

Union Calendar No. 404

107TH CONGRESS
2^D SESSION

H. R. 3995

[Report No. 107-640, Parts I and II]

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2002

Mrs. ROUKEMA (for herself, Mr. GREEN of Wisconsin, Mr. OXLEY, Mr. ANDREWS, Mr. LUCAS of Kentucky, Mr. BEREUTER, Mr. BACHUS, Mr. KING, Mr. NEY, Mr. BARR of Georgia, Mrs. KELLY, Mr. RILEY, Mr. GARY G. MILLER of California, Mr. CANTOR, Mr. GRUCCI, Mr. ROGERS of Michigan, Mr. TIBERI, Mr. LEACH, Mr. SHAYS, Mr. LATOURETTE, Mr. JONES of North Carolina, Ms. HART, Mr. FERGUSON, and Mr. PICKERING) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

SEPTEMBER 4, 2002

Reported from the Committee on the Judiciary

SEPTEMBER 17, 2002

Additional sponsors: Mr. PETERSON of Minnesota, Mr. SIMMONS, Mr. SHOWS, Mr. GREEN of Texas, Mr. BOEHLERT, Mr. KENNEDY of Minnesota, Mr. WHITFIELD, Mrs. JOHNSON of Connecticut, Mr. UPTON, Ms. PRYCE of Ohio, Mr. YOUNG of Alaska, Mr. PALLONE, Mr. SAXTON, Mr. SUNUNU, Mr. BURR of North Carolina, Mr. HOEFFEL, Mr. OSE, Mrs. MYRICK, Mr. GILLMOR, Mr. HOLDEN, Mr. RAMSTAD, Mr. GRAHAM, Mr. JOHNSON of Illinois, Mr. TERRY, Mr. GANSKE, Mrs. BIGGERT, Mr. SMITH of Texas, Mr. WAMP, Mr. LAHOOD, Mr. ROTHMAN, Mr. GORDON, Mr. OWENS, Mr. DOOLEY of California, Mr. BALDACCI, Mr. PAYNE, Mr. SPRATT, Mrs. CAPITO, Mr. GREENWOOD, Mr. CASTLE, Mr. SCHAFFER, Mr. BASS, Mr. LOBIONDO, Mr. PETRI, Mrs. MORELLA, Mr. ENGLISH, Mr. WOLF, Mr.

NUSSLE, Mr. LARSEN of Washington, Mr. DOYLE, Mr. OSBORNE, Mr. GOODLATTE, Mr. BERRY, Mr. HONDA, Mr. PLATTS, and Mr. MCINTYRE

SEPTEMBER 17, 2002

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on March 19, 2002]

A BILL

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

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

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

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
5 *“Housing Affordability for America Act of 2002”.*

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

Sec. 1. Short title and table of contents.

TITLE I—HOME INVESTMENT PARTNERSHIPS PROGRAM

Sec. 101. Matching grants for State and local affordable housing trust funds.

Sec. 102. 3-year on-site inspection cycle for tax credit projects.

Sec. 103. Repeal of limitations on program assistance as percentage of operating budget.

Sec. 104. Eligibility of room additions for use for grandparents and grandchildren.

Sec. 105. Program year for matching contributions.

Sec. 106. Membership of boards of eligible community housing development organizations.

Sec. 107. Monitoring of compliance.

Sec. 108. Downpayment assistance initiative.

Sec. 109. Homeownership for municipal employees.

TITLE II—FHA MORTGAGE INSURANCE

Subtitle A—Multifamily Housing and Health Care Facilities

- Sec. 201. *Indexing of multifamily mortgage limits.*
- Sec. 202. *High-cost areas.*
- Sec. 203. *Standards and need for health care facility mortgage insurance.*
- Sec. 204. *Hospital mortgage insurance loss mitigation demonstration program.*

Subtitle B—Single Family Housing

- Sec. 221. *Downpayment simplification.*
- Sec. 222. *Reduced downpayment requirements for loans for teachers and public safety officers.*
- Sec. 223. *Community partners next door program.*
- Sec. 224. *Public safety officer home ownership in at-risk areas.*
- Sec. 225. *Hybrid adjustable rate mortgages.*
- Sec. 226. *Uniform national loan limit for home equity conversion mortgages.*
- Sec. 227. *Prohibition of investor and nonprofit owners under rehabilitation loan program.*
- Sec. 228. *Rehabilitation loan advances.*
- Sec. 229. *Nonprofit purchasers under property disposition.*
- Sec. 230. *Extension of holding period.*
- Sec. 231. *Pilot program for mandatory first-time homebuyer counseling for properties in high foreclosure neighborhoods.*
- Sec. 232. *Disposition of assets in revitalization areas.*

TITLE III—SUPPORTIVE HOUSING FOR ELDERLY AND DISABLED FAMILIES

- Sec. 301. *Authorization of appropriations for grants for repairs to federally assisted housing for the elderly.*
- Sec. 302. *Service coordinators for supportive housing for persons with disabilities.*
- Sec. 303. *Demonstration program for elderly housing for intergenerational families.*
- Sec. 304. *Treatment of projects subject to foreclosure.*

TITLE IV—SECTION 8 RENTAL HOUSING ASSISTANCE PROGRAM

- Sec. 401. *Housing voucher demonstration.*
- Sec. 402. *Flexibility to assist hard-to-house families.*
- Sec. 403. *Clarification on prohibition of re-screening of tenants.*
- Sec. 404. *PHA administrative fees.*
- Sec. 405. *Ensuring ability to use enhanced vouchers.*
- Sec. 406. *Treatment of overhoused assisted families.*
- Sec. 407. *Extension of manufactured housing demonstration program.*
- Sec. 408. *Extension of project-based section 8 contract renewals.*
- Sec. 409. *Inspection of units.*
- Sec. 410. *Escrow of tenant rent in cases of owner failure to maintain unit.*
- Sec. 411. *Project-based vouchers modifications.*
- Sec. 412. *Expanded use of enhanced vouchers.*
- Sec. 413. *Demonstration program for rental assistance for grandparent-headed or relative-headed families.*
- Sec. 414. *Eligibility of grandparent-headed and relative-headed families for family unification assistance.*
- Sec. 415. *Increased payment standard.*
- Sec. 416. *Protection of innocent tenants.*

TITLE V—PUBLIC HOUSING

Subtitle A—General Provisions

- Sec. 501. PHA joint ventures.*
- Sec. 502. Third-party public housing assessment system.*
- Sec. 503. Public housing agency plans for certain small public housing agencies.*
- Sec. 504. Affordable assisted living facilities demonstration program.*
- Sec. 505. Protection of innocent tenants.*

Subtitle B—HOPE VI Revitalization Program

- Sec. 521. Selection criteria.*
- Sec. 522. Authorization of appropriations.*
- Sec. 523. Extension of program.*
- Sec. 524. HOPE VI grants for assisting affordable housing through Main Street projects.*

TITLE VI—HOMELESS HOUSING PROGRAMS

- Sec. 601. United States Interagency Council on Homelessness.*
- Sec. 602. Federal Emergency Management Agency food and shelter program.*
- Sec. 603. Emergency shelter grants program.*
- Sec. 604. Supportive housing program.*
- Sec. 605. Section 8 assistance for single room occupancy dwellings.*
- Sec. 606. Shelter plus care.*
- Sec. 607. Housing for domestic violence and sexual assault victims.*
- Sec. 608. National goal of ending homelessness.*
- Sec. 609. Clerical amendments.*

TITLE VII—NATIVE AMERICAN HOUSING

- Sec. 701. Reauthorization of Native American Housing and Self-Determination Act of 1996.*
- Sec. 702. Comprehensive planning under Native American housing block grant program.*
- Sec. 703. Lands Title Report Commission.*

TITLE VIII—HOUSING IMPACT ANALYSIS

- Sec. 801. Applicability.*
- Sec. 802. Exception for certain banking rules.*
- Sec. 803. Statement of proposed rulemaking.*
- Sec. 804. Initial housing impact analysis.*
- Sec. 805. Final housing impact analysis.*
- Sec. 806. Avoidance of duplicative or unnecessary analyses.*
- Sec. 807. Preparation of analyses.*
- Sec. 808. Effect on other law.*
- Sec. 809. Procedure for waiver or delay of completion.*
- Sec. 810. Definitions.*
- Sec. 811. Development.*
- Sec. 812. Judicial review.*

TITLE IX—OTHER HOUSING PROGRAMS

- Sec. 901. GNMA guarantee fee.*
- Sec. 902. Housing counseling programs.*
- Sec. 903. Assistance for self-help housing providers.*

Sec. 904. *Housing opportunities for persons with AIDS.*

Sec. 905. *Use of CDBG amounts for construction of tornado-safe shelter for manufactured housing parks.*

Sec. 906. *Use of CDBG amounts to administer renewal communities.*

Sec. 907. *Subsidy layering review.*

Sec. 908. *Study of community renewal program.*

Sec. 909. *Correction of inequities in the second round of empowerment zones.*

Sec. 910. *Employment opportunities in public and Indian housing agencies.*

Sec. 911. *Assistance for nonprofit purchasers preserving affordable housing.*

Sec. 912. *Homeownership for municipal employees.*

Sec. 913. *Sense of Congress regarding HUD Office of Disability Policy.*

Sec. 914. *Transfer of rural multifamily rental housing projects to nonprofits and local housing authorities.*

