by section 402(d)(2) of The Bal-  
21 anced Budget Downpayment Act, I, is amended by strik-  
22 ing “is” and all that follows through “Act” and inserting  
23 the following: “shall be based upon local housing needs  
24 and priorities, as determined by the public housing agency  
25 using generally accepted data sources, including any infor-

1 mation obtained pursuant to an opportunity for public  
 2 comment under this subparagraph, under section 5A(b),  
 3 and under the requirements of the approved Consolidated  
 4 Plan for the locality”.

5 **SEC. 202. INCOME TARGETING FOR PUBLIC HOUSING AND**  
 6 **SECTION 8 PROGRAMS.**

7 (a) Section 16 of the United States Housing Act of  
 8 1937 is amended by revising the heading and subsections  
 9 (a) through (c) to read as follows:

10 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**  
 11 **ING.**

12 “(a) PUBLIC HOUSING.—

13 “(1) PROGRAM REQUIREMENT.—Of the public  
 14 housing units of a public housing agency made avail-  
 15 able for occupancy by eligible families in any fiscal  
 16 year of the agency—

17 “(A) at least 40 percent shall be occupied  
 18 by families whose incomes do not exceed 30  
 19 percent of the median income for the area; and

20 “(B) at least 90 percent shall be occupied  
 21 by families whose incomes do not exceed 60  
 22 percent of the median income for the area.

23 “(2) DEVELOPMENT REQUIREMENT.—At least  
 24 40 percent of the units in each public housing devel-  
 25 opment shall be occupied by families with incomes

1       which are less than 30 percent of the median income  
2       for the area, except that no family may be required  
3       to move to achieve compliance with this requirement.

4       “(b) SECTION 8 ASSISTANCE.—

5               “(1) TENANT-BASED, MODERATE REHABILITA-  
6       TION, AND PROJECT-BASED CERTIFICATE ASSIST-  
7       ANCE.—In any fiscal year of a public housing agen-  
8       cy, at least 75 percent of all families who initially re-  
9       ceive tenant-based assistance from the agency, as-  
10      sistance under the moderate rehabilitation program  
11      of the agency, or assistance under the project-based  
12      certificate program of the agency shall be families  
13      whose incomes do not exceed 30 percent of the me-  
14      dian income for the area.

15              “(2) PROJECT-BASED ASSISTANCE.—Of the  
16      dwelling units in a project receiving section 8 assist-  
17      ance, other than assistance described in paragraph  
18      (1), that are made available for occupancy by eligible  
19      families in any year (as determined by the Sec-  
20      retary)—

21                      “(A) at least 40 percent shall be occupied  
22                      by families whose incomes do not exceed 30  
23                      percent of the median income for the area; and

1           “(B) at least 90 percent shall be occupied  
2           by families whose incomes do not exceed 60  
3           percent of the median income for the area.

4           “(c) DEFINITION OF AREA MEDIAN INCOME.—The  
5 term ‘area median income’, as used in subsections (a) and  
6 (b), refers to the median income of an area, as determined  
7 by the Secretary, with adjustments for smaller and larger  
8 families, except that the Secretary may establish income  
9 ceilings higher or lower than the percentages specified in  
10 subsections (a) and (b) if the Secretary determines that  
11 such variations are necessary because of unusually high  
12 or low family incomes.”.

13           (b) Section 16 of the United States Housing Act of  
14 1937, as amended by this section, is further amended by  
15 inserting the following new heading after subsection des-  
16 ignation (d): “Applicability.—”.

17 **SEC. 203. MERGER OF TENANT-BASED ASSISTANCE PRO-**  
18 **GRAMS.**

19           (a) Section 8(o) of the United States Housing Act  
20 of 1937 is amended to read as follows:

21           “(o) RENTAL CERTIFICATES.—(1) A public housing  
22 agency may only enter into contracts for tenant-based  
23 rental assistance under this Act pursuant to this sub-  
24 section. The Secretary may provide rental assistance using  
25 a payment standard in accordance with this subsection.

1 The payment standard shall be used to determine the  
2 monthly assistance which may be paid for any family.

3 “(2)(A) The payment standard may not exceed the  
4 FMR/exception rent limit. The payment standard may not  
5 be less than 80 percent of the FMR/exception rent limit.

6 “(B) The term ‘FMR/exception rent limit’ means the  
7 section 8 existing housing fair market rent published by  
8 HUD in accordance with subsection (c)(1) or any excep-  
9 tion rent approved by HUD for a designated part of the  
10 fair market rent area. HUD may approve an exception  
11 rent of up to 120 percent of the published fair market  
12 rent.

13 “(3)(A) For assistance under this subsection pro-  
14 vided by a public housing agency on and after October  
15 1, 1998, to the extent approved in appropriations Acts,  
16 the monthly assistance payment for any family that moves  
17 to another unit in another complex or moves to a single  
18 family dwelling shall be the amount determined in by sub-  
19 tracting the family contribution as determined in accord-  
20 ance with section 3(a) from the applicable payment stand-  
21 ard, except that such monthly assistance payment shall  
22 not exceed the amount by which the rent for the dwelling  
23 unit (including the amount allowed for utilities in the case  
24 of a unit with separate utility metering) exceeds 10 per-  
25 cent of the family’s monthly income.

1       “(B) For any family not covered by subparagraph  
2 (A), the monthly assistance payment for the family shall  
3 be determined by subtracting the family contribution as  
4 determined in accordance with section 3(a) from the lower  
5 of the applicable payment standard and the rent for the  
6 dwelling unit (including the amount allowed for utilities  
7 in the case of a unit with separate utility metering).

