

106TH CONGRESS
1ST SESSION

H. R. 202

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 1999

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To provide for the preservation of assisted housing for low-income elderly persons, disabled persons, and other families.

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

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

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Preserving Affordable Housing for Senior Citizens and
 4 Families into the 21st Century Act”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Regulations.
- Sec. 3. Effective date.

TITLE I—CONVERSION OF FINANCING AND REFINANCING FOR
 SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

- Sec. 101. Conversion of financing
- Sec. 102. Prepayment and refinancing.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUP-
 PORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH
 DISABILITIES

- Sec. 201. Supportive housing for elderly persons.
- Sec. 202. Supportive housing for persons with disabilities.
- Sec. 203. Service coordinators and congregate services for elderly and disabled
 housing.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE
 ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

- Sec. 301. Matching grant program.
- Sec. 302. Eligibility of for-profit limited partnerships.
- Sec. 303. Mixed funding sources.
- Sec. 304. Authority to acquire structures.
- Sec. 305. Mixed-income occupancy.
- Sec. 306. Use of project reserves.
- Sec. 307. Commercial activities.
- Sec. 308. Mixed finance pilot program.
- Sec. 309. Grants for conversion of elderly housing to assisted living facilities.
- Sec. 310. Grants for conversion of public housing projects to assisted living fa-
 cilities.
- Sec. 311. Use of section 8 assistance for assisted living facilities.
- Sec. 312. Annual HUD inventory of assisted housing designated for elderly per-
 sons.
- Sec. 313. Treatment of applications.

Subtitle B—Housing for Persons With Disabilities

- Sec. 321. Matching grant program.
- Sec. 322. Eligibility of for-profit limited partnerships.

- Sec. 323. Mixed funding sources.
- Sec. 324. Tenant-based assistance.
- Sec. 325. Project size.
- Sec. 326. Use of project reserves.
- Sec. 327. Commercial activities.

Subtitle C—Other Provisions

- Sec. 341. Service coordinators.
- Sec. 342. Commission on Affordable Housing and Health Care Facility Needs in the 21st Century.

TITLE IV—RENEWAL OF EXPIRING RENTAL ASSISTANCE CONTRACTS AND PROTECTION OF RESIDENTS

- Sec. 401. Findings and purpose.
- Sec. 402. Renewal of expiring contracts and enhanced vouchers for project residents.
- Sec. 403. Section 236 assistance.
- Sec. 404. Matching grant program for affordable housing preservation.
- Sec. 405. Rehabilitation of assisted housing.
- Sec. 406. Technical assistance.
- Sec. 407. Termination of section 8 contract and duration of renewal contract.
- Sec. 408. Enhanced voucher eligibility for residents of flexible subsidy properties.
- Sec. 409. Enhanced disposition authority.
- Sec. 410. Assistance for nonprofit purchasers preserving affordable housing.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES

- Sec. 501. Rehabilitation of existing hospitals, nursing homes, and other facilities.
- Sec. 502. New health care facilities.
- Sec. 503. Hospitals and hospital-based health care facilities.
- Sec. 504. Insurance for mortgages to refinance existing home equity conversion mortgages.

1 **SEC. 2. REGULATIONS.**

2 The Secretary of Housing and Urban Development
3 shall issue any regulations to carry out this Act and the
4 amendments made by this Act that the Secretary deter-
5 mines may or will affect tenants of federally assisted hous-
6 ing only after notice and opportunity for public comment
7 in accordance with the procedure under section 553 of title
8 5, United States Code, applicable to substantive rules
9 (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of

1 such section). Notice of such proposed rulemaking shall
2 be provided by publication in the Federal Register. In
3 issuing such regulations, the Secretary shall take such ac-
4 tions as may be necessary to ensure that such tenants are
5 notified of, and provided an opportunity to participate in,
6 the rulemaking, as required by such section 553.

7 **SEC. 3. EFFECTIVE DATE.**

8 (a) IN GENERAL.—The provisions of this Act and the
9 amendments made by this Act are effective as of the date
10 of the enactment of this Act, unless such provisions or
11 amendments specifically provide for effectiveness or appli-
12 cability upon another date certain.

13 (b) EFFECT OF REGULATORY AUTHORITY.—Any au-
14 thority in this Act or the amendments made by this Act
15 to issue regulations, and any specific requirement to issue
16 regulations by a date certain, may not be construed to af-
17 fect the effectiveness or applicability of the provisions of
18 this Act or the amendments made by this Act under such
19 provisions and amendments and subsection (a) of this sec-
20 tion.

1 **TITLE I—CONVERSION OF FI-**
2 **NANCING AND REFINANCING**
3 **FOR SECTION 202 SUP-**
4 **PORTIVE HOUSING FOR THE**
5 **ELDERLY**

6 **SEC. 101. CONVERSION OF FINANCING**

7 (a) IN GENERAL.—Subject to the provisions of this
8 section, at the request of the owner of a project assisted
9 under section 202 of the Housing Act of 1959 (as in effect
10 before the enactment of the Cranston-Gonzalez National
11 Affordable Housing Act) and section 8 of the United
12 States Housing Act of 1937 (or any other rental housing
13 assistance programs of the Department of Housing and
14 Urban Development, including the rent supplement pro-
15 gram under section 101 of the Housing and Urban Devel-
16 opment Act of 1965 (12 U.S.C. 1701s)), the Secretary
17 shall convert the financing of any such housing project to
18 financing under section 202 of the Housing Act of 1959,
19 as amended by section 801 of the Cranston-Gonzalez Na-
20 tional Affordable Housing Act (12 U.S.C. 1701q). In such
21 a conversion, the Secretary shall, if requested by the
22 owner, convert loans made under such section 202 (as in
23 effect before enactment of the Cranston-Gonzalez National
24 Affordable Housing Act), and shall convert section 8 con-
25 tracts (or such other contracts for rental housing assist-

1 ance) provided in connection with such loans, into capital
2 advances and project rental assistance under section 202
3 (as amended by section 801 of the Cranston-Gonzalez Na-
4 tional Affordable Housing Act), respectively, in accordance
5 with this section.

6 (b) DEBT FORGIVENESS.—

7 (1) IN GENERAL.—Subject to paragraph (2), in
8 converting the financing of any housing project pur-
9 suant to this section, the Secretary shall cancel any
10 indebtedness to the Secretary relating to any re-
11 maining principal and interest under any loan for
12 the project made under section 202 of the Housing
13 Act of 1959 (as in effect before the enactment of the
14 Cranston-Gonzalez National Affordable Housing
15 Act).

16 (2) BUDGET ACT COMPLIANCE.—The authority
17 of the Secretary to cancel indebtedness under para-
18 graph (1) shall be effective only to the extent or in
19 such amounts as are or have been provided in ad-
20 vance in appropriation Acts.

21 (c) CANCELLATION OF RENTAL ASSISTANCE CON-
22 TRACTS AND USE OF PROJECT FUNDS.—

23 (1) IN GENERAL.—For each housing project for
24 which debt is canceled under subsection (b) of this
25 section pursuant to a request for conversion under

1 subsection (a), the Secretary shall cancel any con-
2 tract for rental assistance for the project under sec-
3 tion 8 of the United States Housing Act of 1937 (or
4 any other contract for rental housing assistance
5 under a program of the Department of Housing and
6 Urban Development, including the rent supplement
7 program under section 101 of the Housing and
8 Urban Development Act of 1965 (12 U.S.C.
9 1701s)).

10 (2) USE OF UNEXPENDED AMOUNTS.—
11 Amounts previously obligated for such contract that
12 remain unexpended shall be used as follows:

13 (A) PROJECT RENTAL ASSISTANCE CON-
14 TRACT.—Remaining amounts shall be used
15 first, to the extent necessary, to provide rental
16 assistance for the project, under a contract for
17 project rental assistance under section
18 202(c)(2) of the Housing Act of 1959 (12
19 U.S.C. 1701q(e)(2)), that—

20 (i) has a duration that is not less than
21 the remainder of the section 8 or other
22 rental housing assistance contract can-
23 celed; and

24 (ii) provides assistance in an annual
25 amount that is equal to the aggregate

1 amount provided during the last 12-month
2 period under the section 8 or other rental
3 housing assistance contract for the project
4 canceled (pursuant to paragraph (1) of
5 this subsection), less the portion of such
6 assistance that is attributable to debt serv-
7 ice for the loan on the project canceled
8 under subsection (b) of this section, sub-
9 ject to an annual adjustment of existing
10 rents under the contract by an operating
11 cost adjustment factor established by the
12 Secretary (which shall not result in a nega-
13 tive adjustment).

14 (B) CREDIT AGAINST LOAN CANCELLA-
15 TION.—Amounts remaining after compliance
16 with subparagraph (A) shall, on a fiscal year
17 basis, be transferred to the account covering the
18 loan for the project canceled pursuant to sub-
19 section (b) and shall be credited as offsetting
20 collection to such account, in an amount for
21 each fiscal year that is equal to the amount of
22 indebtedness canceled for such year pursuant
23 such subsection.

24 (C) RETROFITTING, RENOVATION, AND
25 SERVICE COORDINATORS.—Any amounts re-

1 maintaining after compliance with subparagraphs
2 (A) and (B) may be used, to the extent the Sec-
3 retary considers appropriate, to retrofit or ren-
4 ovate the project or provide a service coordi-
5 nator for residents of the project, to the same
6 extent that such activities are authorized to be
7 provided under section 802 of the Cranston-
8 Gonzalez National Affordable Housing Act to
9 housing assisted under such section.

10 Any such unexpended amounts in excess of the
11 amount used in accordance with subparagraphs (A)
12 through (C) shall be recaptured by the Secretary.

13 (3) USE OF PROJECT FUNDS.—In converting
14 the financing of any housing project pursuant to this
15 section, the Secretary may authorize the owner of
16 the project to use any residual receipts held for the
17 project that exceed \$500 per unit (or such other
18 amount as the Secretary may prescribe based on the
19 needs of the project) in accordance with paragraph
20 (2) to improve the market viability, affordability, or
21 service to low-income elderly residents of the project.

22 (d) THIRD PARTY PROCESSING.—The Secretary may
23 enter into contracts with public or private entities as the
24 Secretary considers appropriate to facilitate efficient proc-

1 essing of elderly housing project conversions under this
2 section.

3 (e) TENANT PROTECTIONS.—Notwithstanding any
4 provision of section 202 of the Housing Act of 1959, as
5 amended by section 801 of the Cranston-Gonzalez Na-
6 tional Affordable Housing Act (12 U.S.C. 1701q)—

7 (1) any tenant who, at the time of the conver-
8 sion under this section of the financing for a housing
9 project, is lawfully residing in a dwelling unit in the
10 project, may not be considered to be ineligible for
11 continued residency in the project after such date
12 because such tenant is not a very low-income elderly
13 person; and

14 (2) very low-income persons with disabilities (as
15 such term is defined in section 811 of the Cranston-
16 Gonzalez National Affordable Housing Act) shall be
17 eligible for occupancy in such project, and units in
18 the project shall be reserved for occupancy by such
19 persons in not less than the same ratio that units
20 in such project are occupied, upon the date of con-
21 version under this section, by handicapped families
22 (as such term is defined in section 202 of the Hous-
23 ing Act of 1959, as in effect before the enactment
24 of the Cranston-Gonzalez National Affordable Hous-
25 ing Act).

1 (f) WAIVER AUTHORITY.—The Secretary may waive
2 the applicability of any provision of law or regulation nec-
3 essary to carry out this section.

4 (g) STUDY OF DEBT FORGIVENESS.—

5 (1) IN GENERAL.—The Secretary shall conduct
6 an analysis of the net impact on the Federal budget
7 deficit or surplus of making available, on a one-time
8 basis, to sponsors of projects assisted under section
9 202 of the Housing Act of 1959 (as in effect before
10 the enactment of the Cranston-Gonzalez National
11 Affordable Housing Act), forgiveness of any indebt-
12 edness to the Secretary relating to any remaining
13 principal and interest under loans made under such
14 section, together with a dollar for dollar reduction in
15 the amount of rental assistance under section 8 of
16 the United States Housing Act of 1937 or other
17 rental assistance provided for such project. Such
18 analysis shall take into consideration the full cost of
19 future appropriations for rental assistance under
20 such section 8 expected to be provided if such debt
21 forgiveness does not take place, notwithstanding cur-
22 rent budgetary treatment of such actions pursuant
23 to the Congressional Budget Act of 1974.

24 (2) REPORT.—Not later than the expiration of
25 the 3-month period beginning on the date of the en-

1 actment of this Act, the Secretary shall submit a re-
2 port to the Congress containing the quantitative re-
3 sults of the analysis and an enumeration of any
4 project or administrative benefits of such actions.

5 **SEC. 102. PREPAYMENT AND REFINANCING.**

6 (a) APPROVAL OF PREPAYMENT OF DEBT.—Upon
7 request of the project sponsor of a project assisted with
8 a loan under section 202 of the Housing Act of 1959 (as
9 in effect before the enactment of the Cranston-Gonzalez
10 National Affordable Housing Act), the Secretary shall ap-
11 prove the prepayment of any indebtedness to the Secretary
12 relating to any remaining principal and interest under the
13 loan as part of a prepayment plan under which—

14 (1) the project sponsor agrees to operate the
15 project until the maturity date of the original loan
16 under terms at least as advantageous to existing and
17 future tenants as the terms required by the original
18 loan agreement or any rental assistance payments
19 contract under section 8 of the United States Hous-
20 ing Act of 1937 (or any other rental housing assist-
21 ance programs of the Department of Housing and
22 Urban Development, including the rent supplement
23 program under section 101 of the Housing and
24 Urban Development Act of 1965 (12 U.S.C. 1701s))
25 relating to the project; and

1 (2) the prepayment may involve refinancing of
2 the loan if such refinancing results in a lower inter-
3 est rate on the principal of the loan for the project
4 and in reductions in debt service related to such
5 loan.

6 (b) SOURCES OF REFINANCING.—In the case of pre-
7 payment under this section involving refinancing, the
8 project sponsor may refinance the project through any
9 third party source, including financing by State and local
10 housing finance agencies, use of tax-exempt bonds, multi-
11 family mortgage insurance under the National Housing
12 Act, reinsurance, or other credit enhancements, including
13 risk sharing as provided under section 542 of the Housing
14 and Community Development Act of 1992 (12 U.S.C.
15 1707 note). For purposes of underwriting a loan insured
16 under the National Housing Act, the Secretary may as-
17 sume that any section 8 rental assistance contract relating
18 to a project will be renewed for the term of such loan.

19 (c) USE OF UNEXPENDED AMOUNTS.—Upon execu-
20 tion of the refinancing for a project pursuant to this sec-
21 tion, the Secretary shall make available at least 50 percent
22 of the annual savings resulting from reduced section 8 or
23 other rental housing assistance contracts in a manner that
24 is advantageous to the tenants, including—

1 (1) not more than 15 percent of the cost of in-
2 creasing the availability or provision of supportive
3 services, which may include the financing of service
4 coordinators and congregate services;

5 (2) rehabilitation, modernization, or retrofitting
6 of structures, common areas, or individual dwelling
7 units;

8 (3) construction of an addition or other facility
9 in the project, including assisted living facilities (or,
10 upon the approval of the Secretary, facilities located
11 in the community where the project sponsor refi-
12 nances a project under this section, or pools shared
13 resources from more than one such project); or

14 (4) rent reduction of unassisted tenants resid-
15 ing in the project according to a pro rata allocation
16 of shared savings resulting from the refinancing.

17 (d) USE OF CERTAIN PROJECT FUNDS.—The Sec-
18 retary shall allow a project sponsor that is prepaying and
19 refinancing a project under this section—

20 (1) to use any residual receipts held for that
21 project in excess of \$500 per individual dwelling unit
22 for not more than 15 percent of the cost of activities
23 designed to increase the availability or provision of
24 supportive services; and

1 (2) to use any reserves for replacement in ex-
2 cess of \$1,000 per individual dwelling unit for activi-
3 ties described in paragraphs (2) and (3) of sub-
4 section (c).

5 (e) BUDGET ACT COMPLIANCE.—This section shall
6 be effective only to extent or in such amounts that are
7 provided in advance in appropriation Acts.

8 **TITLE II—AUTHORIZATION OF**
9 **APPROPRIATIONS FOR SUP-**
10 **PORTIVE HOUSING FOR THE**
11 **ELDERLY AND PERSONS WITH**
12 **DISABILITIES**

13 **SEC. 201. SUPPORTIVE HOUSING FOR ELDERLY PERSONS.**

14 Section 202 of the Housing Act of 1959 (12 U.S.C.
15 1701q) is amended by adding at the end the following new
16 subsection:

17 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated for providing assistance
19 under this section \$700,000,000 for fiscal year 2000 and
20 such sums as may be necessary for each of fiscal years
21 2001, 2002, 2003, and 2004. Of the amount provided in
22 appropriation Acts for assistance under this section in
23 each such fiscal year, 5 percent shall be available only for
24 providing assistance in accordance with the requirements
25 under subsection (c)(4) (relating to matching funds), ex-

1 cept that if there insufficient eligible applicants for such
2 assistance, any amount remaining shall be used for assist-
3 ance under this section.”.