Sec. 915. *Sense of Congress regarding consumer protection and home warranties.*

Sec. 916. *Demonstration program for affordable housing database.*

Sec. 917. *HUD study regarding Main Street partnership.*

Sec. 918. *Contractual commitments for rural multifamily rental housing.*

1 **TITLE I—HOME INVESTMENT**
 2 **PARTNERSHIPS PROGRAM**

3 **SEC. 101. MATCHING GRANTS FOR STATE AND LOCAL AF-**
 4 **FORDABLE HOUSING TRUST FUNDS.**

5 (a) *IN GENERAL.*—*Title II of the Cranston-Gonzalez*
 6 *National Affordable Housing Act (42 U.S.C. 12721 et seq.)*
 7 *is amended by adding at the end the following new subtitle:*

8 **“Subtitle G—Matching Grants for State and Local**
 9 **Affordable Housing Trust Funds**

10 **“SEC. 292. MATCHING GRANT PROGRAM.**

11 “(a) *FINDINGS.*—*The Congress finds the following:*

12 “(1) *There are more than 280 housing trust*
 13 *funds in the United States. 36 States have created*
 14 *housing trust funds and the remainder were created*
 15 *by cities and counties.*

16 “(2) *More than \$500,000,000 is spent for afford-*
 17 *able housing through these trust funds every year and*

1 *this amount is increasing. On average, for every dol-*
2 *lar committed to a housing project by a housing trust*
3 *fund, another \$5 to \$10 is leveraged in other public*
4 *and private resources.*

5 *“(3) Hundreds of thousands of housing units*
6 *have been supported through housing trust funds.*

7 *“(4) Housing trust funds support a variety of*
8 *housing activities for low- and very low-income house-*
9 *holds, including new construction, preservation of ex-*
10 *isting housing, emergency repairs, homeless shelters,*
11 *housing-related services, and capacity building for*
12 *nonprofit organizations.*

13 *“(5) At any given time, as many as 50 addi-*
14 *tional jurisdictions are considering the creation of a*
15 *housing trust fund.*

16 *“(6) These unique funds are a fundamental as-*
17 *pect of emerging housing policy in the United States.*

18 *“(7) Housing trust funds have demonstrated that*
19 *when government makes a commitment to address*
20 *critical housing needs, the on-going dedicated source*
21 *of revenue allows for more intelligent planning to ad-*
22 *dress housing needs and for improved proposals sub-*
23 *mitted by the housing industry in an effort to effec-*
24 *tively use existing resources.*

1 “(8) *Housing trust funds enable jurisdictions to*
2 *elevate funding for their critical housing needs by*
3 *committing resources to a process that treats afford-*
4 *able housing as an essential component of maintain-*
5 *ing healthy communities.*

6 “(9) *Jurisdictions have documented increased*
7 *jobs, growing sales taxes, higher property tax reve-*
8 *nues, and many other economic benefits from the op-*
9 *eration of their housing trust funds.*

10 “(10) *Providing federal incentives to encourage*
11 *the establishment of more State and local housing*
12 *trust funds, and providing Federal funds for the more*
13 *than 280 existing housing trust funds, would be a*
14 *positive action in addressing the affordable housing*
15 *crisis.*

16 “(b) *IN GENERAL.—The Secretary of Housing and*
17 *Urban Development may make grants under this section*
18 *to affordable housing trust funds that are distinct funds,*
19 *established by States and units of general local government,*
20 *that use public revenue to support the production, preserva-*
21 *tion, and rehabilitation of affordable housing, as deter-*
22 *mined by the Secretary.*

23 “(c) *ALLOCATIONS FOR STATES AND UNITS OF GEN-*
24 *ERAL LOCAL GOVERNMENT.—The Secretary shall use the*
25 *total amount made available for grants under this section*

1 *for each fiscal year to provide such grants to affordable*
2 *housing trust funds of States and units of general local gov-*
3 *ernment. Of such total amount, the Secretary shall allocate*
4 *40 percent for grants for affordable housing trust funds of*
5 *States and 60 percent for grants for affordable housing trust*
6 *funds of units of general local government. Each State af-*
7 *fordable housing trust fund shall receive at least 1 percent*
8 *of the amount allocated for the States.*

9 “(d) *MATCHING REQUIREMENT.*—*The Secretary may*
10 *not make a grant under this section for any fiscal year to*
11 *any affordable housing trust fund in an amount in excess*
12 *of the amount that the State or local government admin-*
13 *istering the trust fund certifies, as the Secretary shall re-*
14 *quire, that will be contributed from non-Federal sources*
15 *during such fiscal year to the trust fund for use only for*
16 *production, preservation, and rehabilitation of affordable*
17 *housing.*

18 “(e) *USE REQUIREMENTS.*—*Amounts provided from a*
19 *grant under this section shall be subject to the following re-*
20 *quirements:*

21 “(1) *DISTRIBUTION TO ELIGIBLE ENTITIES.*—
22 *Grant amounts under this section (excluding any*
23 *amounts used under paragraph (2)) shall be distrib-*
24 *uted to eligible entities for use by such entities only*

1 *for eligible activities in the jurisdiction served by the*
2 *affordable housing trust fund, as follows:*

3 “(A) *USE FOR RENTAL HOUSING FOR EX-*
4 *TREMELY LOW-INCOME FAMILIES.—75 percent of*
5 *such amounts shall be distributed for use only for*
6 *eligible activities relating to qualified affordable*
7 *housing that is available for rental by extremely*
8 *low-income families in the jurisdiction served by*
9 *the affordable housing trust fund. Such rental*
10 *housing shall include limited equity cooperative*
11 *housing, as such term is defined in section*
12 *143(k) of the Internal Revenue Code of 1986 (26*
13 *U.S.C 143(k)).*

14 “(B) *USE FOR RENTAL HOUSING OR HOME-*
15 *OWNERSHIP FOR LOW-INCOME FAMILIES.—25*
16 *percent of such amounts shall be distributed for*
17 *use only for eligible activities relating to quali-*
18 *fied affordable housing that is available for rent-*
19 *al by low-income families in the jurisdiction*
20 *served by the affordable housing trust fund, or*
21 *for homeownership assistance for low-income*
22 *families in such jurisdiction. Such rental hous-*
23 *ing and homes for homeownership shall include*
24 *housing of a cooperative housing corporation, as*

1 *such term as defined in section 216(b) of the In-*
2 *ternal Revenue Code of 1986 (26 U.S.C. 216(b)).*

3 “(2) *OPERATING ASSISTANCE FOR NONPROFIT*
4 *HOUSING DEVELOPMENT ORGANIZATIONS.—An afford-*
5 *able housing trust fund that receives a grant under*
6 *this section may use not more than 5 percent of such*
7 *grant amounts to provide assistance to nonprofit or-*
8 *ganizations involved in the development, rehabilita-*
9 *tion, or preservation of affordable rental housing for*
10 *payment of operating costs of such organizations.*
11 *Such nonprofit organizations shall include commu-*
12 *nity housing development organizations (as such term*
13 *is defined in section 104 of this Act, community de-*
14 *velopment financial institutions (as such term is de-*
15 *veloped in section 103 of the Community Development*
16 *Banking and Financial Institutions Act of 1994 (12*
17 *U.S.C. 4702)), community development corporations*
18 *(as such term is defined in section 31131 of the Na-*
19 *tional Community Economic Partnership Act of 1994*
20 *(42 U.S.C. 13851)), and community-based develop-*
21 *ment organizations.*

22 “(3) *COST LIMITS.—The Secretary shall establish*
23 *limitations on the amount of grant amounts that may*
24 *be used, on a per unit basis, for eligible activities.*
25 *Such limitations shall be the same as the per unit*

1 *cost limits established pursuant to section 212(e), as*
2 *adjusted annually, and established by number of bed-*
3 *rooms, market area, and eligible activity.*

4 “(f) *ALLOCATION PLAN.*—

5 “(1) *REQUIREMENT.*—*With respect to a fiscal*
6 *year, an affordable housing trust fund shall be eligible*
7 *to receive a grant under this section for such fiscal*
8 *year only if the trust fund has established an alloca-*
9 *tion plan that has been submitted to the Secretary*
10 *and reviewed and approved by the Secretary as in ac-*
11 *cordance with this subsection. The Secretary may dis-*
12 *approve an allocation plan only if the plan fails to*
13 *comply with requirements set forth in this section.*

14 “(2) *ESTABLISHMENT.*—*An allocation plan in*
15 *accordance with this subsection is a plan, established*
16 *by an affordable housing trust fund for a fiscal year,*
17 *for the distribution of grant amounts provided under*
18 *this section to the trust fund for such fiscal year.*

19 “(3) *NOTICE.*—*In establishing an allocation*
20 *plan, the affordable housing trust fund shall notify*
21 *the public of the establishment of the plan, provide an*
22 *opportunity for public comments regarding the plan,*
23 *consider any public comments received, and make the*
24 *completed plan available to the public.*

1 “(4) *CONTENTS.*—*An allocation plan of an af-*
2 *fordable housing trust fund shall include the following*
3 *information:*

4 “(A) *APPLICATION REQUIREMENTS FOR ELI-*
5 *GIBLE ENTITIES AND SUBRECIPIENTS.*—*The allo-*
6 *cation plan shall set forth the requirements for*
7 *eligible entities and eligible subrecipients to*
8 *apply to receive assistance from grant amounts*
9 *under this section, including a requirement that*
10 *each such application include—*

11 “(i) *a description of the eligible activi-*
12 *ties to be conducted using such assistance;*
13 *and*

14 “(ii) *a certification by the applicant*
15 *that any housing units assisted with such*
16 *assistance will comply with the require-*
17 *ments under—*

18 “(I) *subsection (k)(9)(A) (relating*
19 *to rents charged);*

20 “(II) *subsection (k)(9)(B) (relat-*
21 *ing to tenant rent contribution);*

22 “(III) *subsection (k)(9)(C) (relat-*
23 *ing to availability of units for voucher*
24 *holders); and*

1 “(IV) subsection (k)(9)(E) (relat-
2 ing to use as qualified affordable hous-
3 ing for 40 years).