8       “(4) Assistance payments may be made only for:

9           “(A) a family determined to be a very low-in-  
10       come family at the time the family initially receives  
11       assistance, or

12           “(B) another low-income family in cir-  
13       cumstances determined by the Secretary.

14       “(5) If a family vacates a dwelling unit before the  
15       expiration of a lease term, no assistance payment may be  
16       made with respect to the unit after the month during  
17       which the unit was vacated.

18       “(6) The Secretary shall require that:

19           “(A) the public housing agency shall inspect the  
20       unit before any assistance payment may be made to  
21       determine that the unit meets housing quality stand-  
22       ards for decent, safe, and sanitary housing estab-  
23       lished by the Secretary for the purpose of this sec-  
24       tion, and

1           “(B) the public housing agency shall make an-  
2           nual or more frequent inspections during the con-  
3           tract term. No assistance payment may be made for  
4           a dwelling unit which fails to meet such quality  
5           standards.

6           “(7) The rent for units assisted under this subsection  
7           shall be reasonable in comparison with rents charged for  
8           comparable units in the private unassisted market. A pub-  
9           lic housing agency shall review all rents for units under  
10          consideration by families assisted under this subsection  
11          (and all rent increases for units under lease by families  
12          assisted under this subsection) to determine whether the  
13          rent (or rent increase) requested by an owner is reason-  
14          able. If a public housing agency determines that the rent  
15          (or rent increase) for a unit is not reasonable, the agency  
16          may not approve a lease for such unit.

17          “(8) Except as provided in paragraph (2) of this sub-  
18          section, section 8(c) of this Act does not apply to assist-  
19          ance under this subsection.”.

20          (b) In Section 3(a)(1) of the United States Housing  
21          Act of 1937, the second sentence is revised as follows:

22                  (1) by striking “or paying rent under section  
23                  8(c)(3)(B)”;

24                  (2) by striking “the highest of the following  
25                  amounts, rounded to the nearest dollar:” and insert-

1       ing “and the family contribution for a family as-  
2       sisted under section 8(o) or 8(y) shall be the highest  
3       of the following amounts, rounded to the next dol-  
4       lar:”.

5       (c) Section 8(b) of the United States Housing Act  
6 is amended—

7           (1) by striking “RENTAL CERTIFICATES AND  
8       OTHER EXISTING HOUSING PROGRAMS.—” and in-  
9       serting “(1)”; and

10          (2) by striking the second sentence.

11       (d) Section 8 of the United States Housing Act of  
12 1937 is amended—

13           (1) by striking subsection (c)(3)(B);

14           (2) in subsection (d)(2), by striking subpara-  
15       graphs (A), (B), (C), (D) and (E); and by redesign-  
16       nating subparagraphs (F), (G) and (H) as subpara-  
17       graphs (A), (B) and (C) respectively;

18           (3) in subsection (f)(6), as redesignated by sec-  
19       tion 306(b)(2) of this Act, by striking “under sub-  
20       section (b) or (o)”; and

21           (4) by striking subsection (j).

22 **SEC. 204. SECTION 8 ADMINISTRATIVE FEES.**

23       (a) Section 202(a)(1)(A) of the Departments of Vet-  
24       erans Affairs and Housing and Urban Development, Inde-

1 pendent Agencies Appropriations Act, 1997 is amended  
2 by—

3 (1) striking “7.5 percent” and inserting “7.65  
4 percent”;

5 (2) striking “a program of” and inserting “one  
6 or more such programs totaling”; and

7 (3) inserting before the final period, “of such  
8 total units”.

9 (b) The amendments made by this section shall be  
10 effective as of October 1, 1997.

11 **SEC. 205. SECTION 8 HOME OWNERSHIP.**

12 (a) AMENDMENTS TO SECTION 8(y).—Section 8(y) of  
13 the United States Housing Act of 1937 is amended—

14 (1) in paragraph (1), by striking “A family re-  
15 ceiving” through “if the family” and inserting the  
16 following: “A public housing agency providing ten-  
17 ant-based assistance on behalf of an eligible family  
18 under this section may provide assistance for an eli-  
19 gible family that purchases a dwelling unit (includ-  
20 ing a unit under a lease-purchase agreement) that  
21 will be owned by one or more members of the family,  
22 and will be occupied by the family, if the family”;

23 (2) in paragraph (1)(A), by inserting before the  
24 semicolon the following: “, or owns or is acquiring  
25 shares in a cooperative”;

1           (3) in paragraph (1), by amending paragraph  
2           (B) to read as follows:

3           “(B)(i) in the case of disabled families and el-  
4           derly families, demonstrates that the family has in-  
5           come from employment or other sources, as deter-  
6           mined in accordance with requirements of the Sec-  
7           retary, in such amount as may be established by the  
8           Secretary; and

9           “(ii) in the case of other families, demonstrates  
10          that the family has income from employment, as de-  
11          termined in accordance with requirements of the  
12          Secretary, in such amount as may be established by  
13          the Secretary;”;

14          (4) in paragraph (1)(C), by striking “except  
15          as” and inserting “except in the case of disabled  
16          families and elderly families and as otherwise”;

17          (5) in paragraph (1), by inserting at the end  
18          the following: “The Secretary or the public housing  
19          agency may target assistance under this subsection  
20          for program purposes, such as to families assisted in  
21          connection with the FHA multifamily demonstration  
22          under section 212 of the Departments of Veterans  
23          Affairs and Housing and Urban Development, and  
24          Independent Agencies Appropriations Act, 1997.”;