4 **SEC. 202. SUPPORTIVE HOUSING FOR PERSONS WITH DIS-**
5 **ABILITIES.**

6 Section 811 of the Cranston-Gonzalez National Af-
7 fordable Housing Act (42 U.S.C. 8013) is amended—

8 (1) by redesignating subsection (m) as sub-
9 section (n); and

10 (2) by inserting after subsection (l) the fol-
11 lowing new subsection:

12 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
13 is authorized to be appropriated for providing assistance
14 under this section \$225,000,000 for fiscal year 2000 and
15 such sums as may be necessary for each of fiscal years
16 2001, 2002, 2003, and 2004. Of the amount provided in
17 appropriation Acts for assistance under this section in
18 each such fiscal year, 5 percent shall be available only for
19 providing assistance in accordance with the requirements
20 under subsection (d)(5) (relating to matching funds), ex-
21 cept that if there insufficient eligible applicants for such
22 assistance, any amount remaining shall be used for assist-
23 ance under this section.”.

1 **SEC. 203. SERVICE COORDINATORS AND CONGREGATE**
2 **SERVICES FOR ELDERLY AND DISABLED**
3 **HOUSING.**

4 (a) **AUTHORIZATION OF APPROPRIATIONS FOR FED-**
5 **ERALLY ASSISTED HOUSING.**—There is authorized to be
6 appropriated to the Secretary of Housing and Urban De-
7 velopment \$50,000,000 for fiscal year 2000, and such
8 sums as may be necessary for each of fiscal years 2001
9 and 2002, for the following purposes:

10 (1) **GRANTS FOR SERVICE COORDINATORS FOR**
11 **CERTAIN FEDERALLY ASSISTED MULTIFAMILY HOUS-**
12 **ING.**—For grants under section 676 of the Housing
13 and Community Development Act of 1992 (42
14 U.S.C. 13632) for providing service coordinators.

15 (2) **CONGREGATE SERVICES FOR FEDERALLY**
16 **ASSISTED HOUSING.**—For contracts under section
17 802 of the Cranston-Gonzalez National Affordable
18 Housing Act (42 U.S.C. 8011) to provide congregate
19 services programs for eligible residents of eligible
20 housing projects under subparagraphs (B) through
21 (D) of subsection (k)(6) of such section.

22 (b) **PUBLIC HOUSING.**—There is authorized to be ap-
23 propriated to the Secretary of Housing and Urban Devel-
24 opment for fiscal year 2000 for grants for use only for
25 activities described in paragraph (2) of section 34(b) of

1 the United States Housing Act of 1937 (42 U.S.C. 1437z–
2 6(b)(2))—

3 (1) such sums as may be necessary for renewal
4 of all grants made in prior fiscal years for providing
5 service coordinators and congregate services for the
6 elderly and disabled in public housing; and

7 (2) \$11,000,000 for grants in addition to such
8 renewal grants.

9 **TITLE III—EXPANDING HOUSING**
10 **OPPORTUNITIES FOR THE EL-**
11 **DERLY AND PERSONS WITH**
12 **DISABILITIES**

13 **Subtitle A—Housing for the Elderly**

14 **SEC. 301. MATCHING GRANT PROGRAM.**

15 Section 202 of the Housing Act of 1959 (12 U.S.C.
16 1701q) is amended—

17 (1) in subsection (b), in the second sentence, by
18 inserting “or through matching grants under sub-
19 section (c)(4)” after “subsection (c)(1)”; and

20 (2) in subsection (c), by adding at the end the
21 following new paragraph:

22 “(4) MATCHING GRANTS.—

23 “(A) IN GENERAL.—Amounts made avail-
24 able for assistance under this paragraph shall
25 be used only for capital advances in accordance

1 with paragraph (1), except that the Secretary
2 shall require that, as a condition of providing
3 assistance under this paragraph for a project,
4 the applicant for assistance shall supplement
5 the assistance with amounts from sources other
6 than this section in an amount that is not less
7 than 25 to 50 percent (as the Secretary may
8 determine) of the amount of assistance provided
9 pursuant to this paragraph for the project.

10 “(B) REQUIREMENT FOR NON-FEDERAL
11 FUNDS.—Not less than 50 percent of supple-
12 mental amounts provided for a project pursuant
13 to subparagraph (A) shall be from non-Federal
14 sources. Such supplemental amounts may in-
15 clude the value of any in-kind contributions, in-
16 cluding donated land, structures, equipment,
17 and other contributions as the Secretary con-
18 siders appropriate, but only if the existence of
19 such in-kind contributions results in the con-
20 struction of more dwelling units than would
21 have been constructed absent such contribu-
22 tions.

23 “(C) INCOME ELIGIBILITY.—Notwith-
24 standing any other provision of this section, the
25 Secretary shall provide that, in a project as-

1 sisted under this paragraph, a number of dwell-
2 ing units may be made available for occupancy
3 by elderly persons who are not very low-income
4 persons in a number such that the ratio that
5 the number of dwelling units in the project so
6 occupied bears to the total number of units in
7 the project does not exceed the ratio that the
8 amount from non-Federal sources provided for
9 the project pursuant to this paragraph bears to
10 the sum of the capital advances provided for the
11 project under this paragraph and all supple-
12 mental amounts for the project provided pursu-
13 ant to this paragraph.”.

14 **SEC. 302. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNER-**
15 **SHIPS.**

16 Section 202(k)(4) of the Housing Act of 1959 (12
17 U.S.C. 1701q(k)(4)) is amended by adding after and
18 below subparagraph (C) the following new sentence:

19 “Such term includes a for-profit limited partnership
20 the sole general partner of which is an organization
21 meeting the requirements under subparagraphs (A),
22 (B), and (C) and a corporation wholly owned by an
23 organization meeting the requirements under sub-
24 paragraphs (A), (B), and (C).”.

1 **SEC. 303. MIXED FUNDING SOURCES.**

2 Section 202(h)(6) of the Housing Act of 1959 (12
3 U.S.C. 1701q(h)(6)) is amended by striking “non-Federal
4 sources” and inserting “sources other than this section”.

5 **SEC. 304. AUTHORITY TO ACQUIRE STRUCTURES.**

6 Section 202 of the Housing Act of 1959 (12 U.S.C.
7 1701q) is amended—

8 (1) in subsection (b), by striking “from the
9 Resolution Trust Corporation”; and

10 (2) in subsection (h)(2)—

11 (A) in the heading for subparagraph (A),
12 by striking “RTC PROPERTIES” and inserting
13 “ACQUISITION”; and

14 (B) by striking “from the Resolution” and
15 all that follows through “Insurance Act”.

16 **SEC. 305. MIXED-INCOME OCCUPANCY.**

17 (a) IN GENERAL.—The first sentence of section
18 202(i)(1) of the Housing Act of 1959 (12 U.S.C.
19 1701q(i)(1)) is amended by striking “and (B)” and insert-
20 ing the following: “(B) notwithstanding clause (A) and in
21 the case only of a supportive housing project for the elder-
22 ly which has a high vacancy level (as such term is defined
23 by the Secretary, but which shall not include vacancy upon
24 the initial availability of units in a building), consistent
25 with the purpose of improving housing opportunities for
26 very low- and low-income elderly persons; and (C).”.

1 (b) AVAILABILITY OF UNITS.—Section 202(i) of the
2 Housing Act of 1959 (12 U.S.C. 1701q(i)) is amended by
3 adding at the end the following new paragraph:

4 “(3) AVAILABILITY OF UNITS.—In the case of
5 a supportive housing project described in subsection
6 (i)(1)(B) that has a vacant dwelling unit, an owner
7 may not make a dwelling unit available for occu-
8 pancy by, nor make any commitment to provide oc-
9 cupancy in the unit to, a low-income family that is
10 not a very low-income family unless each eligible
11 very low-income family that has applied for occu-
12 pancy in the project has been offered an opportunity
13 to accept occupancy in a unit in the project.”.

14 (b) CONFORMING AMENDMENTS.—Section 202 of the
15 Housing Act of 1959 (12 U.S.C. 1701q) is amended—

16 (1) in subsection (c)—

17 (A) in paragraph (1), by inserting after
18 “elderly persons” the following: “, and for low-
19 income elderly persons to the extent such occu-
20 pancy is made available pursuant to subsection
21 (i)(1)(B),”;

22 (B) in the first sentence of paragraph (2),
23 by inserting after “elderly persons” the fol-
24 lowing: “or by low-income elderly persons (to

1 the extent such occupancy is made available
2 pursuant to subsection (i)(1)(B))”; and

3 (C) in paragraph (3), by inserting after
4 “very low-income person” the following: “or a
5 low-income person (to the extent such occu-
6 pancy is made available pursuant to subsection
7 (i)(1)(B))”;

8 (2) in subsection (d)(1), by inserting after “el-
9 derly persons” the following: “, and low-income el-
10 derly persons to the extent such occupancy is made
11 available pursuant to subsection (i)(1)(B),”; and

12 (3) in subsection (k)—

13 (A) by redesignating paragraphs (3)
14 through (8) as paragraphs (4) through (9), re-
15 spectively; and

16 (B) by inserting after paragraph (2) the
17 following new paragraph:

18 “(3) LOW-INCOME.—The term ‘low-income’ has
19 the same meaning given the term ‘low-income fami-
20 lies’ under section 3(b)(2) of the United States
21 Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).”.

22 **SEC. 306. USE OF PROJECT RESERVES.**

23 Section 202(j) of the Housing Act of 1959 (12 U.S.C.
24 1701q(j)) is amended by adding at the end the following
25 new paragraph:

1 “(8) USE OF PROJECT RESERVES.—Amounts
2 for project reserves for a project assisted under this
3 section may be used for costs, subject to reasonable
4 limitations as the Secretary determines appropriate,
5 for reducing the number of dwelling units in the
6 project. Such use shall be subject to the approval of
7 the Secretary to ensure that the use is designed to
8 retrofit units that are currently obsolete or unmar-
9 ketable.”.

10 **SEC. 307. COMMERCIAL ACTIVITIES.**

11 Section 202(h)(1) of the Housing Act of 1959 (12
12 U.S.C. 1701q(h)(1)) is amended by adding at the end the
13 following new sentence: “Neither this section nor any
14 other provision of law may be construed as prohibiting or
15 preventing the location and operation, in a project assisted
16 under this section, of commercial facilities for the benefit
17 of residents of the project and the community in which
18 the project is located.”.

19 **SEC. 308. MIXED FINANCE PILOT PROGRAM.**

20 (a) AUTHORITY.—The Secretary of Housing and
21 Urban Development shall carry out a pilot program under
22 this section to determine the effectiveness and feasibility
23 of providing assistance under section 202 of the Housing
24 Act of 1959 (12 U.S.C. 1701q) for housing projects that
25 are used both for supportive housing for the elderly and

1 for other types of housing, which may include market rate
2 housing.

3 (b) SCOPE.—Under the pilot program the Secretary
4 shall provide, to the extent that sufficient approvable ap-
5 plications for such assistance are received, assistance in
6 the manner provided under subsection (d) for not more
7 than five housing projects.

8 (c) MIXED USE.—The Secretary shall require, for a
9 project to be assisted under the pilot program—

10 (1) that a portion of the dwelling units in the
11 project be reserved for use in accordance with, and
12 subject to, the requirements applicable to units as-
13 sisted under section 202 of the Housing Act of
14 1959; and

15 (2) that the remainder of the dwelling units be
16 used for other purposes.

17 (d) FINANCING.—The Secretary may use amounts
18 provided for assistance under section 202 of the Housing
19 Act of 1959 for assistance under the pilot program for
20 capital advances in accordance with subsection (d)(1) of
21 such section and project rental assistance in accordance
22 with subsection (d)(2) of such section, only for dwelling
23 units described in subsection (c)(1) of this section. Any
24 assistance provided pursuant to subsection (d)(1) of such
25 section 202 shall be provided in the form of a capital ad-

1 vance, subject to repayment as provided in such sub-
2 section, and shall not be structured as a loan. The Sec-
3 retary shall take such action as may be necessary to en-
4 sure that the repayment contingency under such sub-
5 section is enforceable for projects assisted under the pilot
6 program and to provide for appropriate protections of the
7 interests of the Secretary in relation to other interests in
8 the projects so assisted.

9 (e) WAIVER AUTHORITY.—Notwithstanding sub-
10 section (c)(1) of this section, the Secretary may waive the
11 applicability of any provision of section 202 of the Hous-
12 ing Act of 1959 for any project assisted under the pilot
13 program under this section as may be appropriate to carry
14 out the program, except to the extent inconsistent with
15 this section.

16 **SEC. 309. GRANTS FOR CONVERSION OF ELDERLY HOUSING**
17 **TO ASSISTED LIVING FACILITIES.**

18 Title II of the Housing Act of 1959 is amended by
19 inserting after section 202a (12 U.S.C. 1701q–1) the fol-
20 lowing new section:

21 **“SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUS-**
22 **ING TO ASSISTED LIVING FACILITIES.**

23 “(a) GRANT AUTHORITY.—The Secretary of Housing
24 and Urban Development may make grants in accordance

1 with this section to owners of eligible projects described
2 in subsection (b) for one or both of the following activities:

3 “(1) REPAIRS.—Substantial capital repairs to a
4 project that are needed to rehabilitate, modernize, or
5 retrofit aging structures, common areas, or indi-
6 vidual dwelling units.

7 “(2) CONVERSION.—Activities designed to con-
8 vert dwelling units in the eligible project to assisted
9 living facilities for elderly persons.

10 “(b) ELIGIBLE PROJECTS.—An eligible project de-
11 scribed in this subsection is a multifamily housing project
12 that is—

13 “(1) described in subparagraph (B), (C), (D),
14 (E), (F), or (G) of section 683(2) of the Housing
15 and Community Development Act of 1992 (42
16 U.S.C. 13641(2)), or (B) only to the extent amounts
17 of the Department of Agriculture are made available
18 to the Secretary of Housing and Urban Development
19 for such grants under this section for such projects,
20 subject to a loan made or insured under section 515
21 of the Housing Act of 1949 (42 U.S.C. 1485);

22 “(2) owned by a private nonprofit organization
23 (as such term is defined in section 202); and

24 “(3) designated primarily for occupancy by el-
25 derly persons.

1 Notwithstanding any other provision of this subsection or
2 this section, an unused or underutilized commercial prop-
3 erty may be considered an eligible project under this sub-
4 section, except that the Secretary may not provide grants
5 under this section for more than three such properties. For any
6 such projects, any reference under this section to dwelling
7 units shall be considered to refer to the premises of such
8 properties.

9 “(c) APPLICATIONS.—Applications for grants under
10 this section shall be submitted to the Secretary in accord-
11 ance with such procedures as the Secretary shall establish.
12 Such applications shall contain—

13 “(1) a description of the substantial capital re-
14 pairs or the proposed conversion activities for which
15 a grant under this section is requested;

16 “(2) the amount of the grant requested to com-
17 plete the substantial capital repairs or conversion ac-
18 tivities;

19 “(3) a description of the resources that are ex-
20 pected to be made available, if any, in conjunction
21 with the grant under this section; and

22 “(4) such other information or certifications
23 that the Secretary determines to be necessary or ap-
24 propriate.

1 “(d) FUNDING FOR SERVICES.—The Secretary may
2 not make a grant under this section for conversion activi-
3 ties unless the application contains sufficient evidence, in
4 the determination of the Secretary, of firm commitments
5 for the funding of services to be provided in the assisted
6 living facility, which may be provided by third parties.

7 “(e) SELECTION CRITERIA.—The Secretary shall se-
8 lect applications for grants under this section based upon
9 selection criteria, which shall be established by the Sec-
10 retary and shall include—

11 “(1) in the case of a grant for substantial cap-
12 ital repairs, the extent to which the project to be re-
13 paired is in need of such repair, including such fac-
14 tors as the age of improvements to be repaired, and
15 the impact on the health and safety of residents of
16 failure to make such repairs;

17 “(2) in the case of a grant for conversion activi-
18 ties, the extent to which the conversion is likely to
19 provide assisted living facilities that are needed or
20 are expected to be needed by the categories of elder-
21 ly persons that the assisted living facility is intended
22 to serve, with a special emphasis on very low-income
23 elderly persons who need assistance with activities of
24 daily living;

1 “(3) the inability of the applicant to fund the
2 repairs or conversion activities from existing finan-
3 cial resources, as evidenced by the applicant’s finan-
4 cial records, including assets in the applicant’s resid-
5 ual receipts account and reserves for replacement ac-
6 count;

7 “(4) the extent to which the applicant has evi-
8 denced community support for the repairs or conver-
9 sion, by such indicators as letters of support from
10 the local community for the repairs or conversion
11 and financial contributions from public and private
12 sources;

13 “(5) in the case of a grant for conversion activi-
14 ties, the extent to which the applicant demonstrates
15 a strong commitment to promoting the autonomy
16 and independence of the elderly persons that the as-
17 sisted living facility is intended to serve;

18 “(6) in the case of a grant for conversion activi-
19 ties, the quality, completeness, and managerial capa-
20 bility of providing the services which the assisted liv-
21 ing facility intends to provide to elderly residents,
22 especially in such areas as meals, 24-hour staffing,
23 and on-site health care; and

1 units in an eligible projects described in subsection (b) to
2 assisted living facilities for elderly persons.