4 “(B) SELECTION AND PREFERENCE CRI-
5 TERIA FOR ELIGIBLE ENTITIES AND SUBRECIPI-
6 ENTS.—The allocation plan shall set forth the
7 factors for consideration in selecting among ap-
8 plicants that meet the application requirements
9 set forth pursuant to subparagraph (A), which
10 shall give preference to applicants based on—

11 “(i) the amount of assistance leveraged
12 by the applicant from private and other
13 non-Federal sources for carrying out the eli-
14 gible activities to be funded with assistance
15 from grant amounts under this section, in-
16 cluding assistance made available under
17 section 8 of the United States Housing Act
18 of 1937 (42 U.S.C. 1437f) that is devoted to
19 the project that contains the qualified af-
20 fordable housing to be assisted with such as-
21 sistance;

22 “(ii) the extent of local assistance that
23 will be provided in carrying out the eligible
24 activities, including—

25 “(I) financial assistance;

1 “(II) the extent to which the ap-
2 plicant has worked to address issues of
3 siting and exclusionary zoning or other
4 policies that are barriers to affordable
5 housing with the unit of general local
6 government in which the housing to be
7 assisted with such assistance will be lo-
8 cated; and

9 “(III) the extent to which the ap-
10 plicant has worked with the unit of
11 general local government to reduce the
12 barriers to affordable housing;

13 “(iii) the degree to which the project in
14 which the qualified affordable housing will
15 be located will have residents of various in-
16 comes;

17 “(iv) the extent of employment and
18 other economic opportunities for low-income
19 families in the area in which the housing
20 will be located;

21 “(v) the extent to which the applicant
22 demonstrates the ability to maintain dwell-
23 ing units as qualified affordable housing
24 through the use of assistance made available
25 under this section, assistance leveraged from

1 *non-Federal sources, assistance made avail-*
2 *able under section 8 of the United States*
3 *Housing Act of 1937 (42 U.S.C. 1437f),*
4 *State or local assistance, programs to in-*
5 *crease tenant income, cross-subsidization,*
6 *and any other resources;*

7 “(vi) *the extent to which the applicant*
8 *demonstrates that the county in which the*
9 *housing is to be located is experiencing an*
10 *extremely low vacancy rate;*

11 “(vii) *the extent to which the percent-*
12 *age of the housing located in such county*
13 *that is extremely old housing exceeds 35*
14 *percent;*

15 “(viii) *whether the applicant has pro-*
16 *vided that—*

17 “(I) *75 percent of the grant*
18 *amounts will be used for eligible activi-*
19 *ties relating to housing located in cen-*
20 *sus tracts in which the number of fam-*
21 *ilies having incomes less than the pov-*
22 *erty line is less than 20 percent or in*
23 *communities undergoing revitalization;*
24 *and*

1 “(II) 25 percent of the grant
2 amounts will be used for eligible activi-
3 ties relating to housing that is located
4 in census tracts in which the number
5 of families having incomes less than
6 the poverty line is greater than 20 per-
7 cent and is not located in a commu-
8 nity undergoing revitalization; and

9 “(ix) whether the applicant has pro-
10 vided that—

11 “(I) not less than 45 percent of
12 the grant amounts will be used for eli-
13 gible activities relating to housing that
14 is affordable to families having in-
15 comes less than 30 percent of the great-
16 er of (aa) the median income for the
17 area in which the housing is located, or
18 (bb) the median income for the State
19 in which the housing is located;

20 “(II) not less than 30 percent of
21 the grant amounts will be used for eli-
22 gible activities relating to housing that
23 is affordable to families having in-
24 comes not exceeding the amount earned
25 by a family having one individual (or

1 1.5 individuals in the case of a family
2 consisting of 3 or more individuals),
3 who is employed on a full-time basis in
4 a position paying the higher of (aa)
5 the Federal minimum wage under sec-
6 tion 6(a)(1) of the Fair Labor Stand-
7 ards Act of 1938 (29 U.S.C.
8 206(a)(1)), or (bb) the minimum wage
9 under State law of the State in which
10 the housing is located; and

11 “(III) not more than 25 percent of
12 the grant amounts will be used for eli-
13 gible activities relating to housing for
14 families having incomes that (aa) are
15 greater than the incomes referred to in
16 subclauses (I) and (II) of this clause,
17 but (bb) do not exceed the higher of the
18 median income for the State in which
19 the housing is located or 80 percent of
20 the median income for the area in
21 which the housing is located.

22 “(5) CONSOLIDATED PLAN.—The Secretary shall
23 provide that a State or unit of general local govern-
24 ment administering an affordable housing trust fund
25 may comply with the requirements under this sub-

1 *section for submission of an allocation plan through*
2 *the inclusion of any appropriate information in a*
3 *single consolidated submission used for purposes of*
4 *applying for other community planning and develop-*
5 *ment and housing assistance programs administered*
6 *by the Secretary.*

7 *“(g) FORMS OF ASSISTANCE.—*

8 *“(1) IN GENERAL.—Assistance from grant*
9 *amounts under this section may be distributed in the*
10 *form of capital grants, noninterest bearing or low-in-*
11 *terest loans or advances, deferred payment loans,*
12 *guarantees, and any other forms of assistance ap-*
13 *proved by the Secretary.*

14 *“(2) REPAYMENTS.—If an affordable housing*
15 *trust fund awards assistance from grant amounts*
16 *under this section in the form of a loan or other*
17 *mechanism by which funds are later repaid to the*
18 *trust fund, any repayments received by the trust fund*
19 *shall be distributed by the trust fund in accordance*
20 *with the allocation plan under subsection (f) for the*
21 *trust fund for the fiscal year in which such repay-*
22 *ments are made.*

23 *“(h) COORDINATION WITH OTHER ASSISTANCE.—In*
24 *distributing assistance from grant amounts under this sec-*
25 *tion, each affordable housing trust fund shall, to the max-*

1 *imum extent practicable, coordinate such distribution with*
2 *the provision of other affordable housing assistance by the*
3 *trust fund, including—*

4 “(1) *in the case of any State, housing credit dol-*
5 *lar amounts allocated by the State under section*
6 *42(h) of the Internal Revenue Code of 1986;*

7 “(2) *assistance otherwise made available under*
8 *this title or the community development block grant*
9 *program under title I of the Housing and Community*
10 *Development Act of 1974 (42 U.S.C. 5301 et seq.);*
11 *and*

12 “(3) *private activity bonds.*

13 “(i) *ADMINISTRATION OF PROGRAM BY SUB-*
14 *RECIPIENT.—At the discretion of the affordable housing*
15 *trust fund, the trust fund may select an eligible subrecipient*
16 *to carry out all or a portion of the trust fund’s responsibil-*
17 *ities under this section, in accordance with this section.*

18 “(j) *LABOR STANDARDS.—Each affordable housing*
19 *trust fund receiving grant amounts under this section shall*
20 *ensure that contracts for eligible activities assisted with*
21 *such amounts comply with the same requirements under*
22 *section 286 that are applicable to contracts for construction*
23 *of affordable housing assisted under such Act.*

24 “(k) *DEFINITIONS.—For purposes of this section, the*
25 *following definitions shall apply:*

1 “(1) *ELIGIBLE ACTIVITIES.*—The term ‘eligible
2 activities’ means activities relating to the providing
3 qualified affordable housing, including—

4 “(A) the construction of new housing;

5 “(B) the acquisition of real property;

6 “(C) site preparation and improvement, in-
7 cluding demolition;

8 “(D) rehabilitation of existing housing; and

9 “(E) providing incentives to maintain ex-
10 isting housing as qualified affordable housing
11 and to establish or extend any low-income af-
12 fordability restrictions for such housing, includ-
13 ing covering capital expenditures and operating
14 costs.

15 “(2) *ELIGIBLE ENTITY.*—The term ‘eligible enti-
16 ty’ includes any public or private nonprofit or for-
17 profit entity, unit of general local government, re-
18 gional planning entity, and any other entity engaged
19 in the development, rehabilitation, or preservation of
20 qualified affordable housing, as determined by the
21 Secretary.