1           (6) by amending paragraph (2) to read as fol-  
2       lows:

3       “(2) DETERMINATION OF AMOUNT OF ASSIST-  
4 ANCE.—The monthly assistance payment for any family  
5 shall be the amount determined by subtracting the family  
6 contribution as determined under section 3(a) of this Act  
7 from the lower of:

8           “(A) the applicable payment standard, or

9           “(B) the monthly home ownership expenses, as  
10       determined in accordance with requirements estab-  
11       lished by the Secretary, of the family.”;

12           (7) by redesignating paragraphs (6), (7), and  
13       (8), as paragraph (9), (10), and (11), respectively;

14           (8) by striking paragraphs (3), (4), and (5) and  
15       inserting the following after paragraph (2):

16       “(3) INSPECTIONS AND CONTRACT CONDITIONS.—  
17 Each contract for the purchase of a unit to be assisted  
18 under this section shall provide for pre-purchase inspec-  
19 tion of the unit by an independent professional and shall  
20 require that any cost of necessary repairs shall be paid  
21 by the seller. The requirement under section 8(o)(5)(B)  
22 for annual inspections of the unit shall not apply to units  
23 assisted under this section.

24       “(4) DOWNPAYMENT REQUIREMENT.—Each public  
25 housing agency providing assistance under this subsection

1 shall require that each assisted family make a significant  
2 contribution, from its own resources, determined in ac-  
3 cordance with guidelines established by the Secretary, to  
4 cover all or a portion of the downpayment required in con-  
5 nection with the purchase, which may include credit for  
6 work by one or more family members to improve the dwell-  
7 ing (“sweat equity”).

8       “(5) RESERVE FOR REPLACEMENTS.—The Secretary  
9 shall require each family to pay an amount equal to one  
10 percent of the monthly amount payable by the family for  
11 principal and interest on its acquisition loan into a reserve  
12 for repairs and replacements for five years after the date  
13 of purchase. Any amount remaining in the reserve after  
14 five years shall be paid to the family.

15       “(6) APPLICATION OF NET PROCEEDS UPON  
16 SALE.—The Secretary shall require that the net proceeds  
17 upon sale by a family of a unit owned by the family while  
18 it received assistance under this subsection shall be divided  
19 between the public housing agency and the family. The  
20 Secretary shall establish guidelines for determining the  
21 amount to be received by the family and the amount to  
22 be received by the agency, which shall take into account  
23 the relative amount of assistance provided on behalf of the  
24 family in comparison with the amount paid by the family  
25 from its own resources. The Secretary shall require the

1 agency to use any amounts received under this paragraph  
2 to provide assistance under subsection (o) or this sub-  
3 section.

4 “(7) LIMITATION ON SIZE OF PROGRAM.—A public  
5 housing agency may permit no more than 10 percent of  
6 the families receiving tenant-based assistance provided by  
7 the agency to use the assistance for home ownership under  
8 this subsection. The Secretary may permit no more than  
9 5 percent of all families receiving tenant-based assistance  
10 to use the assistance for home ownership under this sub-  
11 section.

12 “(8) OTHER PROGRAM REQUIREMENTS.—The Sec-  
13 retary may establish such other requirements and limita-  
14 tions the Secretary determines to be appropriate in con-  
15 nection with the provision of assistance under this section,  
16 which may include limiting the term of assistance for a  
17 family. The Secretary may modify the requirements of this  
18 subsection where necessary to make appropriate adapta-  
19 tions for lease-purchase agreements. The Secretary shall  
20 establish performance measures and procedures to mon-  
21 itor the provision of assistance under this subsection in  
22 relation to the purpose of providing home ownership op-  
23 portunities for eligible families.”;

24 (9) paragraph (10)(A), as redesignated by para-  
25 graph (7) of this section, is amended—

1 (A) by striking “dwelling, (ii)” and insert-  
2 ing “dwelling, and (ii)”; and

3 (B) striking “, (iii)” and all that follows  
4 up to the period; and

5 (10) by inserting after paragraph (11), as re-  
6 designated by paragraph (7) of this section, the fol-  
7 lowing:

8 “(12) SUNSET.—The authority to provide as-  
9 sistance to additional families under this subsection  
10 shall terminate on September 30, 2002. The Sec-  
11 retary shall then prepare a report evaluating the ef-  
12 fectiveness of home ownership assistance under this  
13 subsection.”.

14 (b) FAMILY SELF-SUFFICIENCY ESCROW.—Section  
15 23(d)(3) of the United States Housing Act of 1937 is re-  
16 pealed.

17 **SEC. 206. WELFARE TO WORK CERTIFICATES.**

18 (a) To the extent of amounts approved in appropria-  
19 tions Acts, the Secretary may provide funding for welfare  
20 to work certificates in accordance with this section. “Cer-  
21 tificates” means tenant-based rental assistance in accord-  
22 ance with section 8(o) of the United States Housing Act  
23 of 1937.

24 (b) Funding under this section shall be used for a  
25 demonstration linking use of such certificate assistance

1 with welfare reform initiatives to help families make the  
2 transition from welfare to work, and for technical assist-  
3 ance in connection with such demonstration.

4 (c) Funding may only be awarded upon joint applica-  
5 tion by a public housing agency and a State or local wel-  
6 fare agency. Allocation of demonstration funding is not  
7 subject to section 213 of the Housing and Community De-  
8 velopment Act of 1974.

9 (d) Assistance provided under this section shall not  
10 be taken into account in determining the size of the family  
11 self-sufficiency program of a public housing agency under  
12 section 23 of the United States Housing Act of 1937.