3 “(b) ELIGIBLE PROJECTS.—An eligible project de-
4 scribed in this subsection is a public housing project (or
5 a portion thereof) that has been designated under section
6 7 for occupancy only by elderly persons.

7 “(c) APPLICATIONS.—Applications for grants under
8 this section shall be submitted to the Secretary in accord-
9 ance with such procedures as the Secretary shall establish.
10 Such applications shall contain—

11 “(1) a description of the proposed conversion
12 activities for which a grant under this section is re-
13 quested;

14 “(2) the amount of the grant requested;

15 “(3) a description of the resources that are ex-
16 pected to be made available, if any, in conjunction
17 with the grant under this section; and

18 “(4) such other information or certifications
19 that the Secretary determines to be necessary or ap-
20 propriate.

21 “(d) FUNDING FOR SERVICES.—The Secretary may
22 not make a grant under this section unless the application
23 contains sufficient evidence, in the determination of the
24 Secretary, of firm commitments for the funding of services
25 to be provided in the assisted living facility.

1 “(e) SELECTION CRITERIA.—The Secretary shall se-
2 lect applications for grants under this section based upon
3 selection criteria, which shall be established by the Sec-
4 retary and shall include—

5 “(1) the extent to which the conversion is likely
6 to provide assisted living facilities that are needed or
7 are expected to be needed by the categories of elder-
8 ly persons that the assisted living facility is intended
9 to serve;

10 “(2) the inability of the public housing agency
11 to fund the conversion activities from existing finan-
12 cial resources, as evidenced by the agency’s financial
13 records;

14 “(3) the extent to which the agency has evi-
15 denced community support for the conversion, by
16 such indicators as letters of support from the local
17 community for the conversion and financial contribu-
18 tions from public and private sources;

19 “(4) extent to which the applicant demonstrates
20 a strong commitment to promoting the autonomy
21 and independence of the elderly persons that the as-
22 sisted living facility is intended to serve;

23 “(5) the quality, completeness, and managerial
24 capability of providing the services which the as-
25 sisted living facility intends to provide to elderly

1 residents, especially in such areas as meals, 24-hour
2 staffing, and on-site health care; and

3 “(6) such other criteria as the Secretary deter-
4 mines to be appropriate to ensure that funds made
5 available under this section are used effectively.

6 “(f) DEFINITION.—For the purposes of this section,
7 the term ‘assisted living facility’ has the meaning given
8 such term in section 232(b) of the National Housing Act
9 (12 U.S.C. 1715w(b)).

10 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
11 is authorized to be appropriated for providing grants
12 under this section such sums as may be necessary for each
13 of fiscal years 2000, 2001, 2002, 2003, and 2004.”.

14 **SEC. 311. USE OF SECTION 8 ASSISTANCE FOR ASSISTED**
15 **LIVING FACILITIES.**

16 (a) VOUCHER ASSISTANCE.—Section 8(o) of the
17 United States Housing Act of 1937 (42 U.S.C. 1437f(o))
18 is amended by adding at the end the following new para-
19 graph:

20 “(18) RENTAL ASSISTANCE FOR ASSISTED LIV-
21 ING FACILITIES.—

22 “(A) IN GENERAL.—A public housing
23 agency may make assistance payments on be-
24 half of a family that uses an assisted living fa-
25 cility as a principal place of residence and that

1 uses such supportive services made available in
2 the facility as the agency may require. Such
3 payments may be made only for covering costs
4 of rental of the dwelling unit in the assisted liv-
5 ing facility and not for covering any portion of
6 the cost of residing in such facility that is at-
7 tributable to service relating to assisted living.

8 “(B) RENT CALCULATION.—

9 “(i) CHARGES INCLUDED.—For as-
10 sistance pursuant to this paragraph, the
11 rent of the dwelling unit that is a assisted
12 living facility with respect to which assist-
13 ance payments are made shall include
14 maintenance and management charges re-
15 lated to the dwelling unit and tenant-paid
16 utilities. Such rent shall not include any
17 charges attributable to services relating to
18 assisted living.

19 “(ii) PAYMENT STANDARD.—In deter-
20 mining the monthly assistance that may be
21 paid under this paragraph on behalf of any
22 family residing in an assisted living facil-
23 ity, the public housing agency shall utilize
24 the payment standard established under
25 paragraph (1), for the market area in

1 which the assisted living facility is located,
2 for the applicable size dwelling unit.

3 “(iii) MONTHLY ASSISTANCE PAY-
4 MENT.—The monthly assistance payment
5 for a family assisted under this paragraph
6 shall be determined in accordance with
7 paragraph (2) (using the rent and payment
8 standard for the dwelling unit as deter-
9 mined in accordance with this subsection).

10 “(C) DEFINITION.—For the purposes of
11 this paragraph, the term ‘assisted living facility’
12 has the meaning given that term in section
13 232(b) of the National Housing Act (12 U.S.C.
14 1715w(b)), except that such a facility may be
15 contained within a portion of a larger multi-
16 family housing project.”.

17 (b) PROJECT-BASED ASSISTANCE.—Section 202b of
18 the Housing Act of 1959, as added by section 2 of this
19 Act, is amended—

20 (1) by redesignating subsections (f) and (g) as
21 subsections (g) and (h), respectively; and

22 (2) by inserting after subsection (e) the fol-
23 lowing new subsection:

24 “(f) SECTION 8 PROJECT-BASED ASSISTANCE.—

1 “(1) ELIGIBILITY.—Notwithstanding any other
2 provision of law, a multifamily project which in-
3 cludes one or more dwelling units that have been
4 converted to assisted living facilities using grants
5 made under this section shall be eligible for project-
6 based assistance under section 8 of the United
7 States Housing Act of 1937, in the same manner in
8 which the project would be eligible for such assist-
9 ance but for the assisted living facilities in the
10 project.

11 “(2) CALCULATION OF RENT.—For assistance
12 pursuant to this subsection, the maximum monthly
13 rent of a dwelling unit that is an assisted living fa-
14 cility with respect to which assistance payments are
15 made shall not include charges attributable to serv-
16 ices relating to assisted living.”.

17 **SEC. 312. ANNUAL HUD INVENTORY OF ASSISTED HOUSING**
18 **DESIGNATED FOR ELDERLY PERSONS.**

19 Subtitle D of title VI of the Housing and Community
20 Development Act of 1992 (42 U.S.C. 13611 et seq.) is
21 amended by adding at the end the following new section:

1 **“SEC. 662. ANNUAL INVENTORY OF ASSISTED HOUSING**
2 **DESIGNATED FOR ELDERLY PERSONS.**

3 “(a) IN GENERAL.—The Secretary shall establish
4 and maintain, and on an annual basis shall update and
5 publish, an inventory of housing that—

6 “(1) is assisted under a program of the Depart-
7 ment of Housing and Urban Development, including
8 all federally assisted housing; and

9 “(2) is designated, in whole or in part, for occu-
10 pancy by elderly families or disabled families, or
11 both.

12 “(b) CONTENTS.—The inventory required under this
13 section shall identify housing described in subsection (a)
14 and the number of dwelling units in such housing that—

15 “(1) are in projects designated for occupancy
16 only by elderly families;

17 “(2) are in projects designated for occupancy
18 only by disabled families;

19 “(3) contain special features or modifications
20 designed to accommodate persons with disabilities
21 and are in projects designated for occupancy only by
22 disabled families;

23 “(4) are in projects for which a specific per-
24 centage or number of the dwelling units are des-
25 ignated for occupancy only by elderly families;

1 “(5) are in projects for which a specific per-
2 centage or number of the dwelling units are des-
3 ignated for occupancy only by disabled families; and

4 “(6) are in projects designed for occupancy only
5 by both elderly or disabled families.

6 “(c) PUBLICATION.—The Secretary shall annually
7 publish the inventory required under this section in the
8 Federal Register and shall make the inventory available
9 to the public by posting on a World Wide Web site of the
10 Department.”.

11 **SEC. 313. TREATMENT OF APPLICATIONS.**

12 (a) IN GENERAL.—Notwithstanding any other provi-
13 sion of law or any regulation of the Secretary of Housing
14 and Urban Development, in the case of any denial of an
15 application for assistance under section 202 of the Hous-
16 ing Act of 1959 (12 U.S.C. 1701q) for failure to timely
17 provide information required by the Secretary, the Sec-
18 retary shall notify the applicant of the failure and provide
19 the applicant an opportunity to show that the failure was
20 due to the failure of a third party to provide information
21 under the control of the third party. If the applicant dem-
22 onstrates, within a reasonable period of time after notifi-
23 cation of such failure, that the applicant did not have such
24 information but requested the timely provision of such in-
25 formation by the third party, the Secretary may not deny

1 the application on the grounds of failure to timely provide
2 such information.

3 (b) APPLICABILITY.—This section shall have no force
4 or effect after the expiration of the 12-month period begin-
5 ning on the date of the enactment of this Act.

6 **Subtitle B—Housing for Persons** 7 **With Disabilities**

8 **SEC. 321. MATCHING GRANT PROGRAM.**

9 Section 811 of the Cranston-Gonzalez National Af-
10 fordable Housing Act (42 U.S.C. 8013) is amended—

11 (1) in subsection (b)(2)(A), by inserting “or
12 through matching grants under subsection (d)(5)”
13 after “subsection (d)(1)”; and

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

16 “(5) MATCHING GRANTS.—

17 “(A) IN GENERAL.—Amounts made avail-
18 able for assistance under this paragraph shall
19 be used only for capital advances in accordance
20 with paragraph (1), except that the Secretary
21 shall require that, as a condition of providing
22 assistance under this paragraph for a project,
23 the applicant for assistance shall supplement
24 the assistance with amounts from sources other
25 than this section in an amount that is not less

1 than 25 to 50 percent (as the Secretary may
2 determine) of the amount of assistance provided
3 pursuant to this paragraph for the project.

4 “(B) REQUIREMENT FOR NON-FEDERAL
5 FUNDS.—Not less than 50 percent of supple-
6 mental amounts provided for a project pursuant
7 to subparagraph (A) shall be from non-Federal
8 sources. Such supplemental amounts may in-
9 clude the value of any in-kind contributions, in-
10 cluding donated land, structures, equipment,
11 and other contributions as the Secretary con-
12 siders appropriate, but only if the existence of
13 such in-kind contributions results in the con-
14 struction of more dwelling units than would
15 have been constructed absent such contribu-
16 tions.

17 “(C) INCOME ELIGIBILITY.—Notwith-
18 standing any other provision of this section, the
19 Secretary shall provide that, in a project as-
20 sisted under this paragraph, a number of dwell-
21 ing units may be made available for occupancy
22 by persons with disabilities who are not very
23 low-income persons in a number such that the
24 ration that the number of dwelling units in the
25 project so occupied bears to the total number of

1 units in the project does not exceed the ratio
2 that the amount from non-Federal sources pro-
3 vided for the project pursuant to this paragraph
4 bears to the sum of the capital advances pro-
5 vided for the project under this paragraph and
6 all supplemental amounts for the project pro-
7 vided pursuant to this paragraph.”.

8 **SEC. 322. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNER-**
9 **SHIPS.**

10 Section 811(k)(6) of the Housing Act of 1959 (42
11 U.S.C. 8013(k)(6)) is amended by adding after and below
12 subparagraph (D) the following new sentence:

13 “Such term includes a for-profit limited partnership
14 the sole general partner of which is an organization
15 meeting the requirements under subparagraphs (A),
16 (B), (C), and (D) and a corporation wholly owned
17 by an organization meeting the requirements under
18 subparagraphs (A), (B), (C), and (D).”.

19 **SEC. 323. MIXED FUNDING SOURCES.**

20 Section 811(h)(5) of the Cranston-Gonzalez National
21 Affordable Housing Act (42 U.S.C. 8013(h)(5)) is amend-
22 ed by striking “non-Federal sources” and inserting
23 “sources other than this section”.

1 **SEC. 324. TENANT-BASED ASSISTANCE.**

2 Section 811 of the Cranston-Gonzalez National Af-
3 fordable Housing Act (42 U.S.C. 8013) is amended—

4 (1) in subsection (d), by striking paragraph (4)
5 and inserting the following new paragraph:

6 “(4) TENANT-BASED RENTAL ASSISTANCE.—

7 “(A) ADMINISTERING ENTITIES.—Tenant-
8 based rental assistance provided under sub-
9 section (b)(1) may be provided only through a
10 public housing agency that has submitted and
11 had approved an plan under section 7(d) of the
12 United States Housing Act of 1937 (42 U.S.C.
13 1437e(d)) that provides for such assistance, or
14 through a private nonprofit organization. A
15 public housing agency shall be eligible to apply
16 under this section only for the purposes of pro-
17 viding such tenant-based rental assistance.

18 “(B) PROGRAM RULES.—Tenant-based
19 rental assistance under subsection (b)(1) shall
20 be made available to eligible persons with dis-
21 abilities and administered under the same rules
22 that govern tenant-based rental assistance made
23 available under section 8 of the United States
24 Housing Act of 1937, except that the Secretary
25 may waive or modify such rules, but only to the
26 extent necessary to provide for administering

1 such assistance under subsection (b)(1) through
2 private nonprofit organizations rather than
3 through public housing agencies.

4 “(C) ALLOCATION OF ASSISTANCE.—In de-
5 termining the amount of assistance provided
6 under subsection (b)(1) for a private nonprofit
7 organization or public housing agency, the Sec-
8 retary shall consider the needs and capabilities
9 of the organization or agency, in the case of a
10 public housing agency, as described in the plan
11 for the agency under section 7 of the United
12 States Housing Act of 1937.”; and

13 (2) in subsection (l)(1)—

14 (A) by striking “subsection (b)” and in-
15 serting “subsection (b)(2)”;

16 (B) by striking the last comma and all
17 that follows through “subsection (n)”;

18 (C) by inserting after the last period the
19 following new sentence: “Notwithstanding any
20 other provision of this section, the Secretary
21 may use not more than 25 percent of the total
22 amounts made available for assistance under
23 this section for any fiscal year for tenant-based
24 rental assistance under subsection (b)(1) for
25 persons with disabilities, and no authority of

1 the Secretary to waive provisions of this section
2 may be used to alter the percentage limitation
3 under this sentence.”.

4 **SEC. 325. PROJECT SIZE.**

5 (a) **LIMITATION.**—Section 811 of the Cranston-Gon-
6 zalez National Affordable Housing Act (42 U.S.C. 8013)
7 is amended—

8 (1) in subsection (k)(4), by inserting “, subject
9 to the limitation under subsection (h)(6)” after
10 “prescribe”; and

11 (2) in subsection (l), by adding at the end the
12 following new paragraph:

13 “(4) **SIZE LIMITATION.**—Of any amounts made
14 available for any fiscal year and used for capital ad-
15 vances or project rental assistance under paragraphs
16 (1) and (2) of subsection (d), not more than 25 per-
17 cent may be used for supportive housing which con-
18 tains more than 24 separate dwelling units.”.

19 (b) **STUDY.**—Not later than the expiration of the 3-
20 month period beginning on the date of the enactment of
21 this Act, the Secretary of Housing and Urban Develop-
22 ment shall conduct a study and submit a report to the
23 Congress regarding—

24 (1) the extent to which the authority of the Sec-
25 retary under section 811(k)(4) of the Cranston-Gon-

1 zalez National Affordable Housing Act (42 U.S.C.
2 8013(k)(4)), as in effect immediately before the en-
3 actment of this Act, has been used in each year
4 since 1990 to provide for assistance under such sec-
5 tion for supportive housing for persons with disabil-
6 ities having more than 24 separate dwelling units;

7 (2) the per-unit costs of, and the benefits and
8 problems associated with, providing such housing in
9 projects having 8 or less dwelling units, 8 to 24
10 units, and more than 24 units; and

11 (3) the per-unit costs of, and the benefits and
12 problems associated with providing housing under
13 section 202 of the Housing Act of 1959 (12 U.S.C.
14 1701q) in projects having 30 to 50 dwelling units,
15 in projects having more than 50 but not more than
16 80 dwelling units, in projects having more than 80
17 but not more than 120 dwelling units, and in
18 projects having more than 120 dwelling units, but
19 the study shall also examine the social consider-
20 ations afforded by smaller and moderate-size devel-
21 opments and shall not be limited to economic fac-
22 tors.

1 **SEC. 326. USE OF PROJECT RESERVES.**

2 Section 811(j) of the Cranston-Gonzalez National Af-
3 fordable Housing Act (42 U.S.C. 8013(j)) is amended by
4 adding at the end the following new paragraph:

5 “(7) USE OF PROJECT RESERVES.—Amounts
6 for project reserves for a project assisted under this
7 section may be used for costs, subject to reasonable
8 limitations as the Secretary determines appropriate,
9 for reducing the number of dwelling units in the
10 project. Such use shall be subject to the approval of
11 the Secretary to ensure that the use is designed to
12 retrofit units that are currently obsolete or unmar-
13 ketable.”.