22 “(3) *ELIGIBLE SUBRECIPIENT.*—The term ‘eligi-
23 ble subrecipient’ means a public agency or a non-
24 profit organization, including a community develop-
25 ment corporation, a community development finan-

1 *cial institution, a State or local housing trust fund,*
2 *and any other intermediary selected by an affordable*
3 *housing trust fund to administer all or a portion of*
4 *the trust fund’s responsibilities under this section.*
5 *The term does not include any public agency or non-*
6 *profit organization that receives money from an af-*
7 *fordable housing trust fund solely as a developer or*
8 *owner of housing.*

9 *“(4) EXTREMELY LOW-INCOME FAMILIES.—The*
10 *term ‘extremely low-income families’ means families*
11 *(as such term is defined in section 3(b) of the United*
12 *States Housing Act of 1937 (42 U.S.C. 1437a(b)))*
13 *whose incomes do not exceed 30 percent of the median*
14 *family income for the area, as determined by the Sec-*
15 *retary with adjustments for smaller and larger fami-*
16 *lies, except that the Secretary may establish income*
17 *ceilings higher or lower than 30 percent of the median*
18 *for the area on the basis of the Secretary’s findings*
19 *that such variations are necessary because of unusu-*
20 *ally high or low family incomes.*

21 *“(5) EXTREMELY LOW VACANCY RATE.—The*
22 *term ‘extremely low vacancy rate’ means a housing or*
23 *rental vacancy rate of 2 percent or less.*

1 “(6) *EXTREMELY OLD HOUSING.*—The term ‘ex-
2 *tremely old housing*’ means housing that is 45 years
3 *old or older.*

4 “(7) *LOW-INCOME FAMILIES.*—The term ‘low-in-
5 *come families*’ has the meaning given such term in
6 *section 3(b) of the United States Housing Act of 1937*
7 *(42 U.S.C. 1437a(b)).*

8 “(8) *POVERTY LINE.*—The term ‘poverty line’
9 *has the meaning given such term in section 673(2) of*
10 *the Omnibus Budget Reconciliation Act of 1981, in-*
11 *cluding any revision required by such section.*

12 “(9) *QUALIFIED AFFORDABLE HOUSING.*—The
13 *term ‘qualified affordable housing’ means a rental*
14 *dwelling unit that is subject to legally binding com-*
15 *mitments that ensure that the dwelling unit meets all*
16 *of the following requirements:*

17 “(A) *RENTS.*—The dwelling unit bears a
18 *rent not greater than the lesser of—*

19 “(i) *the existing fair market rental es-*
20 *tablished by the Secretary under section*
21 *8(c) of the United States Housing Act of*
22 *1937 (42 U.S.C. 1437f(c)) for a dwelling*
23 *unit of the same size in the same market*
24 *area; and*

1 “(i) a rent that does not exceed 30
2 percent of the adjusted income of a family
3 whose income equals 65 percent of the me-
4 dian income for the area, as determined by
5 the Secretary, with adjustment for number
6 of bedrooms in the unit, except that the Sec-
7 retary may establish income ceilings higher
8 or lower than 65 percent of the median for
9 the area on the basis of the findings of the
10 Secretary that such variations are necessary
11 because of prevailing levels of construction
12 costs or fair market rents, or unusually high
13 or low family incomes.

14 “(B) *TENANT RENT CONTRIBUTION.*—*The*
15 *contribution toward rent by the family residing*
16 *in the dwelling unit will not exceed 30 percent*
17 *of the adjusted income of such family.*

18 “(C) *AVAILABILITY OF UNITS FOR VOUCHER*
19 *HOLDERS.*—*The dwelling unit—*

20 “(i) *is located in a project within*
21 *which a percentage of units are made avail-*
22 *able only for occupancy by families assisted*
23 *under the voucher program under section*
24 *8(o) of the United States Housing Act of*
25 *1937 (42 U.S.C. 1437f(o)) (including*

1 *project-based assistance under section*
2 *8(o)(13)) on the same basis as other families*
3 *eligible for occupancy of the project (except*
4 *that only the voucher holder's expected share*
5 *of rent shall be considered), which percent-*
6 *age shall not be less than the percentage of*
7 *the total cost of developing, rehabilitating,*
8 *or preserving the project that is funded with*
9 *assistance under this section; and*

10 *“(ii) is one of the units that is subject*
11 *to such occupancy requirements.*

12 *“(D) NON-DISCRIMINATION AGAINST VOUCH-*
13 *ER HOLDERS.—The dwelling unit is located in a*
14 *project in which all dwelling units are subject to*
15 *enforceable restrictions that provide that a unit*
16 *may not be refused for leasing to a holder of a*
17 *voucher of eligibility under section 8 of the*
18 *United States Housing Act of 1937 (42 U.S.C.*
19 *1437f) because of the status of the prospective*
20 *tenant as a holder of such voucher.*

21 *“(E) DURATION OF USE.—The dwelling*
22 *unit will continue to be subject to the require-*
23 *ments under this paragraph for not less than 40*
24 *years.*

1 *able housing for rental that is assisted under this title*
2 *to assess compliance with the requirements of this*
3 *title. Such review shall be conducted in compliance*
4 *with the provisions of paragraph (2) (relating to fre-*
5 *quency) and shall include on-site inspection to deter-*
6 *mine compliance with housing codes and other appli-*
7 *cable regulations.*

8 “(2) *FREQUENCY.*—*The review required by para-*
9 *graph (1) shall be conducted not less frequently than*
10 *annually, except that, in the case of affordable hous-*
11 *ing for rental that has been allocated a low-income*
12 *housing tax credit by a housing credit agency pursu-*
13 *ant to section 42 of the Internal Revenue Code of*
14 *1986 and is not considered (under such regulations as*
15 *the Secretary shall prescribe) to be high-risk housing,*
16 *the on-site inspection referred to in paragraph (1)*
17 *shall be conducted once every 3 years, or more often*
18 *as may be required under the regulations issued pur-*
19 *suant to such section 42.*

20 “(3) *INCLUSION IN PERFORMANCE REPORT.*—*The*
21 *results of each review of a participating jurisdiction*
22 *shall be included in the performance report of the ju-*
23 *risdiction that is submitted under section 108(a) for*
24 *the year in which the review is conducted and shall*
25 *be made available to the public.”.*

1 **SEC. 103. REPEAL OF LIMITATIONS ON PROGRAM ASSIST-**
 2 **ANCE AS PERCENTAGE OF OPERATING BUDG-**
 3 **ET.**

4 (a) *HOUSING EDUCATION AND ORGANIZATIONAL SUP-*
 5 *PORT.*—Section 233(d) of the Cranston-Gonzalez National
 6 *Affordable Housing Act (42 U.S.C. 12773(d)) is amended—*

7 (1) *by striking “may not—” and all that follows*
 8 *through “(1)” and inserting “may not”; and*

9 (2) *by striking “; or” at the end of paragraph*
 10 *(1) and all that follows through the end of paragraph*
 11 *(2) and inserting a period.*

12 (b) *OTHER SUPPORT FOR STATE AND LOCAL HOUSING*
 13 *STRATEGIES.*—The first sentence of section 243(b) of the
 14 *Cranston-Gonzalez National Affordable Housing Act (42*
 15 *U.S.C. 12783(b)) is amended by striking “and shall provide*
 16 *not more than 20 percent of the operating budget of the*
 17 *contracting organization in any one year”.*

18 **SEC. 104. ELIGIBILITY OF ROOM ADDITIONS FOR USE FOR**
 19 **GRANDPARENTS AND GRANDCHILDREN.**

20 Section 104(8) of the Cranston-Gonzalez National Af-
 21 *fordable Housing Act (42 U.S.C. 12704(8)) is amended by*
 22 *adding at the end the following new sentence: “Such term*
 23 *also includes an additional room in, or a cottage housing*
 24 *opportunity unit installed adjacent to, an existing 1- to 4-*
 25 *family dwelling, that is necessary to permit the habitation,*
 26 *with the low-income family occupying the dwelling, of an*

1 *elderly person who is a relative of the family and to avoid*
2 *placement of such relative in an institutionalized setting,*
3 *foster care, or other out-of-home setting.”.*

4 **SEC. 105. PROGRAM YEAR FOR MATCHING CONTRIBUTIONS.**

5 *Section 220 of the Cranston-Gonzalez National Afford-*
6 *able Housing Act (42 U.S.C. 12750) is amended—*

7 *(1) in subsection (a)—*

8 *(A) by striking “a fiscal year” and insert-*
9 *ing “a program year of the jurisdiction”; and*

10 *(B) by striking “such fiscal year” and in-*
11 *serting “such program year”; and*

12 *(2) in subsection (d)—*

13 *(A) in paragraph (1), by striking “fiscal*
14 *year” and inserting “program year of the juris-*
15 *diction”;*

16 *(B) in paragraph (3), by striking “fiscal*
17 *year” each place such term appears and insert-*
18 *ing “program year”; and*

19 *(C) in paragraph (5), by striking “fiscal*
20 *year” and inserting “program year of the juris-*
21 *diction”.*