13 (e) For purposes of the demonstration, the Secretary  
14 may waive, or specify alternative requirements for, re-  
15 quirements established by or under this Act concerning  
16 the certificate program, including requirements concerning  
17 the amount of assistance, the family contribution, and the  
18 rent payable by the family.

19 **SEC. 207. EFFECT OF FAILURE TO COMPLY WITH PUBLIC**  
20 **ASSISTANCE REQUIREMENTS.**

21 Section 3(a) of the United States Housing Act of  
22 1937, as amended by section 102, is amended by inserting  
23 the following after paragraph (3):

24 “(4)(A) If the welfare or public assistance benefits  
25 of a covered family, as defined in subparagraph (G)(i), are

1 reduced under a Federal, State, or local law regarding  
2 such an assistance program because of any failure of any  
3 member of the family to comply with program conditions  
4 requiring participation in a self-sufficiency program or re-  
5 quiring work activities as defined in subparagraphs (G)  
6 (ii) and (iii), the family may not, for the duration of the  
7 reduction, have the amount of rent or family contribution  
8 determined under this subsection reduced as the result of  
9 any decrease in the income of the family (to the extent  
10 that the decrease in income is the result of the benefits  
11 reduction).

12       “(B) If the welfare or public assistance benefits of  
13 a covered family are reduced under a Federal, State, or  
14 local law regarding the welfare or public assistance pro-  
15 gram because of any failure of any member of the family  
16 to comply with the self-sufficiency or work activities re-  
17 quirements, the portion of the amount of any increase in  
18 the earned income of the family occurring after such re-  
19 duction up to the amount of the reduction for noncompli-  
20 ance shall not result in an increase in the amount of rent  
21 or family contribution determined under this subsection  
22 during the period the family would otherwise be eligible  
23 for welfare or public assistance benefits under the pro-  
24 gram.

1       “(C) Any covered family residing in public housing  
2 that is affected by the operation of this paragraph shall  
3 have the right to review the determination under this  
4 paragraph through the administrative grievance proce-  
5 dures established pursuant to section 6(k) for the public  
6 housing agency.

7       “(D) Subparagraph (A) shall not apply to any cov-  
8 ered family before the public housing agency providing as-  
9 sistance under this Act on behalf of the family receives  
10 written notification from the relevant welfare or public as-  
11 sistance agency specifying that the benefits of the family  
12 have been reduced because of noncompliance with self-suf-  
13 ficiency program requirements and the level of such reduc-  
14 tion.

15       “(E) Subparagraph (A) shall not apply in any case  
16 in which the benefits of a family are reduced because the  
17 welfare or public assistance program to which the Federal,  
18 State, or local law relates limits the period during which  
19 benefits may be provided under the program.

20       “(F) This paragraph may not be construed to author-  
21 ize any public housing agency to limit the duration of ten-  
22 ancy in a public housing dwelling unit or of tenant-based  
23 assistance.

24       “(G) For purposes of this section—

1           “(i) The term ‘covered family’ means a family  
2 that—

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

11           “(II) resides in a public housing dwelling  
12 unit or receives assistance under section 8.

13           “(ii) The term ‘self-sufficiency program’ means  
14 any program designed to encourage, assist, train, or  
15 facilitate the economic independence of participants  
16 and their families or to provide work for partici-  
17 pants, including programs for job training, employ-  
18 ment counseling, work placement, basic skills train-  
19 ing, education, workfare, money or household man-  
20 agement, apprenticeship, or other activities.

21           “(iii) The term ‘work activities’ means—

22           “(I) unsubsidized employment;

23           “(II) subsidized private sector employment;

24           “(III) subsidized public sector employment;

1           “(IV) work experience (including work as-  
2           sociated with the refurbishing of publicly as-  
3           sisted housing) if sufficient private sector em-  
4           ployment is not available;

5           “(V) on-the-job training;

6           “(VI) job search and job readiness assist-  
7           ance;

8           “(VII) community service programs;

9           “(VIII) vocational education training (not  
10          to exceed 12 months with respect to any indi-  
11          vidual;

12          “(IX) job skills training directly related to  
13          employment;

14          “(X) education directly related to employ-  
15          ment, in the case of a recipient who has not re-  
16          ceived a high school diploma or certificate of  
17          high school equivalency;

18          “(XI) satisfactory attendance at secondary  
19          school or in a course of study leading to a cer-  
20          tificate of general equivalence, in the case of a  
21          recipient who has not completed secondary  
22          school or received such a certificate; and

23          “(XII) the provision of child care services  
24          to an individual who is participating in a com-  
25          munity service program.”.

1 **SEC. 208. STREAMLINING SECTION 8 TENANT-BASED AS-**  
2 **SISTANCE.**

3 (a) TAKE-ONE, TAKE-ALL.—Section 8(t) of the  
4 United States Housing Act of 1937 is hereby repealed.

5 (b) EXEMPTION FROM NOTICE REQUIREMENTS FOR  
6 THE CERTIFICATE AND VOUCHER PROGRAMS.—Section  
7 8(c) of such Act is amended—

8 (1) in paragraph (8), by inserting after “sec-  
9 tion” the following: “(other than a contract for ten-  
10 ant-based assistance)”; and

11 (2) in the first sentence of paragraph (9), by  
12 striking “(but not less than 90 days in the case of  
13 housing certificates or vouchers under subsection (b)  
14 or (o))” and inserting “, other than as a contract for  
15 tenant-based assistance under this section”.