14 **SEC. 327. COMMERCIAL ACTIVITIES.**

15 Section 811(h)(1) of the Cranston-Gonzalez National
16 Affordable Housing Act (42 U.S.C. 8013(h)(1)) is amend-
17 ed by adding at the end the following new sentence: “Nei-
18 ther this section nor any other provision of law may be
19 construed as prohibiting or preventing the location and op-
20 eration, in a project assisted under this section, of com-
21 mercial facilities for the benefit of residents of the project
22 and the community in which the project is located.”.

23 **Subtitle C—Other Provisions**

24 **SEC. 341. SERVICE COORDINATORS.**

25 (a) INCREASED FLEXIBILITY FOR USE OF SERVICE
26 COORDINATORS IN CERTAIN FEDERALLY ASSISTED

1 HOUSING.—Section 676 of the Housing and Community
2 Development Act of 1992 (42 U.S.C. 13632) is
3 amended—

4 (1) in the section heading, by striking “**MULTI-**
5 **FAMILY HOUSING ASSISTED UNDER THE NA-**
6 **TIONAL HOUSING ACT**” and inserting “**CERTAIN**
7 **FEDERALLY ASSISTED HOUSING**”;

8 (2) in subsection (a)—

9 (A) in the first sentence, by striking “(E)
10 and (F)” and inserting “(B), (C), (D), (E),
11 (F), and (G)”; and

12 (B) in the last sentence—

13 (i) by striking “section 661” and in-
14 serting “section 671”; and

15 (ii) by adding after the period at the
16 end the following new sentence: “A service
17 coordinator funded with a grant under this
18 section for a project may provide services
19 to low-income elderly or disabled families
20 living in the vicinity of such project.”;

21 (3) in subsection (d)—

22 (A) by striking “(E) or (F)” and inserting
23 “(B), (C), (D), (E), (F), or (G)”; and

24 (B) by striking “section 661” and insert-
25 ing “section 671”; and

1 (4) by striking subsection (c) and redesignating
2 subsection (d) (as amended by paragraph (3) of this
3 subsection) as subsection (c).

4 (b) REQUIREMENT TO PROVIDE SERVICE COORDINA-
5 TORS.—Section 671 of the Housing and Community De-
6 velopment Act of 1992 (42 U.S.C. 13631) is amended—

7 (1) in the first sentence of subsection (a), by
8 striking “to carry out this subtitle pursuant to the
9 amendments made by this subtitle” and inserting
10 the following: “for providing service coordinators
11 under this section”;

12 (2) in subsection (d), by inserting “)” after
13 “section 683(2)”; and

14 (3) by adding at the end following new sub-
15 section:

16 “(e) SERVICES FOR LOW-INCOME ELDERLY OR DIS-
17 ABLED FAMILIES RESIDING IN VICINITY OF CERTAIN
18 PROJECTS.—To the extent only that this section applies
19 to service coordinators for covered federally assisted hous-
20 ing described in subparagraphs (B), (C), (D), (E), (F),
21 and (G) of section 683(2), any reference in this section
22 to elderly or disabled residents of a project shall be con-
23 strued to include low-income elderly or disabled families
24 living in the vicinity of such project.”.

1 (c) PROTECTION AGAINST TELEMARKETING
2 FRAUD.—

3 (1) SUPPORTIVE HOUSING FOR THE ELDER-
4 LY.—The first sentence of section 202(g)(1) of the
5 Housing Act of 1959 (12 U.S.C. 1701q(g)(1)) is
6 amended by striking “and (F)” and inserting the
7 following: “(F) providing education and outreach re-
8 garding telemarketing fraud, in accordance with the
9 standards issued under section 671(f) of the Hous-
10 ing and Community Development Act of 1992 (42
11 U.S.C. 13631(f)); and (G)”.

12 (2) OTHER FEDERALLY ASSISTED HOUSING.—
13 Section 671 of the Housing and Community Devel-
14 opment Act of 1992 (42 U.S.C. 13631), as amended
15 by subsection (b) of this section, is further
16 amended—

17 (A) in the first sentence of subsection (c),
18 by inserting after “response,” the following:
19 “providing education and outreach regarding
20 telemarketing fraud, in accordance with the
21 standards issued under subsection (f),”; and

22 (B) by adding at the end the following new
23 subsection:

24 “(f) PROTECTION AGAINST TELEMARKETING
25 FRAUD.—

1 “(1) IN GENERAL.—The Secretary, in coordina-
2 tion with the Secretary of Health and Human Serv-
3 ices, shall establish standards for service coordina-
4 tors in federally assisted housing who are providing
5 education and outreach to elderly persons residing in
6 such housing regarding telemarketing fraud. The
7 standards shall be designed to ensure that such edu-
8 cation and outreach informs such elderly persons of
9 the dangers of telemarketing fraud and facilitates
10 the investigation and prosecution of telemarketers
11 engaging in fraud against such residents.

12 “(2) CONTENTS.—The standards established
13 under this subsection shall require that any such
14 education and outreach be provided in a manner
15 that—

16 “(A) informs such residents of (i) the prev-
17 alence of telemarketing fraud targeted against
18 elderly persons; (ii) how telemarketing fraud
19 works; (iii) how to identify telemarketing fraud;
20 (iv) how to protect themselves against tele-
21 marketing fraud, including an explanation of
22 the dangers of providing bank account, credit
23 card, or other financial or personal information
24 over the telephone to unsolicited callers; (v) how
25 to report suspected attempts at telemarketing

1 fraud; and (vi) their consumer protection rights
2 under Federal law;

3 “(B) provides such other information as
4 the Secretary considers necessary to protect
5 such residents against fraudulent telemarketing;
6 and

7 “(C) disseminates the information provided
8 by appropriate means, and in determining such
9 appropriate means, the Secretary shall consider
10 on-site presentations at federally assisted hous-
11 ing, public service announcements, a printed
12 manual or pamphlet, an Internet website, and
13 telephone outreach to residents whose names
14 appear on ‘mooch lists’ confiscated from fraud-
15 ulent telemarketers.”.

16 **SEC. 342. COMMISSION ON AFFORDABLE HOUSING AND**
17 **HEALTH CARE FACILITY NEEDS IN THE 21ST**
18 **CENTURY.**

19 (a) **ESTABLISHMENT.**—There is hereby established a
20 commission to be known as the Commission on Affordable
21 Housing and Health Care Facility Needs in the 21st Cen-
22 tury (in this section referred to as the “Commission”).

23 (b) **STUDY.**—The duty of the Commission shall be to
24 conduct a study that—

1 (1) compiles and interprets information regard-
2 ing the expected increase in the population of per-
3 sons 62 years of age or older, particularly informa-
4 tion regarding distribution of income levels, home-
5 ownership and home equity rates, and degree or ex-
6 tent of health and independence of living;

7 (2) provides an estimate of the future needs of
8 seniors for affordable housing and assisted living
9 and health care facilities;

10 (3) provides a comparison of estimate of such
11 future needs with an estimate of the housing and fa-
12 cilities expected to be provided under existing public
13 programs, and identifies possible actions or initia-
14 tives that may assist in providing affordable housing
15 and assisted living and health care facilities to meet
16 such expected needs;

17 (4) identifies and analyzes methods of encour-
18 aging increased private sector participation, invest-
19 ment, and capital formation in affordable housing
20 and assisted living and health care facilities for sen-
21 iors through partnerships between public and private
22 entities and other creative strategies;

23 (5) analyzes the costs and benefits of com-
24 prehensive aging-in-place strategies, taking into con-
25 sideration physical and mental well-being and the

1 importance of coordination between shelter and sup-
2 portive services;

3 (6) identifies and analyzes methods of pro-
4 moting a more comprehensive approach to dealing
5 with housing and supportive service issues involved
6 in aging and the multiple governmental agencies in-
7 volved in such issues, including the Department of
8 Housing and Urban Development and the Depart-
9 ment of Health and Human Services; and

10 (7) examines how to establish intergenerational
11 learning and care centers and living arrangements,
12 in particular to facilitate appropriate environments
13 for families consisting only of children and a grand-
14 parent or grandparents who are the head of the
15 household.

16 (c) MEMBERSHIP.—

17 (1) NUMBER AND APPOINTMENT.—The Com-
18 mission shall be composed of 14 members, appointed
19 not later than January 1, 2000, as follows:

20 (A) Two co-chairpersons, of whom—

21 (i) one co-chairperson shall be ap-
22 pointed by a committee consisting of the
23 chairman of the Subcommittee on Housing
24 and Community Opportunities of the
25 House of Representatives and the chair-

1 man of the Subcommittee on Housing and
2 Transportation of the Senate, and the
3 chairmen of the Subcommittees on the De-
4 partments of Veterans Affairs and Hous-
5 ing and Urban Development, and Inde-
6 pendent Agencies of the Committees on
7 Appropriations of the House of Represent-
8 atives and the Senate; and

9 (ii) one co-chairperson shall be ap-
10 pointed by a committee consisting of the
11 ranking minority member of the Sub-
12 committee on Housing and Community
13 Opportunities of the House of Representa-
14 tives and the ranking minority member of
15 the Subcommittee on Housing and Trans-
16 portation of the Senate, and the ranking
17 minority members of the Subcommittees
18 on the Departments of Veterans Affairs
19 and Housing and Urban Development, and
20 Independent Agencies of the Committees
21 on Appropriations of the House of Rep-
22 resentatives and the Senate.

23 (B) Six members appointed by the Chair-
24 man and Ranking Minority Member of the
25 Committee on Banking and Financial Services

1 of the House of Representatives and the Chair-
2 man and Ranking Minority Member of the
3 Committee on Appropriations of the House of
4 Representatives.

5 (C) Six members appointed by the Chair-
6 man and Ranking Minority Member of the
7 Committee on Banking, Housing, and Urban
8 Affairs of the Senate and the Chairman and
9 Ranking Minority Member of the Committee on
10 Appropriations of the Senate.

11 (2) QUALIFICATIONS.—Appointees should have
12 proven expertise in directing, assembling, or apply-
13 ing capital resources from a variety of sources to the
14 successful development of affordable housing, as-
15 sisted living facilities, or health care facilities.

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

20 (4) CHAIRPERSONS.—The members appointed
21 pursuant to paragraph (1)(A) shall serve as co-
22 chairpersons of the Commission.

23 (5) PROHIBITION OF PAY.—Members of the
24 Commission shall serve without pay.

1 (6) TRAVEL EXPENSES.—Each member of the
2 Commission shall receive travel expenses, including
3 per diem in lieu of subsistence, in accordance with
4 sections 5702 and 5703 of title 5, United States
5 Code.

6 (7) QUORUM.—A majority of the members of
7 the Commission shall constitute a quorum but a
8 lesser number may hold hearings.

9 (8) MEETINGS.—The Commission shall meet at
10 the call of the Chairpersons.

11 (d) DIRECTOR AND STAFF.—

12 (1) DIRECTOR.—The Commission shall have a
13 Director who shall be appointed by the Chairperson.
14 The Director shall be paid at a rate not to exceed
15 the rate of basic pay payable for level V of the Exec-
16 utive Schedule.

17 (2) STAFF.—The Commission may appoint per-
18 sonnel as appropriate. The staff of the Commission
19 shall be appointed subject to the provisions of title
20 5, United States Code, governing appointments in
21 the competitive service, and shall be paid in accord-
22 ance with the provisions of chapter 51 and sub-
23 chapter III of chapter 53 of that title relating to
24 classification and General Schedule pay rates.

1 (3) EXPERTS AND CONSULTANTS.—The Com-
2 mission may procure temporary and intermittent
3 services under section 3109(b) of title 5, United
4 States Code, but at rates for individuals not to ex-
5 ceed the daily equivalent of the maximum annual
6 rate of basic pay payable for the General Schedule.

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

13 (e) POWERS.—

14 (1) HEARINGS AND SESSIONS.—The Commis-
15 sion may, for the purpose of carrying out this sec-
16 tion, hold hearings, sit and act at times and places,
17 take testimony, and receive evidence as the Commis-
18 sion considers appropriate.

19 (2) POWERS OF MEMBERS AND AGENTS.—Any
20 member or agent of the Commission may, if author-
21 ized by the Commission, take any action which the
22 Commission is authorized to take by this section.

23 (3) OBTAINING OFFICIAL DATA.—The Commis-
24 sion may secure directly from any department or
25 agency of the United States information necessary

1 to enable it to carry out this Act. Upon request of
2 the Chairpersons of the Commission, the head of
3 that department or agency shall furnish that infor-
4 mation to the Commission.

5 (4) GIFTS, BEQUESTS, AND DEVISES.—The
6 Commission may accept, use, and dispose of gifts,
7 bequests, or devises of services or property, both real
8 and personal, for the purpose of aiding or facili-
9 tating the work of the Commission. Gifts, bequests,
10 or devises of money and proceeds from sales of other
11 property received as gifts, bequests, or devises shall
12 be deposited in the Treasury and shall be available
13 for disbursement upon order of the Commission.

14 (5) MAILS.—The Commission may use the
15 United States mails in the same manner and under
16 the same conditions as other departments and agen-
17 cies of the United States.

18 (6) ADMINISTRATIVE SUPPORT SERVICES.—
19 Upon the request of the Commission, the Adminis-
20 trator of General Services shall provide to the Com-
21 mission, on a reimbursable basis, the administrative
22 support services necessary for the Commission to
23 carry out its responsibilities under this section.

24 (7) CONTRACT AUTHORITY.—The Commission
25 may contract with and compensate government and

1 private agencies or persons for services, without re-
2 gard to section 3709 of the Revised Statutes (41
3 U.S.C. 5).

4 (f) REPORT.—The Commission shall submit to the
5 Committees on Banking and Financial Services and Ap-
6 propriations of the House of Representatives and the
7 Committees on Banking, Housing, and Urban Affairs and
8 Appropriations of the Senate, a final report not later than
9 December 31, 2001. The report shall contain a detailed
10 statement of the findings and conclusions of the Commis-
11 sion with respect to the study conducted under subsection
12 (b), together with its recommendations for legislation, ad-
13 ministrative actions, and any other actions the Commis-
14 sion considers appropriate.

15 (g) FUNDING.—Of any amounts appropriated for fis-
16 cal year 2000 to carry out title V of the Housing and
17 Urban Development Act of 1970 (12 U.S.C. 1701z–1 et
18 seq.) \$500,000 shall be available to the Commission for
19 carrying out this section.

20 (h) TERMINATION.—The Commission shall terminate
21 on June 30, 2002. Section 14(a)(2)(B) of the Federal Ad-
22 visory Committee Act (5 U.S.C. App.; relating to the ter-
23 mination of advisory committees) shall not apply to the
24 Commission.

1 **TITLE IV—RENEWAL OF EXPIR-**
2 **ING RENTAL ASSISTANCE**
3 **CONTRACTS AND PROTEC-**
4 **TION OF RESIDENTS**

5 **SEC. 401. FINDINGS AND PURPOSE.**

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

7 (1) there exists throughout the United States a
8 need for decent, safe and affordable housing;

9 (2) affordable housing is critical to the well-
10 being of seniors, persons with disabilities, and vul-
11 nerable families;

12 (3) an unprecedented number of contracts for
13 Federal rental assistance are expiring now and will
14 expire in the near future;

15 (4) a significant number of private owners of
16 affordable housing developments are choosing to not
17 renew their subsidy contracts with the Federal Gov-
18 ernment;

19 (5) in cases where assistance contracts are not
20 renewed, rent levels in the affected developments
21 may rise dramatically;

22 (6) a significant number of residents in these
23 developments are seniors or persons with disabilities
24 or are otherwise vulnerable because of scarcity of
25 available affordable housing in the neighborhood,

1 and have little or no means of paying additional rent
2 from personal income, putting at risk what have
3 been their homes for almost a quarter of a century;
4 and

5 (7) the Federal Government should continue to
6 work to ensure that those least able to provide for
7 themselves enjoy the protection and welfare of the
8 people of the United States.

9 (b) PURPOSE.—The purpose of this title is to protect
10 seniors, persons with disabilities, and other vulnerable
11 residents of affordable housing and to help provide those
12 residents with peace of mind and security for living—

13 (1) by providing greater rental assistance flexi-
14 bility to ensure that vulnerable populations are not
15 forced to move from their homes when rent levels
16 rise; and

17 (2) where appropriate, by encouraging private
18 owners of affordable housing developments to con-
19 tinue serving low-income families by providing ap-
20 propriate levels of Federal resources, by allowing
21 greater flexibility for refinancing, and by ensuring
22 more effective administration by the Federal Govern-
23 ment of rental assistance contract renegotiations.

1 **SEC. 402. RENEWAL OF EXPIRING CONTRACTS AND EN-**
2 **HANCED VOUCHERS FOR PROJECT RESI-**
3 **DENTS.**

4 (a) IN GENERAL.—Section 524 of the Multifamily
5 Assisted Housing Reform and Affordability Act of 1997
6 (42 U.S.C. 1437f note) is amended to read as follows:

7 **“SEC. 524. RENEWAL OF EXPIRING PROJECT-BASED SEC-**
8 **TION 8 CONTRACTS.**

9 “(a) IN GENERAL.—

10 “(1) RENEWAL.—Subject to paragraph (2),
11 upon termination or expiration of a contract for
12 project-based assistance under section 8 for a multi-
13 family housing project (and notwithstanding section
14 8(v) of the United States Housing Act of 1937 for
15 loan management assistance), the Secretary shall, at
16 the request of the owner of the project and to the
17 extent sufficient amounts are made available in ap-
18 propriation Acts, use amounts available for the re-
19 newal of assistance under section 8 of such Act to
20 provide such assistance for the project. The assist-
21 ance shall be provided under a contract having such
22 terms and conditions as the Secretary considers ap-
23 propriate, subject to the requirements of this sec-
24 tion. This section shall not require contract renewal
25 for a project that is eligible under this subtitle for
26 a mortgage restructuring and rental assistance suffi-

1 ciency plan, if there is no approved plan for the
2 project and the Secretary determines that such an
3 approved plan is necessary.