1 **SEC. 106. MEMBERSHIP OF BOARDS OF ELIGIBLE COMMU-**
2 **NITY HOUSING DEVELOPMENT ORGANIZA-**
3 **TIONS.**

4 *Section 104(6) of the Cranston-Gonzalez National Af-*
5 *fordable Housing Act (42 U.S.C. 12704(6)) is amended by*
6 *adding at the end the following: “In establishing require-*
7 *ments for an organization to be considered a community*
8 *housing development organization for purposes of this Act,*
9 *the Secretary may not prohibit, limit, or restrict member-*
10 *ship on the board by public employees who are not elected*
11 *or appointed or who do not exercise policy-making or pol-*
12 *icy-determining functions.”.*

13 **SEC. 107. MONITORING OF COMPLIANCE.**

14 *(a) AUTHORITY AND AGREEMENTS.—Section 226 of*
15 *the Cranston-Gonzalez National Affordable Housing Act (42*
16 *U.S.C. 12756) is amended—*

17 *(1) in the second sentence of subsection (a)—*

18 *(A) by striking “and”; and*

19 *(B) by inserting before the period at the end*
20 *the following: “, and (3) such fees as may be es-*
21 *tablished by the participating jurisdiction pur-*
22 *suant to subsection (c)”;*

23 *(2) by redesignating subsection (c) as subsection*
24 *(d); and*

25 *(3) by inserting after subsection (b) the following*
26 *new subsection:*

1 “(c) *MONITORING FEES.*—A participating jurisdiction
 2 may establish and charge reasonable fees to affordable hous-
 3 ing projects assisted under this title for costs of monitoring
 4 compliance with the provisions of this title.”.

5 (b) *USE OF INVESTMENT.*—Section 212 of the Cran-
 6 ston-Gonzalez National Affordable Housing Act (42 U.S.C.
 7 12742), as amended by the preceding provisions of this Act,
 8 is further amended by adding at the end the following new
 9 subsection:

10 “(h) *MONITORING FEES.*—Monitoring fees under sec-
 11 tion 226(c) for an affordable housing project may be paid
 12 for from amounts made available under this subtitle to the
 13 project, in accordance with an agreement pursuant to sec-
 14 tion 226(a).”.

15 **SEC. 108. DOWNPAYMENT ASSISTANCE INITIATIVE.**

16 (a) *DOWNPAYMENT ASSISTANCE INITIATIVE.*—Subtitle
 17 E of title II of the Cranston-Gonzalez National Affordable
 18 Housing Act (42 U.S.C. 12821) is amended to read as fol-
 19 lows:

20 **“Subtitle E—Other Assistance**

21 **“SEC. 271. DOWNPAYMENT ASSISTANCE INITIATIVE.**

22 “(a) *GRANT AUTHORITY.*—The Secretary may make
 23 grants to participating jurisdictions to assist low-income
 24 families to achieve homeownership, in accordance with this
 25 section.

1 “(b) *ELIGIBLE ACTIVITIES.*—Amounts made available
2 under this section may be used only for downpayment as-
3 sistance toward the purchase of single family housing by
4 low-income families who are first-time homebuyers. For
5 purposes of this title, the term ‘downpayment assistance’
6 means assistance to help a family acquire a principal resi-
7 dence.

8 “(c) *HOUSING STRATEGY.*—To be eligible to receive a
9 grant under this section for a fiscal year, a participating
10 jurisdiction shall include in its comprehensive housing af-
11 fordability strategy under section 105 for such year a de-
12 scription of the use of the grant amounts.

13 “(d) *FORMULA ALLOCATION.*—For each fiscal year, the
14 Secretary shall allocate any amounts made available for as-
15 sistance under this section for the fiscal year in accordance
16 with a formula, which shall be established by the Secretary,
17 that considers a participating jurisdiction’s need for and
18 prior commitment to assistance to homebuyers. The formula
19 may include minimum and maximum allocation amounts.

20 “(e) *REALLOCATION.*—If any amounts allocated to a
21 participating jurisdiction under this section become avail-
22 able for reallocation, the amounts shall be reallocated to
23 other participating jurisdictions in accordance with the for-
24 mula established pursuant to subsection (c), except that if
25 a local participating jurisdiction failed to receive amounts

1 *allocated under this section and is located in a State that*
2 *is a participating jurisdiction, the funds shall be reallocated*
3 *to the State.*

4 “(f) *APPLICABILITY OF OTHER PROVISIONS.—*

5 “(1) *IN GENERAL.—Except as otherwise provided*
6 *in this section, grants under this section shall not be*
7 *subject to the provisions of this title.*

8 “(2) *APPLICABLE PROVISIONS.—In addition to*
9 *the requirements of this section, grants under this sec-*
10 *tion shall be subject to the provisions of title I, sec-*
11 *tions 215(b), 218, 219, 221, 223, 224, and 226(a) of*
12 *subtitle A of this title, and subtitle F of this title.*

13 “(3) *REFERENCES.— In applying the require-*
14 *ments of subtitle A referred to in paragraph (2)—*

15 “(A) *any references to funds under subtitle*
16 *A shall be considered to refer to amounts made*
17 *available for assistance under this section; and*

18 “(B) *any references to funds allocated or re-*
19 *allocated under section 217 or 217(d) shall be*
20 *considered to refer to amounts allocated or re-*
21 *allocated under subsection (d) or (e) of this sec-*
22 *tion, respectively.*

23 “(g) *ADMINISTRATIVE COSTS.—Notwithstanding sec-*
24 *tion 212(c), a participating jurisdiction may use funds*
25 *under subtitle A for administrative and planning costs of*

1 *the jurisdiction in carrying out this section, and the limita-*
 2 *tion in section 212(c) shall be based on the total amount*
 3 *of funds available under subtitle A and this section.*

4 “(h) *FUNDING.*—*There are authorized to be appro-*
 5 *priated such sums as may be necessary to carry out this*
 6 *section for each of fiscal years 2003 and 2004.”.*

7 (b) *RELOCATION ASSISTANCE AND DOWNPAYMENT AS-*
 8 *SISTANCE.*—*Subtitle F of title II of the Cranston-Gonzalez*
 9 *National Affordable Housing Act is amended by inserting*
 10 *after section 290 (42 U.S.C. 12840) the following new sec-*
 11 *tion:*

12 **“SEC. 291. RELOCATION ASSISTANCE AND DOWNPAYMENT**
 13 **ASSISTANCE.**

14 *“The Uniform Relocation Assistance and Real Prop-*
 15 *erty Acquisition Policies Act of 1970 shall not apply to*
 16 *downpayment assistance under this title.”.*

17 **SEC. 109. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

18 (a) *ELIGIBLE ACTIVITIES.*—*Paragraph (2) of section*
 19 *215(b) of the Cranston-Gonzalez National Affordable Hous-*
 20 *ing Act (42 U.S.C. 12745(b)(2)) is amended to read as fol-*
 21 *lows:*

22 “(2) *is the principal residence of an owner*
 23 *who—*

24 “(A) *is a member of a family that qualifies*
 25 *as a low-income family—*

1 “(i) in the case of a contract to pur-
2 chase existing housing, at the time of pur-
3 chase;

4 “(ii) in the case of a lease-purchase
5 agreement for existing housing or for hous-
6 ing to be constructed, at the time the agree-
7 ment is signed; or

8 “(iii) in the case of a contract to pur-
9 chase housing to be constructed, at the time
10 the contract is signed; or

11 “(B)(i) is a uniformed employee (which
12 shall include policemen, firemen, and sanitation
13 and other maintenance workers) or a teacher
14 who is an employee, of the participating juris-
15 diction (or an agency or school district serving
16 such jurisdiction) that is investing funds made
17 available under this subtitle to support home-
18 ownership of the residence; and

19 “(ii) is a member of a family whose income,
20 at the time referred to in clause (i), (ii), or (iii)
21 of subparagraph (A), as appropriate, and as de-
22 termined by the Secretary with adjustments for
23 smaller and larger families, does not exceed 115
24 percent of the median income of the area, except
25 that, with respect only to such areas that the

1 *Secretary determines have high housing costs,*
2 *taking into consideration median house prices*
3 *and median family incomes for the area, such*
4 *income limitation shall be 150 percent of the me-*
5 *dian income of the area, as determined by the*
6 *Secretary with adjustments for smaller and larg-*
7 *er families;”.*

8 *(b) INCOME TARGETING.—Section 214(2) of the Cran-*
9 *ston-Gonzalez National Affordable Housing Act (42 U.S.C.*
10 *12744(2)) is amended by inserting before the semicolon the*
11 *following: “or families described in section 215(b)(2)(B)”.*

12 *(c) ELIGIBLE INVESTMENTS.—Section 212(b) of the*
13 *Cranston-Gonzalez National Affordable Housing Act (42*
14 *U.S.C. 12742(b)) is amended by adding at the end the fol-*
15 *lowing new sentence: “Notwithstanding the preceding sen-*
16 *tence, in the case of homeownership assistance for residences*
17 *of owners described in section 215(b)(2)(B), funds made*
18 *available under this subtitle may only be invested (1) to*
19 *provide amounts for downpayments on mortgages, (2) to*
20 *pay reasonable closing costs normally associated with the*
21 *purchase of a residence, (3) to obtain pre- or post-purchase*
22 *counseling relating to the financial and other obligations*
23 *of homeownership, or (4) to subsidize mortgage interest*
24 *rates.”.*