16 (c) ENDLESS LEASE.—Section 8(d)(1)(B) of such  
17 Act is amended—

18 (1) in clause (ii), by inserting “during the term  
19 of the lease,” after “(ii)”; and

20 (2) in clause (iii), by striking “provide that”  
21 and inserting “during the term of the lease,”.

22 (d) REPEAL.—Section 203 of the Departments of  
23 Veterans Affairs and Housing and Urban Development,  
24 and Independent Agencies Appropriations Act, 1996 is  
25 hereby repealed.

1 **SEC. 209. INCOME VERIFICATION.**

2 (a) REINSTITUTION OF REQUIREMENTS REGARDING  
3 HUD ACCESS TO CERTAIN INFORMATION OF STATE  
4 AGENCIES.—

5 (1) IN GENERAL.—Subsection (i) of section 303  
6 of the Social Security Act is amended by striking  
7 paragraph (5).

8 (2) EFFECTIVE DATE.—The amendment made  
9 by this subsection shall apply to requests for infor-  
10 mation made after the date of the enactment of this  
11 Act.

12 (b) REPEAL OF TERMINATION REGARDING HOUSING  
13 ASSISTANCE PROGRAMS.—Subparagraph (D) of section  
14 6103(l)(7) of the Internal Revenue Code of 1986 is  
15 amended by striking the last sentence.

16 **SEC. 210. NONDISCRIMINATION AGAINST CERTIFICATE**  
17 **AND VOUCHER HOLDERS.**

18 In the case of any multifamily rental housing that  
19 is receiving, or (except for insurance referred to in para-  
20 graph (4)) has received within two years before the effec-  
21 tive date of this section, the benefit of Federal assistance  
22 from an agency of the United States, the owner shall not  
23 refuse to lease a reasonable number of units to families  
24 under the tenant-based assistance program under section  
25 8 of the United States Housing Act of 1937 because of  
26 the status of the prospective tenants as families under that

1 program. The Secretary shall establish reasonable time pe-  
2 riods for applying the requirement of this section, taking  
3 into account the total amount of the assistance and the  
4 relative share of the assistance compared to the total cost  
5 of financing, developing, rehabilitating, or otherwise as-  
6 sisting a project. Federal assistance for purposes of this  
7 subsection shall mean—

8 (1) project-based assistance under the United  
9 States Housing Act of 1937;

10 (2) assistance under title I of the Housing and  
11 Community Development Act of 1974;

12 (3) assistance under title II of the Cranston-  
13 Gonzalez National Affordable Housing Act;

14 (4) mortgage insurance under the National  
15 Housing Act;

16 (5) low-income housing tax credits under sec-  
17 tion 42 of the Internal Revenue Code of 1986;

18 (6) assistance under title IV of the Stewart B.  
19 McKinney Homeless Assistance Act; and

20 (7) assistance under any other programs des-  
21 ignated by the Secretary of Housing and Urban De-  
22 velopment.

1 **SEC. 211. RECAPTURE AND REUSE OF ACC PROJECT RE-**  
 2 **SERVES UNDER THE TENANT-BASED ASSIST-**  
 3 **ANCE PROGRAM.**

4 Section 8(d) of the United States Housing Act of  
 5 1937 is amended by inserting at the end the following new  
 6 paragraph:

7 “(5) To the extent that the Secretary determines that  
 8 the amount in the ACC reserve account under a contract  
 9 with a public housing agency for tenant-based assistance  
 10 under this section is in excess of the amount needed by  
 11 the agency, the Secretary shall recapture such excess  
 12 amount. The Secretary may hold recaptured amounts in  
 13 reserve until needed to amend or renew such contracts  
 14 with any agency.”.

15 **SEC. 212. EXPANDING THE COVERAGE OF THE PUBLIC AND**  
 16 **ASSISTED HOUSING DRUG ELIMINATION ACT**  
 17 **OF 1990 TO INCLUDE OTHER TYPES OF CRIME**  
 18 **AND TO PROVIDE FORMULA FUNDING.**

19 (a) The Public and Assisted Housing Drug Elimini-  
 20 nation Act of 1990 is amended—

21 (1) in section 5126(2)—

22 (A) in the heading, by inserting “AND  
 23 OTHER” after “RELATED”;

24 (B) by striking “drug-related crime” and  
 25 inserting “drug-related and other crime”; and

1 (C) by inserting before the period the fol-  
2 lowing: “and, as determined by the Secretary,  
3 other types of crime”; and

4 (2) in sections 5122(2), 5122(4), 5123,  
5 5124(a)(4)(A), 5124(b), 5125(a), 5125(b)(1),  
6 5125(c)(2), 5125(d), and 5128, by striking “drug-  
7 related crime” and inserting “drug-related and other  
8 crime”.

9 (b) Section 5125 of such Act is amended—

10 (1) in the heading (and in the table of contents  
11 in section 5001 of the Anti-Drug Abuse Act of 1988  
12 accordingly), by inserting after “**APPLICATIONS**”  
13 the following: “**AND FORMULA ALLOCATION**”;

14 (2) by striking “(a) IN GENERAL” and insert-  
15 ing “(a)(1) APPLICATIONS”;

16 (3) by redesignating subsections (b), (b)(1),  
17 (b)(2), (b)(3), and (b)(4) as subsections (a)(2),  
18 (a)(2)(A), (a)(2)(B), (a)(2)(C), and (a)(2)(D);

19 (4) by redesignating subsections (c), (c)(1), and  
20 (c)(2) as subsections (a)(3), (a)(3)(A), and  
21 (a)(3)(B);

22 (5) by redesignating subsection (d) as sub-  
23 section (a)(4);