4 “(2) PROHIBITION ON RENEWAL.—Notwith-
5 standing part 24 of title 24 of the Code of Federal
6 Regulations, the Secretary may elect not to renew
7 assistance for a project otherwise required to be re-
8 newed under paragraph (1) or provide comparable
9 benefits under paragraph (1) or (2) of subsection (e)
10 for a project described in either such paragraph, if
11 the Secretary determines that a violation under
12 paragraph (1) through (4) of section 516(a) has oc-
13 curred with respect to the project. For purposes of
14 such a determination, the provisions of section 516
15 shall apply to a project under this section in the
16 same manner and to the same extent that the provi-
17 sions of such section apply to eligible multifamily
18 housing projects, except that the Secretary shall
19 make the determination under section 516(a)(4).

20 “(3) CONTRACT TERM FOR MARK-UP-TO-MAR-
21 KET CONTRACTS.—In the case of an expiring or ter-
22 minating contract that has rent levels less than com-
23 parable market rents for the market area, if the rent
24 levels under the renewal contract under this section
25 are equal to comparable market rents for the market

1 area, the contract shall have a term of not less than
2 5 years, subject to the availability of sufficient
3 amounts in appropriation Acts.

4 “(4) RENEWAL RENTS.—Except as provided in
5 subsection (b), the contract for assistance shall pro-
6 vide assistance at the following rent levels:

7 “(A) MARKET RENTS.—At the request of
8 the owner of the project, at rent levels equal to
9 the lesser of comparable market rents for the
10 market area or 150 percent of the fair market
11 rents, in the case only of a project that—

12 “(i) has rent levels under the expiring
13 or terminating contract that do not exceed
14 such comparable market rents;

15 “(ii) does not have a low- and mod-
16 erate-income use restriction that can not
17 be eliminated by unilateral action by the
18 owner;

19 “(iii) is decent, safe, and sanitary
20 housing, as determined by the Secretary;

21 “(iv) is not—

22 “(I) owned by a nonprofit entity;

23 “(II) subject to a contract for
24 moderate rehabilitation assistance
25 under section 8(e)(2) of the United

1 States Housing Act of 1937, as in ef-
2 fect before October 1, 1991; or

3 “(III) a project for which the
4 public housing agency provided vouch-
5 er assistance to one or more of the
6 tenants after the owner has provided
7 notice of termination of the contract
8 covering the tenant’s unit; and

9 “(v) has units assisted under the con-
10 tract for which the comparable market rent
11 exceeds 110 percent of the fair market
12 rent.

13 The Secretary may adjust the percentages of
14 fair market rent (as specified in the matter pre-
15 ceding clause (i) and in clause (v)), but only
16 upon a determination and written notification
17 to the Congress within 10 days of making such
18 determination, that such adjustment is nec-
19 essary to ensure that this subparagraph covers
20 projects with a high risk of nonrenewal of expir-
21 ing contracts for project-based assistance.

22 “(B) REDUCTION TO MARKET RENTS.—In
23 the case of a project that has rent levels under
24 the expiring or terminating contract that exceed
25 comparable market rents for the market area,

1 at rent levels equal to such comparable market
2 rents.

3 “(C) RENTS NOT EXCEEDING MARKET
4 RENTS.—In the case of a project that is not
5 subject to subparagraph (A) or (B), at rent lev-
6 els that—

7 “(i) are not less than the existing
8 rents under the terminated or expiring
9 contract, as adjusted by an operating cost
10 adjustment factor established by the Sec-
11 retary (which shall not result in a negative
12 adjustment), if such adjusted rents do not
13 exceed comparable market rents for the
14 market area; and

15 “(ii) do not exceed comparable market
16 rents for the market area.

17 In determining the rent level for a contract
18 under this subparagraph, the Secretary shall
19 approve rents sufficient to cover budget-based
20 cost increases and shall give greater consider-
21 ation to providing rent at a level up to com-
22 parable market rents for the market area based
23 on the number of the criteria under clauses (i)
24 through (iv) of subparagraph (D) that the
25 project meets.

1 “(D) WAIVER OF 150 PERCENT LIMITA-
2 TION.—Notwithstanding subparagraph (A), at
3 rent levels up to comparable market rents for
4 the market area, in the case of a project that
5 meets the requirements under clauses (i)
6 through (v) of subparagraph (A) and—

7 “(i) has residents who are a particu-
8 larly vulnerable population, as dem-
9 onstrated by a high percentage of units
10 being rented to elderly families, disabled
11 families, or large families;

12 “(ii) is located in an area in which
13 tenant-based assistance would be difficult
14 to use, as demonstrated by a low vacancy
15 rate for affordable housing, a high
16 turnback rate for vouchers, or a lack of
17 comparable rental housing;

18 “(iii) is a high priority for the local
19 community, as demonstrated by a con-
20 tribution of State or local funds to the
21 property; or

22 “(iv) is primarily occupied by elderly
23 or disabled families.

24 In determining the rent level for a contract
25 under this subparagraph, the Secretary shall

1 approve rents sufficient to cover budget-based
2 cost increases and shall give greater consider-
3 ation to providing rent at a level up to com-
4 parable market rents for the market area based
5 on the number of the criteria under clauses (i)
6 through (iv) that the project meets.

7 “(5) COMPARABLE MARKET RENTS AND COM-
8 PARISON WITH FAIR MARKET RENTS.—The Sec-
9 retary shall prescribe the method for determining
10 comparable market rent by comparison with rents
11 charged for comparable properties (as such term is
12 defined in section 512), which may include appro-
13 priate adjustments for utility allowances and adjust-
14 ments to reflect the value of any subsidy (other than
15 section 8 assistance) provided by the Department of
16 Housing and Urban Development.

17 “(b) EXCEPTION RENTS.—

18 “(1) RENEWAL.—In the case of a multifamily
19 housing project described in paragraph (2), pursuant
20 to the request of the owner of the project, the con-
21 tract for assistance for the project pursuant to sub-
22 section (a) shall provide assistance at the lesser of
23 following rent levels:

24 “(A) ADJUSTED EXISTING RENTS.—The
25 existing rents under the expiring contract, as

1 adjusted by an operating cost adjustment factor
2 established by the Secretary (which shall not re-
3 sult in a negative adjustment).

4 “(B) BUDGET-BASED RENTS.—Subject to
5 a determination by the Secretary that a rent
6 level under this subparagraph is appropriate for
7 a project, a rent level that provides income suf-
8 ficient to support a budget-based rent (includ-
9 ing a budget-based rent adjustment if justified
10 by reasonable and expected operating expenses).

11 “(2) PROJECTS COVERED.—A multifamily
12 housing project described in this paragraph is an
13 multifamily housing project that—

14 “(A) is not an eligible multifamily housing
15 project under section 512(2); or

16 “(B) is exempt from mortgage restruc-
17 turing under this subtitle pursuant to section
18 514(h).

19 “(c) RENT ADJUSTMENTS AFTER RENEWAL OF CON-
20 TRACT.—

21 “(1) REQUIRED.—After the initial renewal of a
22 contract for assistance under section 8 of the United
23 States Housing Act of 1937 pursuant to subsection
24 (a), (b), or (e)(2), the Secretary shall annually ad-
25 just the rents using an operating cost adjustment

1 factor established by the Secretary (which shall not
2 result in a negative adjustment) or, upon the request
3 of the owner and subject to approval of the Sec-
4 retary, on a budget basis. In the case of projects
5 with contracts renewed pursuant to subsection (a) or
6 pursuant to subsection (e)(2) at rent levels equal to
7 comparable market rents for the market area, at the
8 expiration of each 5-year period, the Secretary shall
9 compare existing rents with comparable market
10 rents for the market area and may make any adjust-
11 ments in the rent necessary to maintain the contract
12 rents at a level not greater than comparable market
13 rents or to increase rents to comparable market
14 rents.

15 “(2) DISCRETIONARY.—In addition to review
16 and adjustment required under paragraph (1), in the
17 case of projects with contracts renewed pursuant to
18 subsection (a) or pursuant to subsection (e)(2) at
19 rent levels equal to comparable market rents for the
20 market area, the Secretary may, at the discretion of
21 the Secretary but only once within each 5-year pe-
22 riod referred to in paragraph (1), conduct a com-
23 parison of rents for a project and adjust the rents
24 accordingly to maintain the contract rents at a level

1 not greater than comparable market rents or to in-
2 crease rents to comparable market rents.

3 “(d) ENHANCED VOUCHERS UPON CONTRACT EXPI-
4 RATION.—

5 “(1) IN GENERAL.—In the case of a contract
6 for project-based assistance under section 8 for a
7 covered project that is not renewed under subsection
8 (a) or (b) of this section (or any other authority),
9 to the extent that amounts for assistance under this
10 subsection are provided in advance in appropriation
11 Acts, upon the date of the expiration of such con-
12 tract the Secretary shall make enhanced voucher as-
13 sistance under this subsection available on behalf of
14 each low-income family who, upon the date of such
15 expiration, is residing in an assisted dwelling unit in
16 the covered project.

17 “(2) ENHANCED ASSISTANCE.—Enhanced
18 voucher assistance under this subsection for a family
19 shall be voucher assistance under section 8(o) of the
20 United States Housing Act of 1937 (42 U.S.C.
21 1437f(o)), except that under such enhanced voucher
22 assistance—

23 “(A) during any period that the assisted
24 family continues residing in the covered project
25 in which the family was residing on the date of

1 the expiration of such contract and the rent for
2 the dwelling unit of the family in such project
3 exceeds the applicable payment standard estab-
4 lished pursuant to section 8(o) for the unit, the
5 amount of rental assistance provided on behalf
6 of the family shall be determined using a pay-
7 ment standard that is equal to the rent for the
8 dwelling unit (as such rent may be increased
9 from time to time), subject to paragraph
10 (10)(A) of such section 8(o); and

11 “(B) subparagraph (A) of this paragraph
12 shall not apply and the payment standard for
13 the dwelling unit occupied by the family shall be
14 determined in accordance with section 8(o) if—

15 “(i) the assisted family moves, at any
16 time, from such covered project; or

17 “(ii) the voucher is made available for
18 use by any family other than the original
19 family on behalf of whom the voucher was
20 provided pursuant to paragraph (1).

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

23 “(A) ASSISTED DWELLING UNIT.—The
24 term ‘assisted dwelling unit’ means a dwelling
25 unit that—

1 “(i) is in a covered project; and

2 “(ii) is covered by rental assistance
3 provided under the contract for project-
4 based assistance for the covered project.

5 “(B) COVERED PROJECT.—The term ‘cov-
6 ered project’ means any housing that—

7 “(i) consists of more than four dwell-
8 ing units;

9 “(ii) is covered in whole or in part by
10 a contract for project-based assistance
11 under—

12 “(I) the new construction or sub-
13 stantial rehabilitation program under
14 section 8(b)(2) of the United States
15 Housing Act of 1937 (as in effect be-
16 fore October 1, 1983);

17 “(II) the property disposition
18 program under section 8(b) of the
19 United States Housing Act of 1937;

20 “(III) the moderate rehabilitation
21 program under section 8(e)(2) of the
22 United States Housing Act of 1937
23 (as in effect before October 1, 1991);

24 “(IV) the loan management as-
25 sistance program under section 8 of

1 the United States Housing Act of
2 1937;

3 “(V) section 23 of the United
4 States Housing Act of 1937 (as in ef-
5 fect before January 1, 1975);

6 “(VI) the rent supplement pro-
7 gram under section 101 of the Hous-
8 ing and Urban Development Act of
9 1965; or

10 “(VII) section 8 of the United
11 States Housing Act of 1937, following
12 conversion from assistance under sec-
13 tion 101 of the Housing and Urban
14 Development Act of 1965,

15 which contract will (under its own terms)
16 expire during the period consisting of fiscal
17 years 2000 through 2004; and

18 “(iii) is not housing for which resi-
19 dents are eligible for enhanced voucher as-
20 sistance as provided, pursuant to the ‘Pre-
21 serving Existing Housing Investment’ ac-
22 count in the Departments of Veterans Af-
23 fairs and Housing and Urban Develop-
24 ment, and Independent Agencies Appro-
25 priations Act, 1997 (Public Law 104–204;

1 110 Stat. 2884) or any other subsequently
2 enacted provision of law, in lieu of any
3 benefits under section 223 of the Low-In-
4 come Housing Preservation and Resident
5 Homeownership Act of 1990 (12 U.S.C.
6 4113).

7 “(4) AUTHORIZATION OF APPROPRIATIONS.—
8 There are authorized to be appropriated for each of
9 fiscal years 2000, 2001, 2002, 2003, and 2004 such
10 sums as may be necessary for enhanced voucher as-
11 sistance under this subsection.

12 “(e) CONTRACTUAL COMMITMENTS UNDER PRESER-
13 VATION LAWS.—Except as provided in subsection (a)(2)
14 and notwithstanding any other provision of this subtitle,
15 the following shall apply:

16 “(1) PRESERVATION PROJECTS.—Upon expira-
17 tion of a contract for assistance under section 8 for
18 a project that is subject to an approved plan of ac-
19 tion under the Emergency Low Income Housing
20 Preservation Act of 1987 (12 U.S.C. 1715l note) or
21 the Low-Income Housing Preservation and Resident
22 Homeownership Act of 1990 (12 U.S.C. 4101 et
23 seq.), to the extent sufficient amounts are made
24 available in appropriation Acts, the Secretary shall
25 provide to the owner benefits comparable to those

1 provided under such plan of action, including dis-
2 tributions, rent increase procedures, and duration of
3 low-income affordability restrictions. This paragraph
4 shall apply to projects with contracts expiring be-
5 fore, on, or after the date of the enactment of this
6 section.

7 “(2) DEMONSTRATION PROJECTS.—

8 “(A) IN GENERAL.—Upon expiration of a
9 contract for assistance under section 8 for a
10 project entered into pursuant to any authority
11 specified in subparagraph (B) for which the
12 Secretary determines that debt restructuring is
13 inappropriate, the Secretary shall, at the re-
14 quest of the owner of the project and to the ex-
15 tent sufficient amounts are made available in
16 appropriation Acts, provide benefits to the
17 owner comparable to those provided under such
18 contract, including annual distributions, rent
19 increase procedures, and duration of low-income
20 affordability restrictions. This paragraph shall
21 apply to projects with contracts expiring before,
22 on, or after the date of the enactment of this
23 section.

1 “(B) DEMONSTRATION PROGRAMS.—The
2 authority specified in this subparagraph is the
3 authority under—

4 “(i) section 210 of the Departments
5 of Veterans Affairs and Housing and
6 Urban Development, and Independent
7 Agencies Appropriations Act, 1996 (Public
8 Law 104–134; 110 Stat. 1321–285; 42
9 U.S.C. 1437f note);

10 “(ii) section 212 of the Departments
11 of Veterans Affairs and Housing and
12 Urban Development, and Independent
13 Agencies Appropriations Act, 1997 (Public
14 Law 104–204; 110 Stat. 2897; 42 U.S.C.
15 1437f note); and

16 “(iii) either of such sections, pursuant
17 to any provision of this title.

18 “(f) PREEMPTION OF CONFLICTING STATE LAWS
19 LIMITING DISTRIBUTIONS.—No State or political subdivi-
20 sion of a State may establish, continue in effect, or enforce
21 any law or regulation that limits or restricts, to an amount
22 that is less than the amount provided for under the regula-
23 tions of the Secretary establishing allowable project dis-
24 tributions to provide a return on investment, the amount
25 of surplus funds accruing after the date of the enactment

1 of this section that may be distributed from any project
2 assisted under a contract for rental assistance renewed
3 under any provision of this section to the owner of the
4 project. This subsection may not be construed to provide
5 for, allow, or result in the release or termination, for any
6 project, of any low- or moderate-income use restrictions
7 that can not be eliminated by unilateral action of the
8 owner of the project.

9 “(g) RULE OF CONSTRUCTION.—Expiring contracts
10 for moderate rehabilitation assistance under section
11 8(e)(2) of the United States Housing Act of 1937, as in
12 effect before October 1, 1991, shall be subject to renewal
13 under the provisions of this section and such renewal con-
14 tract may not be considered, construed, or administered
15 as providing moderate rehabilitation assistance under such
16 section 8(e)(2), except that the Secretary may provide
17 such assistance in a manner, and subject to such rules
18 and procedures, as the Secretary may designate. If the
19 owner of a project with such an expiring contract requests
20 renewal of the contract, the Secretary shall renew the ex-
21 piring contract, subject to the provisions of this section,
22 within 6 months of the date of such expiration, notwith-
23 standing whether any tenant-based rental assistance has
24 been provided to tenants of the project. This subsection

1 shall apply to projects with contracts expiring before, on,
2 or after the date of the enactment of this section.