1 **TITLE II—FHA MORTGAGE**
2 **INSURANCE**
3 **Subtitle A—Multifamily Housing**
4 **and Health Care Facilities**

5 **SEC. 201. INDEXING OF MULTIFAMILY MORTGAGE LIMITS.**

6 (a) *SECTION 207 LIMITS.*—Section 207(c)(3) of the
7 *National Housing Act (12 U.S.C. 1713(c)(3))* is amended—

8 (1) *by striking “\$11,250” and inserting*
9 *“\$17,460”;*

10 (2) *by inserting before “; and except that” the*
11 *following: “; except that the Secretary shall adjust*
12 *each such dollar amount limitation set forth in this*
13 *paragraph (as such limitation may have been pre-*
14 *viously adjusted pursuant to this provision) effective*
15 *January 1 of each year (beginning in 2003) in ac-*
16 *cordance with the percentage increase, if any, during*
17 *the 12-month period ending with the preceding Octo-*
18 *ber, in the Annual Construction Cost Index of the Bu-*
19 *reau of the Census of the Department of Commerce”;*
20 *and*

21 (3) *by inserting after “foregoing dollar amount*
22 *limitations contained in this paragraph” the fol-*
23 *lowing: “(as such limitations may have been pre-*
24 *viously adjusted pursuant to this paragraph)”.*

1 (b) *SECTION 213 LIMITS.*—Section 213(b)(2) of the
2 *National Housing Act* (12 U.S.C. 1715e(b)(2)) is
3 *amended*—

4 (1) *by striking* “\$38,025”, “\$42,120”, “\$50,310”,
5 “\$62,010”, and “\$70,200”, and *inserting* “\$41,207”,
6 “\$47,511”, “\$57,300”, “\$73,343”, and “\$81,708”, *re-*
7 *spectively*;

8 (2) *by striking* “\$49,140”, “\$60,255”, “\$75,465”,
9 and “\$85,328”, and *inserting* “\$49,710”, “\$60,446”,
10 “\$78,197”, and “\$85,836”, *respectively*;

11 (3) *by inserting after the colon at the end of the*
12 *first proviso the following: “Provided further, That*
13 *the Secretary shall adjust each such dollar amount*
14 *limitation set forth in this paragraph (as such limi-*
15 *tation may have been previously adjusted pursuant to*
16 *this provision) effective January 1 of each year (be-*
17 *ginning in 2003) in accordance with the percentage*
18 *increase, if any, during the 12-month period ending*
19 *with the preceding October, in the Annual Construc-*
20 *tion Cost Index of the Bureau of the Census of the De-*
21 *partment of Commerce:”*; and

22 (4) *by inserting after “foregoing dollar amount*
23 *limitations contained in this paragraph” the fol-*
24 *lowing: “(as such limitations may have been pre-*
25 *viously adjusted pursuant to this paragraph)”*.

1 (c) *SECTION 220 LIMITS.*—*Section 220(d)(3)(B)(iii) of*
2 *the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii))*
3 *is amended—*

4 (1) *by inserting after “foregoing dollar amount*
5 *limitations contained in this clause”, the first place*
6 *such phrase appears, the following: “(as such limita-*
7 *tions may have been previously adjusted pursuant to*
8 *this clause)”.*

9 (2) *by inserting after “Provided,” the following:*
10 *“That the Secretary shall adjust each such dollar*
11 *amount limitation set forth in this clause (as such*
12 *limitation may have been previously adjusted pursu-*
13 *ant to this provision) effective January 1 of each year*
14 *(beginning in 2003) in accordance with the percent-*
15 *age increase, if any, during the 12-month period end-*
16 *ing with the preceding October, in the Annual Con-*
17 *struction Cost Index of the Bureau of the Census of*
18 *the Department of Commerce: Provided further,”; and*

19 (3) *by striking “(as determined after the appli-*
20 *cation of the preceding proviso)” and inserting “(as*
21 *such limitations may have been previously adjusted*
22 *pursuant to the preceding proviso and as determined*
23 *after application of any percentage increase author-*
24 *ized in this clause relating to units with two, three,*
25 *or four or more bedrooms)”.*

1 (d) *SECTION 221(d)(3) LIMITS.*—*Section 221(d)(3)(ii)*
2 *of the National Housing Act (12 U.S.C. 1715l(d)(3)(ii)) is*
3 *amended—*

4 (1) *by inserting before “; and except that” the*
5 *following: “; except that the Secretary shall adjust*
6 *each such dollar amount limitation set forth in this*
7 *clause (as such limitation may have been previously*
8 *adjusted pursuant to this provision) effective January*
9 *1 of each year (beginning in 2003) in accordance*
10 *with the percentage increase, if any, during the 12-*
11 *month period ending with the preceding October, in*
12 *the Annual Construction Cost Index of the Bureau of*
13 *the Census of the Department of Commerce”;* and

14 (2) *by inserting after “foregoing dollar amount*
15 *limitations contained in this clause” the following:*
16 *“(as such limitations may have been previously ad-*
17 *justed pursuant to this clause)”.*

18 (e) *SECTION 221(d)(4) LIMITS.*—*Section 221(d)(4)(ii)*
19 *of the National Housing Act (12 U.S.C. 1715l(d)(4)(ii)) is*
20 *amended—*

21 (1) *by inserting before “; and except that” the*
22 *following: “; except that the Secretary shall adjust*
23 *each such dollar amount limitation set forth in this*
24 *clause (as such limitation may have been previously*
25 *adjusted pursuant to this provision) effective January*

1 1 of each year (beginning in 2003) in accordance
2 with the percentage increase, if any, during the 12-
3 month period ending with the preceding October, in
4 the Annual Construction Cost Index of the Bureau of
5 the Census of the Department of Commerce”; and

6 (2) by inserting after “foregoing dollar amount
7 limitations contained in this clause” the following:
8 “(as such limitations may have been previously ad-
9 justed pursuant to this clause)”.

10 (f) SECTION 231 LIMITS.—Section 231(c)(2) of the Na-
11 tional Housing Act (12 U.S.C. 1715v(c)(2)) is amended—

12 (1) by inserting before “; and except that” the
13 following: “; except that the Secretary shall adjust
14 each such dollar amount limitation set forth in this
15 paragraph (as such limitation may have been pre-
16 viously adjusted pursuant to this provision) effective
17 January 1 of each year (beginning in 2003) in ac-
18 cordance with the percentage increase, if any, during
19 the 12-month period ending with the preceding Octo-
20 ber, in the Annual Construction Cost Index of the Bu-
21 reau of the Census of the Department of Commerce”;
22 and

23 (2) by inserting after “foregoing dollar amount
24 limitations contained in this paragraph” the fol-

1 *lowing: “(as such limitations may have been pre-*
2 *viously adjusted pursuant to this paragraph)”.*

3 *(g) SECTION 234 LIMITS.—Section 234(e)(3) of the*
4 *National Housing Act (12 U.S.C. 1715y(e)(3)) is*
5 *amended—*

6 *(1) by inserting before “; except that” the second*
7 *place such phrase appears the following: “; except that*
8 *the Secretary shall adjust each such dollar amount*
9 *limitation set forth in this paragraph (as such limi-*
10 *tation may have been previously adjusted pursuant to*
11 *this provision) effective January 1 of each year (be-*
12 *ginning in 2003) in accordance with the percentage*
13 *increase, if any, during the 12-month period ending*
14 *with the preceding October, in the Annual Construc-*
15 *tion Cost Index of the Bureau of the Census of the De-*
16 *partment of Commerce”;*

17 *(2) by inserting after “each of the foregoing dol-*
18 *lar amounts” the following: “(as such amounts may*
19 *have been previously adjusted pursuant to this para-*
20 *graph)”;* *and*

21 *(3) by inserting after “foregoing dollar amount*
22 *limitations contained in this paragraph” the fol-*
23 *lowing: “(as such limitations may have been pre-*
24 *viously adjusted pursuant to this paragraph and in-*
25 *creased pursuant to the preceding clause)”.*

1 **SEC. 202. HIGH-COST AREAS.**

2 *In the National Housing Act, sections 207(c)(3),*
3 *213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii),*
4 *231(c)(2), and 234(e)(3) (12 U.S.C. 1713(c)(3), 1715e(b)(2),*
5 *1715k(d)(3)(B)(iii), 1715l(d)(3)(ii), 1715l(d)(4)(ii),*
6 *1715v(c)(2)), and 1715y(e)(3)) are each amended—*

7 *(1) by striking “140 percent” and inserting “170*
8 *percent”; and*

9 *(2) by striking “110 percent” and inserting “140*
10 *percent”.*

11 **SEC. 203. STANDARDS AND NEED FOR HEALTH CARE FACIL-**
12 **ITY MORTGAGE INSURANCE.**

13 *(a) HOSPITALS.—Paragraph (4) of section 242(d) of*
14 *the National Housing Act (12 U.S.C. 1715z–7) is amended*
15 *to read as follows:*