1           (6) in subsection (a)(1), as redesignated, by  
2 striking “a public housing agency, a public housing  
3 resident management corporation, or”;

4           (7) in subsection (a)(2), as redesignated—

5                 (A) by striking “subsections (c) and (d)”  
6 and inserting “paragraphs (3) and (4)”; and

7                 (B) in subparagraphs (A) and (B), by  
8 striking “public or” the two places it appears;

9           (8) in subsection (a)(3), as redesignated, by  
10 striking “subsection (b)” and inserting “paragraph  
11 (2)”;

12           (9) in subsection (a)(4), as redesignated, by  
13 striking “subsection (b)” and inserting “paragraph  
14 (2)”;

15           (10) by adding the following new subsection at  
16 the end:

17           “(b) FORMULA ALLOCATION.—After setting aside  
18 amounts as provided in section 5130, the Secretary shall  
19 make grants to eligible recipients, except for owners of  
20 federally assisted low-income housing, in accordance with  
21 a formula established by the Secretary, which shall—

22                 “(1) take into account the needs of the eligible  
23 recipient for anti-drug and anti-crime funding, and  
24 the amount of funding that the eligible recipient has

1 received under this chapter during fiscal years 1995,  
2 1996, and 1997; and

3 “(2) not exclude an eligible recipient that has  
4 not received funding during such fiscal years.

5 The Secretary may withhold, withdraw, or deny funds to  
6 a grantee if the Secretary determines that the grantee has  
7 not demonstrated satisfactory performance under a secu-  
8 rity indicator established by the Secretary.”.

9 (c) Section 5128 of such Act is amended by striking  
10 “section 5125(a)” and inserting “section 5125(a)(1), sec-  
11 tion 5A(a)(1)(D)(iv) of the United States Housing Act of  
12 1937, or section 102(c)(4)(J) of the Native American  
13 Housing Assistance and Self-Determination Act of 1996”.

14 (d) Section 5130 of such Act is amended—

15 (1) by amending the first sentence of subsection  
16 (a) to read as follows: “There are authorized to be  
17 appropriated to carry out this chapter \$290,000,000  
18 for fiscal year 1998 and such sums as may be nec-  
19 essary for fiscal years 1999, 2000, 2001, and  
20 2002.”;

21 (2) in subsection (b)—

22 (A) by striking “SET-ASIDES” and insert-  
23 ing “SET-ASIDE FOR FEDERALLY ASSISTED  
24 LOW-INCOME HOUSING”; and

25 (B) by striking the second sentence; and



1           (1) in the case of eviction by reason of drug-re-  
2           lated criminal activity, for a period of not less than  
3           three years from the date of the eviction unless the  
4           evicted member of the household successfully com-  
5           pletes a rehabilitation program; and

6           (2) for other evictions, for a reasonable period  
7           of time as determined by the public housing agency  
8           or owner of the federally assisted housing, as appli-  
9           cable.

10       The requirements of paragraphs (1) and (2) may be  
11       waived if the circumstances leading to eviction no longer  
12       exist.

13       (b) INELIGIBILITY OF ILLEGAL DRUG USERS AND  
14       ALCOHOL ABUSERS.—Notwithstanding any other provi-  
15       sion of law, a public housing agency or an owner of feder-  
16       ally assisted housing, or both, as determined by the Sec-  
17       retary, shall establish standards that prohibit admission  
18       to the program or admission to federally assisted housing  
19       for any household with a member—

20           (1) who the public housing agency or the owner  
21           determines is engaging in the illegal use of a con-  
22           trolled substance; or

23           (2) with respect to whom the public housing  
24           agency or the owner determines that it has reason-  
25           able cause to believe that such household member's

1 illegal use (or pattern of illegal use) of a controlled  
2 substance, or abuse (or pattern of abuse) of alcohol  
3 would interfere with the health, safety, or right to  
4 peaceful enjoyment of the premises by other resi-  
5 dents.

6 (c) CONSIDERATION OF REHABILITATION.—In deter-  
7 mining whether, pursuant to subsection (b)(2), to deny ad-  
8 mission to the program or to federally assisted housing  
9 to any household based on a pattern of illegal use of a  
10 controlled substance or a pattern of abuse of alcohol by  
11 a household member, a public housing agency or an owner  
12 may consider whether such household member—

13 (1) has successfully completed an accredited  
14 drug or alcohol rehabilitation program (as applica-  
15 ble) and is no longer engaging in the illegal use of  
16 a controlled substance or abuse of alcohol (as appli-  
17 cable);

18 (2) has otherwise been rehabilitated successfully  
19 and is no longer engaging in the illegal use of a con-  
20 trolled substance or abuse of alcohol (as applicable);  
21 or

22 (3) is participating in an accredited drug or al-  
23 cohol rehabilitation program (as applicable) and is  
24 no longer engaging in the illegal use of a controlled  
25 substance or abuse of alcohol (as applicable).