3 “(h) APPLICABILITY.—Except to the extent otherwise
4 specifically provided in this section, this section shall apply
5 with respect to any multifamily housing project having a
6 contract for project-based assistance under section 8 that
7 terminates or expires during fiscal year 2000 or there-
8 after.”.

9 (b) DEFINITION OF ELIGIBLE MULTIFAMILY HOUS-
10 ING PROJECT.—Section 512(2) of the Multifamily As-
11 sisted Housing Reform and Affordability Act of 1997 (42
12 U.S.C. 1437f note) is amended by inserting after and
13 below subparagraph (C) the following:

14 “Such term does not include any project with an ex-
15 piring contract described in paragraph (1) or (2) of
16 section 524(e).”.

17 (c) PROJECTS EXEMPTED FROM RESTRUCTURING
18 AGREEMENTS.—Section 514(h) of the Multifamily As-
19 sisted Housing Reform and Affordability Act of 1997 (42
20 U.S.C. 1437f note) is amended by inserting before the
21 semicolon at the end the following: “and the financing in-
22 volves mortgage insurance under the National Housing
23 Act, such that the implementation of a mortgage restruc-
24 turing and rental assistance sufficiency plan under this

1 subtitle is in conflict with applicable law or agreements
2 governing such financing”.

3 (d) CONFORMING AMENDMENTS.—Section 8 of the
4 United States Housing Act of 1937 (42 U.S.C. 1437f) is
5 amended—

6 (1) by designating as subsection (v) the sen-
7 tence added by section 405(c) of The Balanced
8 Budget Downpayment Act, I (Public Law 104–99;
9 110 Stat. 44); and

10 (2) by striking subsection (w).

11 **SEC. 403. SECTION 236 ASSISTANCE.**

12 (a) CONTINUED RECEIPT OF SUBSIDIES UPON REFI-
13 NANCING.—Section 236(e) of the National Housing Act
14 (12 U.S.C. 1715z–1(e)) is amended—

15 (1) by inserting “(1)” after “(e)”; and

16 (2) by adding at the end the following new
17 paragraph:

18 “(2) A project for which interest reduction payments
19 are made under this section and for which the mortgage
20 on the project has been refinanced shall continue to receive
21 the interest reduction payments under this section under
22 the terms of the contract for such payments, but only if
23 the project owner enters into such binding commitments
24 as the Secretary may require (which shall be applicable
25 to any subsequent owner) to ensure that the owner will

1 continue to operate the project in accordance with all low-
2 income affordability restrictions for the project in connec-
3 tion with the Federal assistance for the project for a pe-
4 riod having a duration that is not less than the term for
5 which such interest reduction payments are made.”.

6 (b) RETENTION OF EXCESS INCOME.—Section
7 236(g) of the National Housing Act (12 U.S.C. 1715z-
8 1(g)) is amended—

9 (1) by inserting “(1)” after “(g)”;

10 (2) by striking the last sentence; and

11 (3) by adding at the end the following new
12 paragraphs:

13 “(2) Subject to paragraph (3) and notwithstanding
14 any other requirements of this subsection, a project owner
15 may retain some or all of such excess charges for project
16 use if authorized by the Secretary. Such use shall be for
17 project use and upon terms and conditions established by
18 the Secretary.

19 “(3) The authority under paragraph (2) to retain and
20 use excess charges shall apply—

21 “(A) during fiscal year 2000, to all project
22 owners collecting such excess charges; and

23 “(B) during fiscal year 2001 and
24 thereafter—

1 “(i) to any owner of project with a
2 mortgage insured under this section, or a
3 project previously assisted under sub-
4 section (b) but without a mortgage insured
5 under this section if the project was in-
6 sured under section 207 of this Act before
7 July 30, 1998, pursuant to section 223(f)
8 of this Act and assisted under subsection
9 (b); and

10 “(ii) to other project owners not re-
11 ferred to in clause (i) who collect such ex-
12 cess charges, but only to the extent that
13 such retention and use is approved in ad-
14 vance in an appropriation Act.”.

15 (c) PREVIOUSLY OWED EXCESS INCOME.—Section
16 236(g) of the National Housing Act (12 U.S.C. 1715z-
17 1(g)), as amended by subsection (b) of this section, is fur-
18 ther amended by adding at the end the following new para-
19 graph:

20 “(4) The Secretary shall not withhold approval of the
21 retention by the owner of such excess charges because of
22 the existence of unpaid excess charges if such unpaid
23 amount is being remitted to the Secretary over a period
24 of time in accordance with a workout agreement with the

1 Secretary, unless the Secretary determines that the owner
2 is in violation of the workout agreement.”.

3 (d) FLEXIBILITY REGARDING BASIC RENTS AND
4 MARKET RENTS.—Section 236(f) of the National Housing
5 Act (12 U.S.C. 1715z–1(f)(1)) is amended by striking the
6 subsection designation and all that follows through the
7 end of paragraph (1) and inserting the following:

8 “(f)(1)(A)(i) For each dwelling unit there shall be es-
9 tablished, with the approval of the Secretary, a basic rent-
10 al charge and fair market rental charge.

11 “(ii) The basic rental charge shall be—

12 “(I) the amount needed to operate the project
13 with payments of principal and interest due under a
14 mortgage bearing interest at the rate of 1 percent
15 per annum; or

16 “(II) an amount greater than that determined
17 under clause (ii)(I), but not greater than the market
18 rent for a comparable unassisted unit, reduced by
19 the value of the interest reduction payments subsidy.

20 “(iii) The fair market rental charge shall be—

21 “(I) the amount needed to operate the project
22 with payments of principal, interest, and mortgage
23 insurance premium which the mortgagor is obligated
24 to pay under the mortgage covering the project; or

1 “(II) an amount greater than that determined
2 under clause (iii)(I), but not greater than the mar-
3 ket rent for a comparable unassisted unit.

4 “(iv) The Secretary may approve a basic rental
5 charge and fair market rental charge for a unit that ex-
6 ceeds the minimum amounts permitted by this subpara-
7 graph for such charges only if—

8 “(I) the approved basic rental charge and fair
9 market rental charges each exceed the applicable
10 minimum charge by the same amount; and

11 “(II) the project owner agrees to restrictions on
12 project use or mortgage prepayment that are accept-
13 able to the Secretary.

14 “(v) The Secretary may approve a basic rental charge
15 and fair market rental charge under this paragraph for
16 a unit with assistance under section 8 of the United States
17 Housing Act of 1937 (42 U.S.C. 1437f) that differs from
18 the basic rental charge and fair market rental charge for
19 a unit in the same project that is similar in size and amen-
20 ities but without such assistance, as needed to ensure equi-
21 table treatment of tenants in units without such assist-
22 ance.

23 “(B)(i) The rental charge for each dwelling unit shall
24 be at the basic rental charge or such greater amount, not
25 exceeding the fair market rental charge determined pursu-

1 ant to subparagraph (A), as represents 30 percent of the
2 tenant’s adjusted income, except as otherwise provided in
3 this subparagraph.

4 “(ii) In the case of a project which contains more
5 than 5000 units, is subject to an interest reduction pay-
6 ments contract, and is financed under a State or local
7 project, the Secretary may reduce the rental charge ceil-
8 ing, but in no case shall the rental charge be below the
9 basic rental charge set forth in subparagraph (A)(ii)(I).

10 “(iii) For plans of action approved for capital grants
11 under the Low-Income Housing Preservation and Resi-
12 dent Homeownership Act of 1990 or the Emergency Low
13 Income Housing Preservation Act of 1987, the rental
14 charge for each dwelling unit shall be at the minimum
15 basic rental charge set forth in subparagraph (A)(ii)(I) or
16 such greater amount, not exceeding the lower of (I) the
17 fair market rental charge set forth in subparagraph
18 (A)(iii)(I), or (II) the actual rent paid for a comparable
19 unit in comparable unassisted housing in the market area
20 in which the housing assisted under this section is located,
21 as represents 30 percent of the tenant’s adjusted income.

22 “(C) With respect to those projects which the Sec-
23 retary determines have separate utility metering paid by
24 the tenants for some or all dwelling units, the Secretary
25 may—

1 “(i) permit the basic rental charge and the fair
2 market rental charge to be determined on the basis
3 of operating the project without the payment of the
4 cost of utility services used by such dwelling units;
5 and

6 “(ii) permit the charging of a rental for such
7 dwelling units at such an amount less than 30 per-
8 cent of a tenant’s adjusted income as the Secretary
9 determines represents a proportionate decrease for
10 the utility charges to be paid by such tenant, but in
11 no case shall rental be lower than 25 percent of a
12 tenant’s adjusted income.”.

13 (e) EFFECTIVE DATE OF 1998 PROVISIONS.—Sec-
14 tion 236(g) of the National Housing Act (12 U.S.C.
15 1715z-1(g)), as amended by section 227 of the Depart-
16 ments of Veterans Affairs and Housing and Urban Devel-
17 opment, and Independent Agencies Appropriations Act,
18 1999 (Public Law 105-276; 112 Stat. 2490) shall be ef-
19 fective on the date of the enactment of such Public Law
20 105-276, and any excess rental charges referred to in
21 such section that have been collected since such date of
22 enactment with respect to projects with mortgages insured
23 under section 207 of the National Housing Act (12 U.S.C.
24 1713) may be retained by the project owner unless the
25 Secretary of Housing and Urban Development specifically

1 provides otherwise. The Secretary may return any excess
2 charges remitted to the Secretary since such date of the
3 enactment.

4 (f) EFFECTIVE DATE.—This section shall take effect,
5 and the amendments made by this section are made and
6 shall apply, on the date of the enactment of this Act.

7 **SEC. 404. MATCHING GRANT PROGRAM FOR AFFORDABLE**
8 **HOUSING PRESERVATION.**

9 (a) AMENDMENT TO LOW-INCOME HOUSING PRES-
10 ERVATION AND RESIDENT HOMEOWNERSHIP ACT OF
11 1990.—Title II of the Housing and Community Develop-
12 ment Act of 1987 (12 U.S.C. 4101 et seq.) is amended—

13 (1) by striking subtitles C and D (as enacted by
14 Public Law 100–242; 101 Stat. 1886); and

15 (2) by adding at the end the following new sub-
16 title:

17 **“Subtitle D—Matching Grants for**
18 **States**

19 **“SEC. 261. AUTHORITY.**

20 “The Secretary of Housing and Urban Development
21 shall, to the extent amounts are made available pursuant
22 to section 269, make grants under this subtitle to States
23 and qualified units of general local government for low-
24 income housing preservation.

1 **“SEC. 262. USE OF GRANTS.**

2 “(a) IN GENERAL.—Amounts from grants under this
3 subtitle may be used only for assistance for acquisition,
4 preservation incentives, operating costs, and capital ex-
5 penditures for a housing project that—

6 “(1) is at risk of loss for use as affordable
7 housing;

8 “(2)(A) is primarily occupied by elderly or dis-
9 abled families;

10 “(B) contains one or more dwelling units with
11 three or more bedrooms that are occupied by large
12 families;

13 “(C) is located in a rural area with an inad-
14 equate supply of comparable housing, as determined
15 by the Secretary; or

16 “(D) is located in a neighborhood or area—

17 “(i) that is geographically smaller
18 than a market area; and

19 “(ii) within which, in the determina-
20 tion of the Secretary, rental assistance
21 vouchers would be difficult to use, as dem-
22 onstrated by a low vacancy rate for afford-
23 able housing, a high turnback rate for such
24 vouchers, or a lack of comparable rental
25 housing;

1 “(3) meets the requirements under subsection
2 (b), (c), or (d); and

3 “(4) is subject to such binding commitments as
4 the Secretary shall require (which shall be applicable
5 to any subsequent owner) to ensure that the low-in-
6 come affordability restrictions for the project in con-
7 nection with Federal assistance for the project have
8 been extended for the full period applicable under
9 the terms of assistance for the project, but in no
10 case for a period shorter than 5 years.

11 “(b) PROJECTS WITH FEDERALLY ASSISTED MORT-
12 GAGES.—A project meets the requirements under this sub-
13 section only if—

14 “(1) the project is financed by a loan or mort-
15 gage that is—

16 “(A) insured or held by the Secretary
17 under section 221(d)(3) of the National Hous-
18 ing Act and receiving loan management assist-
19 ance under section 8 of the United States
20 Housing Act of 1937 due to a conversion from
21 section 101 of the Housing and Urban Develop-
22 ment Act of 1965;

23 “(B) insured or held by the Secretary and
24 bears interest at a rate determined under the

1 proviso of section 221(d)(5) of the National
2 Housing Act;

3 “(C) insured, assisted, or held by the Sec-
4 retary or a State or State agency under section
5 236 of the National Housing Act;

6 “(D) held by the Secretary and formerly
7 insured under a program referred to in sub-
8 paragraph (A), (B), or (C); or

9 “(E) insured or held by the Secretary of
10 Agriculture under section 514 or 515 of the
11 Housing Act of 1949; and

12 “(2) the project is subject to an unconditional
13 waiver of, with respect to the remaining term of the
14 mortgage referred to in paragraph (1)—

15 “(A) all rights to any prepayment of the
16 mortgage; and

17 “(B) all rights to any voluntary termi-
18 nation of the mortgage insurance contract for
19 the mortgage or the interest reduction pay-
20 ments contract, as applicable,

21 except that such requirement shall not apply in the
22 case of a project that is subject to a binding agree-
23 ment that ensures that the project will continue to
24 operate, at least until the maturity date of the loan
25 or mortgage, in a manner that will provide rental

1 housing on terms at least as advantageous to exist-
2 ing and future tenants as the terms required by the
3 program under which the loan or mortgage was
4 made or insured prior to the proposed prepayment
5 or termination.

6 “(c) PROJECTS WITH SECTION 8 PROJECT-BASED
7 ASSISTANCE.—A project meets the requirements under
8 this subsection only if—

9 “(1) the project is subject to a contract for
10 project-based assistance; and

11 “(2) the owner of the project has entered into
12 binding commitments (applicable to any subsequent
13 owner) to extend such assistance (subject to the
14 availability of amounts for such purpose) for a min-
15 imum of 5 years, or longer, as the Secretary may
16 prescribe under this section.

17 “(d) PROJECTS PURCHASED BY RESIDENTS.—A
18 project meets the requirements under this subsection only
19 if the project—

20 “(1) is or was eligible low-income housing (as
21 such term is defined in section 229 (42 U.S.C.
22 4119)); and

23 “(2) has been purchased by a resident council
24 for the housing or is approved by the Secretary for
25 such purchase, for conversion to homeownership

1 housing under a resident homeownership program
2 meeting the requirements under section 226 (12
3 U.S.C. 4116).

4 “(e) COMBINATION OF ASSISTANCE.—Notwith-
5 standing subsection (a), any project that is otherwise eligi-
6 ble for assistance with grant amounts provided under this
7 subtitle because the project meets the requirements under
8 subsection (b) or (c) and that also meets the requirements
9 under paragraph (1) of the other of such subsections, shall
10 be eligible for such assistance only if the project complies
11 with all of the requirements under such other subsection.

12 **“SEC. 263. GRANT AMOUNT LIMITATION.**

13 “The Secretary shall limit the portion of the aggre-
14 gate amount of grants under this subtitle made available
15 for any fiscal year that may be provided to a single State
16 or qualified unit of general local government based upon
17 the proportion of such State’s or unit’s need (as deter-
18 mined by the Secretary) for such assistance to the aggre-
19 gate need among all States and qualified units of general
20 local government approved for such assistance for such fis-
21 cal year.

22 **“SEC. 264. MATCHING REQUIREMENT.**

23 “(a) IN GENERAL.—The Secretary may not make a
24 grant under this subtitle to any State or qualified unit

1 of general local government for any fiscal year in a total
2 amount that exceeds the sum of the following amounts:

3 “(1) 100 percent of the amount that the State
4 or qualified unit of general local government cer-
5 tifies, as the Secretary shall require, that the State
6 or qualified unit will contribute for such fiscal year,
7 or has contributed since January 1, 1999, for the
8 purposes under section 262(a).

9 “(2) 50 percent of the amount that the State
10 or qualified unit of general local government certifies
11 will be or have been so contributed from Federal
12 sources.

13 “(b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—
14 Any portion of amounts contributed after January 1,
15 1999, that are counted for purposes of meeting the appli-
16 cable requirement under subsection (a) for a fiscal year
17 may not be counted for such purposes for any subsequent
18 fiscal year.

19 “(c) TREATMENT OF TAX CREDITS.—Tax credits
20 provided under section 42 of the Internal Revenue Code
21 of 1986 and proceeds from the sale of tax-exempt revenue
22 bonds, by any State, county, or local government entity,
23 which are subject to volume limitation under Federal law,
24 shall not be considered non-Federal sources for purposes
25 of this section.