16 *“(4)(A) The Secretary shall require satisfactory*
17 *evidence that the hospital will be located in a State*
18 *or political subdivision of a State with reasonable*
19 *minimum standards of licensure and methods of oper-*
20 *ation for hospitals and satisfactory assurance that*
21 *such standards will be applied and enforced with re-*
22 *spect to the hospital.*

23 *“(B) The Secretary shall establish the means for*
24 *determining need and feasibility for the hospital. If*
25 *the State has an official procedure for determining*
26 *need for hospitals, the Secretary shall also require*

1 *that such procedure be followed before the application*
2 *for insurance is submitted, and the application shall*
3 *document that need has also been established under*
4 *that procedure.”.*

5 ***(b) NURSING HOMES, INTERMEDIATE CARE FACILI-***
6 ***TIES, AND COMBINED FACILITIES.—Section 232(d)(4) of***
7 ***the National Housing Act (12 U.S.C. 1715w(d)(4)) is***
8 ***amended by striking the paragraph designation and all that***
9 ***follows through the end of subparagraph (A) and inserting***
10 ***the following:***

11 ***“(4)(A)(i) The Secretary shall require satisfac-***
12 ***tory evidence that a nursing home, intermediate care***
13 ***facility, or combined nursing home and intermediate***
14 ***care facility will be located in a State or political***
15 ***subdivision of a State with reasonable minimum***
16 ***standards of licensure and methods of operation for***
17 ***such homes, facilities, or combined homes and facili-***
18 ***ties. The Secretary shall also require satisfactory as-***
19 ***surance that such standards will be applied and en-***
20 ***forced with respect to the home, facility, or combined***
21 ***home or facility.***

22 ***“(ii) The Secretary shall establish the means for***
23 ***determining need and feasibility for the home, facil-***
24 ***ity, or combined home and facility. If the State has***
25 ***an official procedure for determining need for such***

1 *under this subsection may include the following ac-*
2 *tions:*

3 “(A) *Partial payment of a claim under the*
4 *contract for mortgage insurance under this sec-*
5 *tion.*

6 “(B) *Temporary provision of operating as-*
7 *sistance funds, including debt service.*

8 “(C) *Provision of financial assistance for*
9 *maintenance, repair, alterations, or the cost of*
10 *other capital improvements, including for con-*
11 *version of excess capacity of hospitals to facilities*
12 *providing health care and supportive housing for*
13 *elderly persons and families, including assisted*
14 *living facilities, nursing homes, and supportive*
15 *housing for the elderly.*

16 “(3) *REQUIREMENTS FOR ASSISTANCE.—A hos-*
17 *pital may be provided financial assistance under the*
18 *demonstration program only if—*

19 “(A) *the hospital has secured binding com-*
20 *mitments for matching funds of not less than 10*
21 *percent of the cost of such assistance; and*

22 “(B) *the hospital has met the requirements*
23 *of any applicable State certificate of need or*
24 *other licensing requirement.*

1 “(4) *LIMITATIONS ON ASSISTANCE.*—Any pay-
2 ments or financial assistance or relief under this sub-
3 section shall be made at the sole discretion of the Sec-
4 retary and on terms acceptable to the Secretary except
5 that—

6 “(A) the total amount of payments and fi-
7 nancial assistance and relief shall not exceed 30
8 percent of the outstanding project indebtedness
9 insured by the Secretary; and

10 “(B) the mortgagor shall agree to repay
11 such total amount to the Secretary upon terms
12 and conditions acceptable to the Secretary.

13 “(5) *FINAL DECISION.*—A decision by the Sec-
14 retary to exercise or forgo exercising any authority
15 under this subsection shall not be subject to judicial
16 review.

17 “(6) *APPLICATIONS.*—The Secretary shall pro-
18 vide for hospitals to submit applications for partici-
19 pation in the demonstration program under this sub-
20 section, which shall include information sufficient to
21 determine compliance with the requirements under
22 paragraph (3).

23 “(7) *TERMINATION.*—The demonstration pro-
24 gram under this subsection shall terminate on Decem-
25 ber 31, 2004.”.

1 (b) *REPORT.*—Not later than September 30, 2005, the
2 Secretary shall submit a report to the Congress analyzing
3 the demonstration program under the amendment made by
4 subsection (a) and the extent to which, if any, the assistance
5 provided under such program reduced the net cost to the
6 General Insurance Fund as calculated on a net present
7 value basis.

8 ***Subtitle B—Single Family Housing***

9 ***SEC. 221. DOWNPAYMENT SIMPLIFICATION.***

10 (a) *IN GENERAL.*—Section 203(b) of the National
11 Housing Act (12 U.S.C. 1709(b)) is amended—

12 (1) *in paragraph (2)—*

13 (A) *in subparagraph (A), by realigning the*
14 *matter that precedes clause (ii) an additional 2*
15 *ems from the left margin;*

16 (B) *in the matter that follows subparagraph*
17 *(B)(iii)—*

18 (i) *by striking the seventh sentence of*
19 *such matter (relating to the maximum*
20 *amount of a principal obligation of a mort-*
21 *gage) and all that follows through the end*
22 *of the penultimate undesignated paragraph;*
23 *and*

24 (ii) *by striking the second, third, and*
25 *fifth sentences of such matter; and*

1 (C) by striking subparagraph (B);

2 (2) by transferring and inserting subparagraph
3 (A) of paragraph (10) after subparagraph (A) of
4 paragraph (2) and amending such transferred
5 subparagraph—

6 (A) by striking all of the matter that pre-
7 cedes clause (i) and inserting the following:

8 “(B) not to exceed an amount equal to the
9 sum of—”; and

10 (B) in clause (ii)(IV), by striking “an area
11 of the” and inserting “a”;

12 (3) by transferring and inserting the last undes-
13 ignated paragraph of paragraph (2) (relating to dis-
14 closure notice) after subsection (e), realigning such
15 transferred paragraph so as to be flush with the left
16 margin, and amending such transferred paragraph by
17 inserting “(f) DISCLOSURE OF OTHER MORTGAGE
18 PRODUCTS.—” before “In conjunction”;

19 (4) by transferring and inserting the sentence
20 that constitutes the text of paragraph (10)(B) after
21 the period at the end of the first sentence that follows
22 subparagraph (B) (relating to the definition of
23 “area”) and amending such transferred sentence by
24 inserting “(2)” after “this paragraph”; and

1 *amount of initial service charges, appraisal,*
2 *inspection, and other fees (as the Secretary*
3 *shall approve) paid in connection with the*
4 *mortgage;*

5 “(ii) *no other provision of this sub-*
6 *section limiting the principal obligation of*
7 *the mortgage based upon a percentage of the*
8 *appraised value of the property subject to*
9 *the mortgage shall apply; and*

10 “(iii) *the matter in paragraph (9) that*
11 *precedes the first proviso shall not apply*
12 *and the mortgage shall be executed by a*
13 *mortgagor who shall have paid on account*
14 *of the property at least 1 percent of the cost*
15 *of acquisition (as determined by the Sec-*
16 *retary) in cash or its equivalent.*

17 “(B) *MORTGAGES COVERED.—A mortgage*
18 *described in this subparagraph is a mortgage—*

19 “(i) *under which the mortgagor is an*
20 *individual who—*

21 “(I) *is (aa) a teacher, or (bb) a*
22 *public safety officer; and*

23 “(II) *has not, during the 12-*
24 *month period ending upon the insur-*
25 *ance of the mortgage, had any present*

1 *ownership interest in a principal resi-*
2 *dence located in the jurisdiction de-*
3 *scribed in clause (i); and*

4 *“(i) made for a property that is lo-*
5 *cated within the jurisdiction of—*

6 *“(I) in the case of a mortgage of*
7 *a mortgagor described in clause*
8 *(i)(I)(aa), the local educational agency*
9 *for the school in which the mortgagor*
10 *is employed (or, in the case of a mort-*
11 *gagor employed in a private school, the*
12 *local educational agency having juris-*
13 *diction for the area in which the pri-*
14 *vate school is located); or*

15 *“(II) in the case of a mortgage of*
16 *a mortgagor described in clause*
17 *(i)(I)(bb), the jurisdiction served by the*
18 *public law enforcement agency, fire-*
19 *fighting agency, or rescue or ambu-*
20 *lance agency that employs the mort-*
21 *gagor.*

22 *“(C) PROGRAM INTEGRITY.—Notwith-*
23 *standing any other provision of this paragraph*
24 *and section 203(c)(3), the Secretary may sus-*
25 *pend the applicability of this paragraph and*

1 *such section for such period as the Secretary con-*
2 *siders appropriate if the Secretary determines*
3 *such suspension is necessary because of fraud or*
4 *other issues regarding program integrity.”.*

5 *(b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-*
6 *MIUM.—Section 203(c) of the National Housing Act (12*
7 *U.S.C. 1709(c)) is amended—*

8 *(1) in paragraph (2), in the matter preceding*
9 *subparagraph (A), by striking “Notwithstanding”*
10 *and inserting “Except as provided in paragraph (3)*
11 *and notwithstanding”; and*

12 *(2) by adding at the end the following new para-*
13 *graph:*

14 *“(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-*
15 *MIUM.—In the case of any mortgage described in subsection*
16 *(b)(10)(B):*