1 (d) AUTHORITY TO DENY ADMISSION TO THE PRO-  
2 GRAM OR TO FEDERALLY ASSISTED HOUSING FOR CER-  
3 TAIN CRIMINAL OFFENDERS.—In addition to the provi-  
4 sions of subsections (a) and (b) and in addition to any  
5 other authority to screen applicants, in selecting among  
6 applicants for admission to the program or to federally  
7 assisted housing, if the public housing agency or owner  
8 of such housing, as applicable, determines that an appli-  
9 cant or any member of the applicant's household is or was,  
10 during a reasonable time preceding the date when the ap-  
11 plicant household would otherwise be selected for admis-  
12 sion, engaged in any drug-related or violent criminal activ-  
13 ity or other criminal activity which would adversely affect  
14 the health, safety, or right to peaceful enjoyment of the  
15 premises by other residents, the owner or public housing  
16 agency may—

17 (1) deny such applicant admission to the pro-  
18 gram or to federally assisted housing; and

19 (2) after expiration of the reasonable period be-  
20 ginning upon such activity, require the applicant, as  
21 a condition of admission to the program or to feder-  
22 ally assisted housing, to submit to the owner or pub-  
23 lic housing agency evidence sufficient (as the Sec-  
24 retary shall by regulation provide) to ensure that the  
25 individual or individuals in the applicant's household

1 who engaged in such criminal activity for which de-  
2 nial was made under this subsection have not en-  
3 gaged in any such criminal activity during such rea-  
4 sonable time.

5 (e) **AUTHORITY TO REQUIRE ACCESS TO CRIMINAL**  
6 **RECORDS.**—A public housing agency may require, as a  
7 condition of providing admission to the public housing pro-  
8 gram, that each adult member of the household provide  
9 a signed, written authorization for the public housing  
10 agency to obtain records described in section 304 regard-  
11 ing such member of the household from the National  
12 Crime Information Center, police departments, and other  
13 law enforcement agencies.

14 **SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.**

15 (A) **TERMINATION OF TENANCY AND ASSISTANCE**  
16 **FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.**—  
17 Notwithstanding any other provision of law, a public hous-  
18 ing agency or an owner of federally assisted housing, as  
19 applicable, shall establish standards or lease provisions for  
20 continued assistance or occupancy in federally assisted  
21 housing that allow a public housing agency or the owner,  
22 as applicable, to terminate the tenancy or assistance for  
23 any household with a member—

1           (1) who the public housing agency or owner de-  
2           termines is engaging in the illegal use of a controlled  
3           substance; or

4           (2) whose illegal use of a controlled substance,  
5           or whose abuse of alcohol, is determined by the pub-  
6           lic housing agency or owner to interfere with the  
7           health, safety, or right to peaceful enjoyment of the  
8           premises by other residents.

9           (b) **TERMINATION OF ASSISTANCE FOR SERIOUS**  
10 **LEASE VIOLATION.**—Notwithstanding any other provision  
11 of law, the public housing agency must terminate tenant-  
12 based assistance for all household members if the house-  
13 hold is evicted from assisted housing for serious violation  
14 of the lease.

15 **SEC. 303. LEASE REQUIREMENTS.**

16           In addition to any other applicable lease require-  
17 ments, each lease for a dwelling unit in federally assisted  
18 housing shall provide that—

19           (1) the owner may not terminate the tenancy  
20           except for serious or repeated violation of the terms  
21           and conditions of the lease, violation of applicable  
22           Federal, State, or local law, or other good cause;  
23           and

24           (2) grounds for termination of tenancy shall in-  
25           clude any activity, engaged in by the tenant, any

1 member of the tenant's household, any guest, or any  
2 other person under the control of any member of the  
3 household, that—

4 (A) threatens the health or safety of, or  
5 right to peaceful enjoyment of the premises by,  
6 other tenants or employees of the public hous-  
7 ing agency, owner or other manager of the  
8 housing,

9 (B) threatens the health or safety of, or  
10 right to peaceful enjoyment of their residences  
11 by, persons residing in the immediate vicinity of  
12 the premises, or

13 (C) is drug-related or violent criminal ac-  
14 tivity on or off the premises.

15 **SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUB-**  
16 **LIC HOUSING TENANT SCREENING AND EVIC-**  
17 **TION.**

18 (a) IN GENERAL.—

19 (1) PROVISION OF INFORMATION.—Notwith-  
20 standing any other provision of law other than para-  
21 graphs (2) and (3), upon the request of a public  
22 housing agency, the National Crime Information  
23 Center, a police department, and any other law en-  
24 forcement agency shall provide to the public housing  
25 agency information regarding the criminal conviction

1 records of an adult applicant for, or tenants of, the  
2 public housing for purposes of applicant screening,  
3 lease enforcement, and eviction, but only if the pub-  
4 lic housing agency requests such information and  
5 presents to such Center, department, or agency a  
6 written authorization, signed by such applicant, for  
7 the release of such information to such public hous-  
8 ing agency.

9 (2) EXCEPTION.—A law enforcement agency  
10 described in paragraph (1) shall provide information  
11 under this paragraph relating to any criminal con-  
12 viction of a juvenile only to the extent that the re-  
13 lease of such information is authorized under the  
14 law of the applicable State, tribe, or locality.

15 (b) CONFIDENTIALITY.—A public housing agency re-  
16 ceiving information under this section may use such infor-  
17 mation only for the purposes provided in this section and  
18 such information may not be disclosed to any person who  
19 is not an officer, employee, or authorized representative  
20 of the public housing agency and who has a job-related  
21 need to have access to the information in connection with  
22 admission of applicants, eviction of tenants, or termination  
23 of assistance. However, for judicial eviction proceedings,  
24 disclosures may be made to the extent necessary. The Sec-  
25 retary shall, by regulation, establish procedures necessary

1 to ensure that information provided under this section to  
2 any public housing agency is used, and confidentiality of  
3 such information is maintained, as required under this  
4 section.

5 (c) OPPORTUNITY TO DISPUTE.—Before an adverse  
6 action is taken with regard to assistance for public hous-  
7 ing on the basis of a criminal record, the public housing  
8 agency shall provide the tenant or applicant with a copy  
9 of the criminal record and an opportunity to dispute the  
10 accuracy and relevance of that record.