1 **“SEC. 265. TREATMENT OF SUBSIDY LAYERING REQUIRE-**
2 **MENTS.**

3 “Neither section 264 nor any other provision of this
4 subtitle may be construed to prevent the use of tax credits
5 provided under section 42 of the Internal Revenue Code
6 of 1986 in connection with housing assisted with grant
7 amounts provided under this subtitle, to the extent that
8 such use is in accordance with section 102(d) of the De-
9 partment of Housing and Urban Development Reform Act
10 of 1989 (42 U.S.C. 3545(d)) and section 911 of the Hous-
11 ing and Community Development Act of 1992 (42 U.S.C.
12 3545 note).

13 **“SEC. 266. APPLICATIONS AND PREFERENCE.**

14 “(a) APPLICATIONS.—The Secretary shall provide for
15 States and units of general local government (through ap-
16 propriate State and local government agencies, including
17 State and local housing finance agencies) to submit appli-
18 cations for grants under this subtitle. The Secretary shall
19 require the applications to contain any information and
20 certifications necessary for the Secretary to determine
21 whether the State or unit of general local government is
22 eligible to receive such a grant.

23 “(b) PREFERENCE.—In making grants under this
24 subtitle during fiscal years 2001 and thereafter, the Sec-
25 retary shall give preference—

1 “(1) among applications otherwise having equal
2 merit for funding under this subtitle, to funding ap-
3 plications for eligible States, and qualified units of
4 general local government located in States, that have
5 not previously received a grant under this subtitle;
6 and

7 “(2) to grants for eligible housing projects that
8 are subject to such binding commitments as the Sec-
9 retary may require to ensure that the project will be
10 sold or transferred to an owner that is a nonprofit
11 organization.

12 **“SEC. 267. DEFINITIONS.**

13 “For purposes of this subtitle, the following defini-
14 tions shall apply:

15 “(1) **LOW-INCOME AFFORDABILITY RESTRIC-**
16 **TIONS.**—The term ‘low-income affordability restric-
17 **tions’** has the meaning given such term in section
18 229.

19 “(2) **PROJECT-BASED ASSISTANCE.**—The term
20 ‘project-based assistance’ has the meaning given
21 such term in section 16(c) of the United States
22 Housing Act of 1937 (42 U.S.C. 1437n(c)), except
23 that such term includes assistance under any suc-
24 cessor programs to the programs referred to in such
25 section.

1 “(3) QUALIFIED UNIT OF GENERAL LOCAL GOV-
2 ERNMENT.—The term ‘qualified unit of general local
3 government’ means, with respect to a fiscal year, a
4 unit of general local government that is located with-
5 in a State that—

6 “(A) has not applied, and has indicated (in
7 accordance with such requirements as the Sec-
8 retary shall establish) that it will not apply, to
9 the Secretary for a grant under this subtitle for
10 the fiscal year; or

11 “(B) has been determined by the Secretary
12 not to be eligible for a grant under this subtitle
13 for the fiscal year.

14 “(4) SECRETARY.—The term ‘Secretary’ means
15 the Secretary of Housing and Urban Development.

16 “(5) STATE.—The term ‘State’ means the
17 States of the United States, the District of Colum-
18 bia, the Commonwealth of Puerto Rico, the Com-
19 monwealth of the Northern Mariana Islands, Guam,
20 the Virgin Islands, American Samoa, and any other
21 territory or possession of the United States.

22 “(6) UNIT OF GENERAL LOCAL GOVERN-
23 MENT.—The term ‘unit of general local government’
24 has the meaning given such term in section 102 of

1 the Housing and Community Development Act of
2 1974 (42 U.S.C. 5302).

3 **“SEC. 268. REGULATIONS.**

4 “The Secretary may issue any regulations necessary
5 to carry out this subtitle.

6 **“SEC. 269. AUTHORIZATION OF APPROPRIATIONS.**

7 “There are authorized to be appropriated for grants
8 under this subtitle such sums as may be necessary for each
9 of fiscal years, 2000, 2001, and 2002.”.

10 (b) **RULE OF CONSTRUCTION.**—The amendment
11 made by subsection (a)(1) of this section (relating to strik-
12 ing subtitles C and D of title II of the Housing and Com-
13 munity Development Act of 1987) may not be construed
14 to repeal or otherwise affect any provision of law that was
15 amended by such subtitles.

16 **SEC. 405. REHABILITATION OF ASSISTED HOUSING.**

17 (a) **REHABILITATION LOANS FROM RECAPTURED**
18 **IRP AMOUNTS.**—Section 236(s) of the National Housing
19 Act (12 U.S.C. 1715z-1) is amended—

20 (1) by striking the subsection designation and
21 heading and inserting the following:

22 “(s) **GRANTS AND LOANS FOR REHABILITATION OF**
23 **MULTIFAMILY PROJECTS.**—”;

24 (2) in paragraph (1), by inserting “and loans”
25 after “grants”;

1 (3) in paragraph (2)—

2 (A) in the matter preceding subparagraph
3 (A), by striking “capital grant assistance under
4 this subsection” and inserting “capital assist-
5 ance under this subsection under a grant or
6 loan only”; and

7 (B) in subparagraph (D)(i), by striking
8 “capital grant assistance” and inserting “cap-
9 ital assistance under this subsection from a
10 grant or loan (as appropriate)”;

11 (4) in paragraph (3), by striking all of the mat-
12 ter that precedes subparagraph (A) and inserting
13 the following:

14 “(3) ELIGIBLE USES.—Amounts from a grant
15 or loan under this subsection may be used only for
16 projects eligible under paragraph (2) for the pur-
17 poses of—”;

18 (5) in paragraph (4)—

19 (A) by striking the paragraph heading and
20 inserting “GRANT AND LOAN AGREEMENTS”;
21 and

22 (B) by inserting “or loan” after “grant”,
23 each place it appears;

24 (6) in paragraph (5), by inserting “or loan”
25 after “grant”, each place it appears;

1 (7) in paragraph (6), as amended by the pre-
2 ceding provisions of this Act, by adding at the end
3 the following new subparagraph:

4 “(D) LOANS.—In making loans under this
5 subsection using the amounts that the Sec-
6 retary has recaptured from contracts for inter-
7 est reduction payments pursuant to clause (i)
8 or (ii) of paragraph (7)(A)—

9 “(i) the Secretary may use such re-
10 captured amounts for costs (as such term
11 is defined in section 502 of the Congres-
12 sional Budget Act of 1974) of such loans;

13 “(ii) the Secretary may make loans in
14 any fiscal year only to the extent or in
15 such amounts that amounts are used
16 under clause (i) to cover costs of such
17 loans; and

18 “(iii) the authority of the Secretary to
19 enter into commitments to make such
20 loans shall be effective for any fiscal year
21 only to the extent that: (I) there is enacted
22 in advance, in an appropriations Act, a
23 maximum limitation on the aggregate prin-
24 cipal amount of such commitments for
25 such fiscal year; and (II) the aggregate

1 principal amount of such commitments en-
2 tered into by the Secretary does not exceed
3 such maximum amount.”;

4 (8) by redesignating paragraphs (5) and (6) (as
5 amended by the preceding provisions of this sub-
6 section) as paragraphs (6) and (7); and

7 (9) by inserting after paragraph (4) the fol-
8 lowing new paragraph:

9 “(5) LOAN TERMS.—A loan under this
10 subsection—

11 “(A) shall provide amounts for the eligible
12 uses under paragraph (3) in a single loan dis-
13 bursement of loan principal;

14 “(B) shall be repaid, as to principal and
15 interest, on behalf of the borrower using
16 amounts recaptured from contracts for interest
17 reduction payments pursuant to clause (i) or
18 (ii) of paragraph (7)(A);

19 “(C) shall have a term to maturity of a du-
20 ration not shorter than the remaining period for
21 which the interest reduction payments for the
22 insured mortgage or mortgages that fund re-
23 payment of the loan would have continued after
24 extinguishment or writedown of the mortgage
25 (in accordance with the terms of such mortgage

1 in effect immediately before such extinguish-
2 ment or writedown);

3 “(D) shall bear interest at a rate, as deter-
4 mined by the Secretary of the Treasury, that is
5 based upon the current market yields on out-
6 standing marketable obligations of the United
7 States having comparable maturities; and

8 “(E) shall involve a principal obligation of
9 an amount not exceeding the amount that can
10 be repaid using amounts described in subpara-
11 graph (B) over the term determined in accord-
12 ance with subparagraph (C), with interest at
13 the rate determined under subparagraph (D).”.

14 (b) ELIGIBILITY OF NONINSURED PROJECTS FOR
15 IRP CAPITAL GRANTS.—Section 236(s)(2) of the Na-
16 tional Housing Act (12 U.S.C. 1715z–1(s)(2)(A)) is
17 amended by striking subparagraph (A) and inserting the
18 following new subparagraph:

19 “(A) if the project is federally assisted
20 housing described in subparagraph (B), (C),
21 (D), (E), (F) or (G) of section 683(2) of the
22 Housing and Community Development Act of
23 1992 (42 U.S.C. 13641(2));”.

24 (c) IRP CAPITAL GRANTS REQUIREMENT FOR EX-
25 TENSION OF LOW-INCOME AFFORDABILITY REQUIRE-

1 MENTS.—Section 236(s) of the National Housing Act (12
2 U.S.C. 1715z-1(s)) is amended—

3 (1) in paragraph (2)—

4 (A) by redesignating subparagraphs (C)
5 and (D), as amended by the preceding provi-
6 sions of this section, as subparagraphs (D) and
7 (E), respectively; and

8 (B) by inserting after subparagraph (B)
9 the following new subparagraph:

10 “(C) the project owner enters into such
11 binding commitments as the Secretary may re-
12 quire (which shall be applicable to any subse-
13 quent owner) to ensure that the owner will con-
14 tinue to operate the project in accordance with
15 all low-income affordability restrictions for the
16 project in connection with the Federal assist-
17 ance for the project for a period having a dura-
18 tion that is not less than the period referred to
19 in paragraph (5)(C);” and

20 (2) in paragraph (4)(B), by inserting “and con-
21 sistent with paragraph (2)(C)” before the period at
22 the end.

23 **SEC. 406. TECHNICAL ASSISTANCE.**

24 Section 514(f)(3) of the Multifamily Assisted Hous-
25 ing Reform and Affordability Act of 1997 (42 U.S.C.

1 1437f note) is amended by inserting after “new owners)”
2 the following: “, for technical assistance for preservation
3 of low-income housing for which project-based rental as-
4 sistance is provided at below market rent levels and may
5 not be renewed (including transfer of developments to ten-
6 ant groups, nonprofit organizations, and public entities),”.

7 **SEC. 407. TERMINATION OF SECTION 8 CONTRACT AND DU-**
8 **RATION OF RENEWAL CONTRACT.**

9 Section 8(c)(8) of the United States Housing Act of
10 1937 (42 U.S.C. 1437f(c)(8)) is amended—

11 (1) in subparagraph (A)—

12 (A) by striking “terminating” and insert-
13 ing “termination of”; and

14 (B) by striking the third comma of the
15 first sentence and all that follows through the
16 end of the subparagraph and inserting the fol-
17 lowing: “. The notice shall also include a state-
18 ment that, if the Congress makes funds avail-
19 able, the owner and the Secretary may agree to
20 a renewal of the contract, thus avoiding termi-
21 nation, and that in the event of termination the
22 Department of Housing and Urban Develop-
23 ment will provide tenant-based rental assistance
24 to all eligible residents, enabling them to choose
25 the place they wish to rent, which is likely to

1 include the dwelling unit in which they cur-
2 rently reside. Any contract covered by this
3 paragraph that is renewed may be renewed for
4 a period of up to one year or any number or
5 years, with payments subject to the availability
6 of appropriations for any year.”;

7 (2) by striking subparagraph (B);

8 (3) in subparagraph (C)—

9 (A) by striking the first sentence;

10 (B) by striking “in the immediately pre-
11 ceding sentence”;

12 (C) by striking “180-day” each place it ap-
13 pears;

14 (D) by striking “such period” and insert-
15 ing “one year”; and

16 (E) by striking “180 days” and inserting
17 “one year”; and

18 (4) by redesignating subparagraphs (C), (D),
19 and (E), as amended by the preceding provisions of
20 this subsection, as subparagraphs (B), (C), and (D),
21 respectively.

22 **SEC. 408. ENHANCED VOUCHER ELIGIBILITY AND BENE-**
23 **FITS.**

24 (a) **ELIGIBILITY OF RESIDENTS OF FLEXIBLE SUB-**
25 **SIDY PROJECTS.**—Section 201 of the Housing and Com-

1 munity Development Amendments of 1978 (12 U.S.C.
2 1715z-1a) is amended by adding at the end the following
3 new subsection:

4 “(p) ENHANCED VOUCHER ELIGIBILITY.—Notwith-
5 standing any other provision of law, any project that re-
6 ceives or has received assistance under this section and
7 which is the subject of a transaction under which the
8 project is preserved as affordable housing, as determined
9 by the Secretary, shall be considered eligible low-income
10 housing under section 229 of the Low-Income Housing
11 Preservation and Resident Homeownership Act of 1990
12 (12 U.S.C. 4119) for purposes of eligibility of residents
13 of such project for enhanced voucher assistance provided
14 in accordance with the ‘Preserving Existing Housing In-
15 vestment’ account in the Departments of Veterans Affairs
16 and Housing and Urban Development, and Independent
17 Agencies Appropriations Act, 1997 (Public Law 104-204;
18 110 Stat. 2884) and pursuant to such provision or any
19 other subsequently enacted provision of law.”.

20 (b) EFFECT OF RENTAL INCREASES ON OTHER EN-
21 HANCED VOUCHERS.—To the extent that amounts are
22 provided in advance in appropriations Acts for enhanced
23 vouchers (including amendments and renewals) pursuant
24 to the authority under the heading “Preserving Existing
25 Housing Investment” in the Departments of Veterans Af-

1 fairs and Housing and Urban Development, and Inde-
2 pendent Agencies Appropriations Act, 1997 (Public Law
3 104–204; 110 Stat. 2884), each family receiving such en-
4 hanced voucher assistance after the date of prepayment
5 or voluntary termination which continues to reside in the
6 housing occupied on the date of prepayment or voluntary
7 termination and the rent of which, absent enhanced vouch-
8 er assistance, would exceed the greater of 30 percent of
9 adjusted income or the rent paid by the family on such
10 date, may continue to receive such enhanced voucher as-
11 sistance indefinitely, subject to other requirements of that
12 authority, as amended: *Provided*, That rent resulting from
13 rent increases occurring later than 1 year after the date
14 of prepayment or voluntary termination may be used to
15 increase the applicable payment standard: *Provided fur-*
16 *ther*, That the rent for the dwelling unit is reasonable in
17 comparison to the rent charged for comparable dwelling
18 units in the private, unassisted local market.

19 **SEC. 409. ENHANCED DISPOSITION AUTHORITY.**

20 Section 204 of the Departments of Veterans Affairs
21 and Housing and Urban Development, and Independent
22 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–
23 11a) is amended—

24 (1) by striking “and 1999” and inserting
25 “1999, and 2000”; and

1 (2) by striking “or demolition” and inserting “,
2 demolition, or construction on the properties (which
3 shall be eligible whether vacant or occupied)”.

4 **SEC. 410. ASSISTANCE FOR NONPROFIT PURCHASERS PRE-**
5 **SERVING AFFORDABLE HOUSING.**

6 (a) CONGRESSIONAL FINDINGS.—The Congress finds
7 that—

8 (1) a substantial number of existing federally
9 assisted or federally insured multifamily properties
10 are at risk of being lost from the affordable housing
11 inventory of the Nation through market rate conver-
12 sion, deterioration, or demolition;

13 (2) it is in the interests of the Nation to en-
14 courage transfer of control of such properties to
15 competent national, regional, and local nonprofit en-
16 tities and intermediaries whose missions involve
17 maintaining the affordability of such properties;

18 (3) such transfers may be inhibited by a short-
19 age of such entities that are appropriately capital-
20 ized; and

21 (4) the Nation would be well served by pro-
22 viding assistance to such entities to aid in accom-
23 plishing this purpose.

24 (b) GRANTS.—The Secretary of Housing and Urban
25 Development may make grants, to the extent amounts are

1 made available for such grants, to eligible entities under
2 subsection (c) for use only for operational, working cap-
3 ital, and organizational expenses of such entities and ac-
4 tivities by such entities to acquire eligible affordable hous-
5 ing for the purpose of ensuring that the housing will re-
6 main affordable, as the Secretary considers appropriate,
7 for low-income or very low-income families (including el-
8 derly persons).

9 (c) ELIGIBLE ENTITIES.—The Secretary shall estab-
10 lish standards for eligible entities under this subsection,
11 which shall include requirements that to be considered an
12 eligible entity for purposes of this section an entity shall—

13 (1) be a nonprofit organization (as such term is
14 defined in 104 of the Cranston-Gonzalez National
15 Affordable Housing Act);

16 (2) have among its purposes maintaining the
17 affordability to low-income or very low-income fami-
18 lies of multifamily properties that are at risk of loss
19 from the inventory of housing that is affordable to
20 low-income or very low-income families; and

21 (3) demonstrate need for assistance under this
22 section for the purposes under subsection (b), expe-
23 rience in carrying out activities referred to in such
24 subsection, and capability to carry out such activi-
25 ties.