11 (d) FEE.—A public housing agency may be charged  
12 a reasonable fee for information provided under subsection  
13 (a).

14 (e) RECORDS MANAGEMENT.—Each public housing  
15 agency that receives criminal record information under  
16 this section shall establish and implement a system of  
17 records management that ensures that any criminal record  
18 received by the agency is—

19 (1) maintained confidentially;

20 (2) not misused or improperly disseminated;

21 and

22 (3) destroyed in a timely fashion, once the pur-  
23 pose for which the record was requested has been  
24 accomplished.

1           (f) PENALTY.—Any person who knowingly and will-  
2 fully requests or obtains any information concerning an  
3 applicant for, or resident of, public housing pursuant to  
4 the authority under this section under false pretenses, or  
5 any person who knowingly or willfully discloses any such  
6 information in any manner to any individual not entitled  
7 under any law to receive it, shall be guilty of a mis-  
8 demeanor and fined not more than \$5,000. The term  
9 “person” as used in this subsection shall include an offi-  
10 cer, employee, or authorized representative of any public  
11 housing agency.

12           (g) CIVIL ACTION.—Any applicant for, or resident of,  
13 public housing affected by (1) a negligent or knowing dis-  
14 closure of information referred to in this section about  
15 such person by an officer or employee of any public hous-  
16 ing agency, which disclosure is not authorized by this sec-  
17 tion, or (2) any other negligent or knowing action that  
18 is inconsistent with this section, may bring a civil action  
19 for damages and such other relief as may be appropriate  
20 against any public housing agency responsible for such un-  
21 authorized action. The district court of the United States  
22 in the district in which the affected applicant or resident  
23 resides, in which such unauthorized action occurred, or in  
24 which the officer or employee alleged to be responsible for  
25 any such unauthorized action resides, shall have jurisdic-

1 tion in such matters. Appropriate relief that may be or-  
2 dered by such district courts shall include reasonable at-  
3 torney’s fees and other litigation costs.

4 (h) DEFINITION OF ADULT.—For purposes of this  
5 section, the term “adult” means a person who is 18 years  
6 of age or older, or who has been convicted of a crime as  
7 an adult under any Federal, State, or tribal law.

8 **SEC. 305. DEFINITIONS.**

9 For purposes of this title, the following definitions  
10 shall apply:

11 (a) FEDERALLY ASSISTED HOUSING.—The term  
12 “federally assisted housing” means a unit in—

13 (1) public housing under the United States  
14 Housing Act of 1937;

15 (2) housing assisted under section 8 of the  
16 United States Housing Act of 1937 including  
17 both tenant-based assistance and project-based  
18 assistance;

19 (3) housing that is assisted under section  
20 202 of the Housing Act of 1959 (as amended  
21 by section 801 of the Cranston-Gonzalez Na-  
22 tional Affordable Housing Act);

23 (4) housing that is assisted under section  
24 202 of the Housing Act of 1959, as such sec-

1           tion existed before enactment of the Cranston-  
2           Gonzalez National Affordable Housing Act;

3           (5) housing that is assisted under section  
4           811 of the Cranston-Gonzalez National Afford-  
5           able Housing Act;

6           (6) housing financed by a loan or mortgage  
7           insured under section 221(d)(3) of the National  
8           Housing Act that bears interest at a rate deter-  
9           mined under the proviso of section 221(d)(5) of  
10          such Act;

11          (7) housing with a mortgage insured, as-  
12          sisted, or held by the Secretary or a State or  
13          State agency under section 236 of the National  
14          Housing Act; and

15          (8) for purposes only of subsections  
16          301(c), 301(d), 303, and 304, housing assisted  
17          under section 515 of the Housing Act of 1949.

18          (B) DRUG-RELATED CRIMINAL ACTIVITY.—The  
19          term “drug-related criminal activity” means the ille-  
20          gal manufacture, sale, distribution, use, or posses-  
21          sion with intent to manufacture, sell, distribute, or  
22          use, of a controlled substance (as defined in section  
23          102 of the Controlled Substances Act (21 U.S.C.  
24          802)).

1 (c) OWNER.—The term “owner” means, with  
2 respect to federally assisted housing, the entity or  
3 private person, including a cooperative or public  
4 housing agency, that has the legal right to lease or  
5 sublease dwelling units in such housing.

6 **SEC. 306. CONFORMING AMENDMENTS.**

7 (a) CONSOLIDATION OF PUBLIC HOUSING ONE  
8 STRIKE PROVISIONS.—Section 6 of the United States  
9 Housing Act of 1937 is amended—

10 (1) by striking subsections (l)(4) and (l)(5) and  
11 the last sentence of subsection (l), and redesignating  
12 paragraphs (6) and (7) as paragraphs (4) and (5);

13 (2) by striking subsection (q); and

14 (3) by striking subsection (r).

15 (b) CONSOLIDATION OF SECTION 8 ONE STRIKE  
16 PROVISIONS.—Section 8 of the United States Housing Act  
17 of 1937 (42 U.S.C. 1437f) is amended—

18 (1) by striking subsections (d)(1)(B)(ii) and  
19 (d)(1)(B)(iii), and redesignating clauses (iv) and (v)  
20 as clauses (ii) and (iii); and

21 (2) by striking subsection (f)(5) and redesignat-  
22 ing paragraphs (6) and (7) as paragraphs (5) and  
23 (6), respectively.

1           (c) CONSOLIDATION OF ONE STRIKE ELIGIBILITY  
2 PROVISIONS.—Section 16 of the United States Housing  
3 Act of 1937 is amended by striking subsection (e).

○