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

3 (1) ELIGIBLE AFFORDABLE HOUSING.—The
4 term “eligible affordable housing” means housing
5 that—

6 (A) consists of more than four dwelling
7 units;

8 (B) is insured or assisted under a program
9 of the Department of Housing and Urban De-
10 velopment or the Department of Agriculture
11 under which the property is subject to limita-
12 tions on tenant rents, rent contributions, or in-
13 comes; and

14 (C) is at risk, as determined by the Sec-
15 retary, of termination of any of the limitations
16 referred to in subparagraph (B).

17 (2) LOW-INCOME FAMILIES; VERY LOW-INCOME
18 FAMILIES.—The terms “low-income families” and
19 very low-income families” have the meanings given
20 such terms in section 3(b) of the United States
21 Housing Act of 1937.

22 (e) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated for grants under this
24 section such sums as may be necessary for each of fiscal
25 years 2000, 2001, and 2002.

1 **TITLE V—MORTGAGE INSUR-**
2 **ANCE FOR HEALTH CARE FA-**
3 **CILITIES AND HOME EQUITY**
4 **CONVERSION MORTGAGES**

5 **SEC. 501. REHABILITATION OF EXISTING HOSPITALS, NURS-**
6 **ING HOMES, AND OTHER FACILITIES.**

7 Section 223(f) of the National Housing Act (12
8 U.S.C. 1715n(f)) is amended—

9 (1) in paragraph (1), by inserting “existing
10 health care facility,” after “existing board and care
11 home,”; and

12 (2) in paragraph (4)—

13 (A) by inserting “existing health care facil-
14 ity,” after “board and care home,” each place
15 it appears;

16 (B) in subparagraph (A), by inserting be-
17 fore the semicolon at the end the following: “,
18 which refinancing, in the case of a loan on a
19 hospital, home, or facility that is within 5 years
20 of maturity, shall include a mortgage made to
21 prepay such loan;”;

22 (C) in subparagraph (B), by inserting after
23 “indebtedness” the following: “, pay the costs
24 of any repairs, maintenance, improvements, or

1 additional equipment which may be approved by
2 the Secretary,”; and

3 (D) in subparagraph (D)—

4 (i) by inserting “existing” before “in-
5 termediate care facility”; and

6 (ii) by inserting “existing” before
7 “board and care home”.

8 **SEC. 502. NEW HEALTH CARE FACILITIES.**

9 Section 232 of the National Housing Act (12 U.S.C.
10 1715w) is amended—

11 (1) in subsection (a), by adding at the end the
12 following new paragraph:

13 “(4) The development of health care facilities
14 for the care and treatment of the elderly and other
15 persons in need of health care and related services,
16 but who are not acutely ill and do not require hos-
17 pital care, and the support of health care facilities
18 which provide such health care and related services
19 (including those which support hospitals, as defined
20 in section 242(b)).”;

21 (2) in subsection (b)—

22 (A) in paragraph (4), by inserting after
23 the first period the following new sentence:

24 “Such term includes a parity first mortgage or

1 parity first deed of trust, subject to such terms
2 and conditions as the Secretary may provide.”;

3 (B) in paragraph (6)—

4 (i) by striking subparagraph (A) and
5 inserting the following new subparagraph:

6 “(A) meets all licensing and regulatory re-
7 quirements of the State, or if there is no State
8 law providing for such licensing and regulation
9 by the State, meets all licensing and regulatory
10 requirements of the municipality or other polit-
11 ical subdivision in which the facility is located,
12 or, in the absence of any such requirements,
13 meets any requirements of the Secretary for
14 such purposes;” and

15 (ii) in subparagraph (C), by striking

16 “and” at the end;

17 (C) in paragraph (7), by striking the pe-
18 riod at the end and inserting “; and”; and

19 (D) by adding at the end the following new
20 paragraph:

21 “(8) the term ‘health care facility’ means a
22 facility—

23 “(A) providing integrated health care deliv-
24 ery services designed and operated to provide
25 medical, convalescent, skilled and intermediate

1 nursing, board and care services, assisted living,
2 rehabilitation, custodial, personal care services,
3 or any combination thereof;

4 “(B) designed, in whole or in part, to pro-
5 vide a continuum of care, as determined by the
6 Secretary;

7 “(C) providing clinical services, out patient
8 services, including community health services
9 and medical practice facilities and group prac-
10 tice facilities to persons not in need of the serv-
11 ices rendered in other facilities insurable under
12 this title; or

13 “(D)(i) designed, in whole or in part—

14 “(I) to provide health care services
15 which are not acute care in nature to per-
16 sons (including the elderly and infirm); or

17 “(II) to provide supportive or ancil-
18 lary services to hospitals (as defined in sec-
19 tion 242(b)), which services may include
20 services provided by special use health care
21 facilities, professional office buildings, lab-
22 oratories, administrative offices, and other
23 facilities supportive or ancillary to health
24 care delivery; and

1 “(ii) that meet standards acceptable to the
2 Secretary, which may include standards gov-
3 erning licensure or State or local approval and
4 regulation of a mortgagor; or

5 “(E) that provides any combination of the
6 services under subparagraphs (a) through
7 (D).”;

8 (3) in subsection (d)—

9 (A) in the matter preceding paragraph
10 (1)—

11 (i) by inserting “board and care
12 home,” after “rehabilitated nursing
13 home,”;

14 (ii) by inserting “health care facility,”
15 after “assisted living facility,” the first two
16 places it appears;

17 (iii) by inserting “board and care
18 home,” after “existing nursing home,”;
19 and

20 (iv) by striking “or a board and care
21 home” and inserting “, board and care
22 home or health care facility”;

23 (B) in paragraph (2), in the matter pre-
24 ceding subparagraph (A), by inserting after
25 “including” the following: “or a public body,

1 public agency, or public corporation eligible
2 under this section”;

3 (C) in paragraph (4)(A)—

4 (i) in the first sentence—

5 (I) by inserting “, and health
6 care facilities which include such
7 nursing home and intermediate care
8 facilities,” before “, the Secretary”;

9 (II) by inserting “or the portion
10 of a health care facility providing such
11 services” before “covered by the mort-
12 gage,”; and

13 (III) by inserting “or for such
14 nursing or intermediate care services
15 within a health care facility” before “,
16 and (ii)”;

17 (ii) in the second sentence, by insert-
18 ing “(which may be within a health care
19 facility)” after “home and facility”; and

20 (iii) in the third sentence—

21 (I) by striking “mortgage under
22 this section” and all that follows
23 through “feasibility” and inserting the
24 following: “such mortgage under this
25 section unless (i) the proposed mort-

1 gagor or applicant for the mortgage
2 insurance for the home or facility or
3 combined home or facility, or the
4 health care facility containing such
5 services, has commissioned and paid
6 for the preparation of an independent
7 study of market need for the project”;

8 (II) in clause (i)(II), by striking
9 “and its relationship to, other health
10 care facilities and” and inserting “or
11 such facilities within a health care fa-
12 cility, and its relationship to, other fa-
13 cilities providing health care”;

14 (III) in clause (i)(IV), by striking
15 “in the event the State does not pre-
16 pare the study,”; and

17 (IV) in clause (i)(IV), by striking
18 “the State or”;

19 (iv) by striking the penultimate sen-
20 tence and inserting the following new sen-
21 tences: “A study commissioned or under-
22 taken by the State in which the facility will
23 be located shall be considered to satisfy
24 such market study requirement. The pro-
25 posed mortgagor or applicant may reim-

1 burse the State for the cost of an inde-
2 pendent study referred to in the preceding
3 sentence.”; and

4 (v) in the last sentence—

5 (I) by inserting “the proposed
6 mortgagor or applicant for mortgage
7 insurance may obtain from” after “10
8 individuals,”;

9 (II) by striking “may” and in-
10 serting “and”; and

11 (III) by inserting a comma before
12 “written support”; and

13 (D) in paragraph (4)(C)(iii), by striking
14 “the appropriate State” and inserting “any ap-
15 propriate”; and

16 (4) in subsection (i)(1) by inserting “health
17 care facilities,” after “assisted living facilities,”.

18 **SEC. 503. HOSPITALS AND HOSPITAL-BASED HEALTH CARE**

19 **FACILITIES.**

20 Section 242 of the National Housing Act (12 U.S.C.
21 1715z-7) is amended—

22 (1) in subsection (b)—

23 (A) in paragraph (1)—

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

1 (ii) by striking subparagraph (B);
2 (iii) in subparagraph (C), by striking
3 the period at the end and inserting “;
4 and”;

5 (iv) by redesignating subparagraph
6 (C) as subparagraph (B);

7 (B) in paragraph (2), by striking “respect-
8 fully” and all that follows and inserting “given
9 such terms in section 207(a), except that the
10 term ‘mortgage’ shall include a parity first
11 mortgage or parity first deed of trust, subject
12 to such terms and conditions as the Secretary
13 may provide.”; and

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

16 “(3) the term ‘health care facility’ has the
17 meaning given such term in section 232(b).”;

18 (2) in subsection (d)—

19 (A) in the matter preceding paragraph (1),
20 by inserting after “operation,” the following:
21 “or which covers a health care facility owned or
22 to be owned by an applicant or proposed mort-
23 gator which also owns a hospital, including
24 equipment to be used in its operation.”;

25 (B) in paragraph (1)—

1 (i) in the first sentence, by inserting
2 before the period at the end the following:
3 “and who, in the case of a mortgage cov-
4 ering a health care facility, is also the
5 owner of a hospital facility”; and

6 (ii) by adding at the end the following
7 new sentence: “A mortgage covering a
8 health care facility may only cover the
9 property on which the eligible facility will
10 be located.”;

11 (C) in paragraph (2)(A) by inserting “or
12 health care facility” before the comma; and

13 (D) in paragraph (4)—

14 (i) in the first sentence, by inserting
15 “for a hospital” after “any mortgage”;

16 (ii) by striking the third sentence and
17 inserting the following: “If no such State
18 agency exists, or if the State agency exists
19 but is not empowered to provide a certifi-
20 cation that there is a need for the hospital
21 as set forth in clause (A) of the first sen-
22 tence, the Secretary shall not insure any
23 such mortgage under this section unless:
24 (A) the proposed mortgagor or applicant
25 for the hospital has commissioned and paid

1 for the preparation of an independent
2 study of market need for the proposed
3 project that: (i) is prepared in accordance
4 with the principles established by the Sec-
5 retary, in consultation with the Secretary
6 of Health and Human Services (to the ex-
7 tent the Secretary of Housing and Urban
8 Development considers appropriate); (ii)
9 assesses, on a marketwide basis, the im-
10 pact of the proposed hospital on, and its
11 relationship to, other facilities providing
12 health care services, the percentage of ex-
13 cess beds, demographic projections, alter-
14 native health care delivery systems, and
15 the reimbursement structure of the hos-
16 pital; (iii) is addressed to and is acceptable
17 to the Secretary in form and substance;
18 and (iv) is prepared by a financial consult-
19 ant selected by the proposed mortgagor or
20 applicant and approved by the Secretary;
21 and (B) the State complies with the other
22 provisions of this paragraph that would
23 otherwise be required to be met by a State
24 agency designated in accordance with sec-
25 tion 604(a)(1) or section 1521 of the Pub-

1 lic Health Service Act. A study commis-
2 sioned or undertaken by the State in which
3 the hospital will be located shall be consid-
4 ered to satisfy such market study require-
5 ment.”; and

6 (iii) in the last sentence, by striking
7 “feasibility”; and

8 (3) in subsection (f), by inserting “and public
9 health care facilities” after “public hospitals”.

10 **SEC. 504. HOME EQUITY CONVERSION MORTGAGES.**

11 (a) INSURANCE FOR MORTGAGES TO REFINANCE EX-
12 ISTING HECMs.—

13 (1) IN GENERAL.—Section 255 of the National
14 Housing Act (12 U.S.C. 1715z–20) is amended—

15 (A) by redesignating subsection (k) as sub-
16 section (l); and

17 (B) by inserting after subsection (j) the
18 following new subsection:

19 “(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

20 “(1) IN GENERAL.—The Secretary may, upon
21 application by a mortgagee, insure under this sub-
22 section any mortgage given to refinance an existing
23 home equity conversion mortgage insured under this
24 section.

1 “(2) ANTI-CHURNING DISCLOSURE.—The Sec-
2 retary shall, by regulation, require that the mort-
3 gagee of a mortgage insured under this subsection,
4 provide to the mortgagor, within an appropriate time
5 period and in a manner established in such regula-
6 tions, a good faith estimate of: (A) the total cost of
7 the refinancing; and (B) the increase in the mortga-
8 gor’s principal limit as measured by the estimated
9 initial principal limit on the mortgage to be insured
10 under this subsection less the current principal limit
11 on the home equity conversion mortgage that is
12 being refinanced and insured under this subsection.

13 “(3) WAIVER OF COUNSELING REQUIRE-
14 MENT.—The mortgagor under a mortgage insured
15 under this subsection may waive the applicability,
16 with respect to such mortgage, of the requirements
17 under subsection (d)(2)(B) (relating to third party
18 counseling), but only if—

19 “(A) the mortgagor has received the disclo-
20 sure required under paragraph (2);

21 “(B) the increase in the principal limit de-
22 scribed in paragraph (2) exceeds the amount of
23 the total cost of refinancing (as described in
24 such paragraph) by an amount to be deter-
25 mined by the Secretary; and

1 “(C) the time between the closing of the
2 original home equity conversion mortgage that
3 is refinanced through the mortgage insured
4 under this subsection and the application for a
5 refinancing mortgage insured under this sub-
6 section does not exceed 5 years.

7 “(4) CREDIT FOR PREMIUMS PAID.—Notwith-
8 standing section 203(c)(2)(A), the Secretary may re-
9 duce the amount of the single premium payment
10 otherwise collected under such section at the time of
11 the insurance of a mortgage refinanced and insured
12 under this subsection. The amount of the single pre-
13 mium for mortgages refinanced under this sub-
14 section shall be determined by the Secretary based
15 on the actuarial study required under paragraph (5).

16 “(5) ACTUARIAL STUDY.—Not later than 180
17 days after the date of the enactment of this sub-
18 section, the Secretary shall conduct an actuarial
19 analysis to determine the adequacy of the insurance
20 premiums collected under the program under this
21 subsection with respect to—

22 “(A) a reduction in the single premium
23 payment collected at the time of the insurance
24 of a mortgage refinanced and insured under
25 this subsection;

1 “(B) the establishment of a single national
2 limit on the benefits of insurance under sub-
3 section (g) (relating to limitation on insurance
4 authority); and

5 “(C) the combined effect of reduced insur-
6 ance premiums and a single national limitation
7 on insurance authority.

8 “(6) FEES.—The Secretary may establish a
9 limit on the origination fee that may be charged to
10 a mortgagor under a mortgage insured under this
11 subsection, except that such limitation shall provide
12 that the origination fee may be fully financed with
13 the mortgage and shall include any fees paid to cor-
14 respondent mortgagees approved by the Secretary.
15 The Secretary shall prohibit the charging of any
16 broker fees in connection with mortgages insured
17 under this subsection.”.

18 (2) REGULATIONS.—Notwithstanding sections 2
19 and 3 of the Preserving Affordable Housing for Sen-
20 ior Citizens and Families into the 21st Century Act,
21 the Secretary shall issue any final regulations nec-
22 essary to implement the amendments made by para-
23 graph (1) of this subsection, which shall take effect
24 not later than the expiration of the 180-day period
25 beginning on the date of the enactment of this Act.

1 The regulations shall be issued after notice and op-
2 portunity for public comment in accordance with the
3 procedure under section 553 of title 5, United States
4 Code, applicable to substantive rules (notwith-
5 standing subsections (a)(2), (b)(B), and (d)(3) of
6 such section).

7 (b) STUDY OF SINGLE NATIONAL MORTGAGE
8 LIMIT.—The Secretary of Housing and Urban Develop-
9 ment shall conduct an actuarially based study of the ef-
10 fects of establishing, for mortgages insured under section
11 255 of the National Housing Act (12 U.S.C. 1715z–20),
12 a single maximum mortgage amount limitation in lieu of
13 applicability of section 203(b)(2) of such Act (12 U.S.C.
14 1709(b)(2)). The study shall—

15 (1) examine the effects of establishing such lim-
16 itation at different dollar amounts; and

17 (2) examine the effects of such various limita-
18 tions on—

19 (A) the risks to the General Insurance
20 Fund established under section 519 of such
21 Act;

22 (B) the mortgage insurance premiums that
23 would be required to be charged to mortgagors
24 to ensure actuarial soundness of such Fund;
25 and

1 (C) take into consideration the various ap-
2 proaches to providing credit to borrowers who
3 refinance home equity conversion mortgages in-
4 sured under section 255 of such Act.

5 Not later than 180 days after the date of the enactment
6 of this Act, the Secretary shall complete the study under
7 this subsection and submit a report describing the study
8 and the results of the study to the Committee on Banking
9 and Financial Services of the House of Representatives
10 and to the Committee on Banking, Housing, and Urban
11 Affairs of the Senate.

Passed the House of Representatives September 27,
1999.

Attest:

JEFF TRANDAHL,

Clerk.