17 *“(A) Paragraph (2)(A) of this subsection (relat-*
18 *ing to collection of up-front premium payments) shall*
19 *not apply.*

20 *“(B) If, at any time during the 5-year period be-*
21 *ginning on the date of the insurance of the mortgage,*
22 *the mortgagor ceases to be a teacher or public safety*
23 *officer (as such terms are defined in section 201) or*
24 *pays the principal obligation of the mortgage in full,*
25 *the Secretary shall at such time collect a single pre-*

1 *mium payment in an amount equal to the amount of*
2 *the single premium payment that, but for this para-*
3 *graph, would have been required under paragraph*
4 *(2)(A) of this subsection with respect to the mortgage,*
5 *as reduced by 20 percent of such amount for each suc-*
6 *cessive 12-month period completed during such 5-year*
7 *period before such cessation or prepayment occurs.”.*

8 *(c) DEFINITIONS.—Section 201 of the National Hous-*
9 *ing Act (12 U.S.C. 1707) is amended—*

10 *(1) in subsection (a), by redesignating clauses*
11 *(1) and (2) as clauses (A) and (B), respectively;*

12 *(2) by redesignating subsections (a) through (f)*
13 *as paragraphs (1) through (6), respectively;*

14 *(3) by realigning each paragraph 2 ems from the*
15 *left margin; and*

16 *(4) by adding at the end the following new para-*
17 *graphs:*

18 *“(7) The term ‘public safety officer’ has the*
19 *meaning given such term in section 1204 of the Om-*
20 *nibus Crime Control and Safe Streets Act of 1968 (42*
21 *U.S.C. 3796b).*

22 *“(8) The term ‘teacher’ means an individual who*
23 *is employed on a part- or full-time basis as a teacher,*
24 *teacher assistant, or administrator in a public or pri-*
25 *vate school that provides elementary or secondary*

1 *education, as determined under State law, except that*
 2 *elementary education shall include pre-Kindergarten*
 3 *education, and except that secondary education shall*
 4 *not include any education beyond grade 12.*

5 *“(9) The term ‘local educational agency’ has the*
 6 *meaning given such term in section 14101 of the Ele-*
 7 *mentary and Secondary Education Act of 1965 (20*
 8 *U.S.C. 8801).”.*

9 *(d) REGULATIONS.—Not later than 60 days after the*
 10 *date of the enactment of this Act, the Secretary shall issue*
 11 *regulations to implement the amendments made by this sec-*
 12 *tion.*

13 **SEC. 223. COMMUNITY PARTNERS NEXT DOOR PROGRAM.**

14 *(a) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR*
 15 *TEACHERS AND PUBLIC SAFETY OFFICERS.—Section*
 16 *204(h) of the National Housing Act (12 U.S.C. 1710(h))*
 17 *is amended—*

18 *(1) by redesignating paragraphs (7) through (10)*
 19 *as paragraphs (8) through (11), respectively; and*

20 *(2) by inserting after paragraph (6) the fol-*
 21 *lowing new paragraph:*

22 *“(7) 50 PERCENT DISCOUNT FOR TEACHERS AND*
 23 *PUBLIC SAFETY OFFICERS PURCHASING PROPERTIES*
 24 *THAT ARE ELIGIBLE ASSETS.—*

1 “(A) *DISCOUNT*.—A property that is an eli-
2 gible asset and is sold, during fiscal years 2002
3 through 2006, to a teacher or public safety officer
4 for use in accordance with subparagraph (B)
5 shall be sold at a price that is equal to 50 per-
6 cent of the appraised value of the eligible prop-
7 erty (as determined in accordance with para-
8 graph (6)(B)). In the case of a property eligible
9 for both a discount under this paragraph and a
10 discount under paragraph (6), the discount
11 under paragraph (6) shall not apply.

12 “(B) *PRIMARY RESIDENCE*.—An eligible
13 property sold pursuant to a discount under this
14 paragraph shall be used, for not less than the 3-
15 year period beginning upon such sale, as the pri-
16 mary residence of a teacher or public safety offi-
17 cer.

18 “(C) *SALE METHODS*.—The Secretary may
19 sell an eligible property pursuant to a discount
20 under this paragraph—

21 “(i) to a unit of general local govern-
22 ment or nonprofit organization (pursuant
23 to paragraph (4) or otherwise), for resale or
24 transfer to a teacher or public safety officer;
25 or

1 “(ii) directly to a purchaser who is a
2 teacher or public safety officer.

3 “(D) *RESALE*.—In the case of any purchase
4 by a unit of general local government or non-
5 profit organization of an eligible property sold
6 at a discounted price under this paragraph, the
7 sale agreement under paragraph (8) shall—

8 “(i) require the purchasing unit of gen-
9 eral local government or nonprofit organi-
10 zation to provide the full benefit of the dis-
11 count to the teacher or public safety officer
12 obtaining the property; and

13 “(ii) in the case of a purchase involv-
14 ing multiple eligible assets, any of which is
15 such an eligible property, designate the spe-
16 cific eligible property or properties to be
17 subject to the requirements of subparagraph
18 (B).

19 “(E) *MORTGAGE DOWNPAYMENT ASSIST-*
20 *ANCE*.—If a teacher or public safety officer pur-
21 chases an eligible property pursuant to a dis-
22 counted sale price under this paragraph and fi-
23 nances such purchase through a mortgage in-
24 sured under this title, notwithstanding any pro-

1 *vision of section 203 the downpayment on such*
2 *mortgage shall be \$100.*

3 “(F) *PREVENTION OF UNDUE PROFIT.*—*The*
4 *Secretary shall issue regulations to prevent*
5 *undue profit from the resale of eligible properties*
6 *in violation of the requirement under subpara-*
7 *graph (B).*

8 “(G) *DEFINITIONS.*—*For the purposes of*
9 *this paragraph, the following definitions shall*
10 *apply:*

11 “(i) *The term ‘eligible property’ means*
12 *an eligible asset described in paragraph*
13 *(2)(A) of this subsection.*

14 “(ii) *The terms ‘teacher’ and ‘public*
15 *safety officer’ have the meanings given such*
16 *terms in section 201.*

17 “(H) *PROGRAM INTEGRITY.*—*Notwith-*
18 *standing any other provision of this paragraph,*
19 *the Secretary may suspend the applicability of*
20 *this paragraph for such period as the Secretary*
21 *considers appropriate if the Secretary determines*
22 *such suspension is necessary because of fraud or*
23 *other issues regarding program integrity.”.*

1 (b) *CONFORMING AMENDMENTS.*—Section 204(h) of
2 *the National Housing Act (12 U.S.C. 1710(h)) is*
3 *amended—*

4 (1) *in paragraph (4)(B)(ii), by striking “para-*
5 *graph (7)” and inserting “paragraph (8)”;*

6 (2) *in paragraph (5)(B)(i), by striking “para-*
7 *graph (7)” and inserting “paragraph (8)”;* and

8 (3) *in paragraph (6)(A), by striking “paragraph*
9 *(8)” and inserting “paragraph (9)”.*

10 (c) *REGULATIONS.*—*Not later than 60 days after the*
11 *date of the enactment of this Act, the Secretary shall issue*
12 *regulations to implement the amendments made by this sec-*
13 *tion.*

14 **SEC. 224. PUBLIC SAFETY OFFICER HOME OWNERSHIP IN**
15 **AT-RISK AREAS.**

16 (a) *PROGRAM AUTHORITY.*—*The Secretary of Housing*
17 *and Urban Development shall carry out a pilot program*
18 *in accordance with this section to assist Federal, State, and*
19 *local public safety officers purchasing homes in locally-des-*
20 *ignated at-risk areas.*

21 (b) *ELIGIBILITY.*—*To be eligible for assistance under*
22 *this section, a public safety officer shall agree, in writing,*
23 *to use the residence purchased with such assistance as the*
24 *primary residence of the public safety officer for not less*
25 *than 3 years after the date of purchase.*

1 (c) *MORTGAGE ASSISTANCE.*—*If a public safety officer*
2 *purchases a home in locally-designated at-risk area and fi-*
3 *nances such purchase through a mortgage insured under*
4 *title II of the National Housing Act (12 U.S.C. 1707 et*
5 *seq.), notwithstanding any provision of section 203 or any*
6 *other provision of the National Housing Act, the following*
7 *shall apply:*

8 (1) *DOWNPAYMENT.*—

9 (A) *IN GENERAL.*—*There shall be no down-*
10 *payment required if the purchase price of the*
11 *property is not more than the reasonable value*
12 *of the property, as determined by the Secretary.*

13 (B) *PURCHASE PRICE EXCEEDS VALUE.*—*If*
14 *the purchase price of the property exceeds the*
15 *reasonable value of the property, as determined*
16 *by the Secretary, the required downpayment*
17 *shall be the difference between such reasonable*
18 *value and the purchase price.*

19 (2) *CLOSING COSTS.*—*The closing costs and*
20 *origination fee for such mortgage may be included in*
21 *the loan amount.*

22 (3) *INSURANCE PREMIUM PAYMENT.*—*There shall*
23 *be one insurance premium payment due on the mort-*
24 *gage. Such insurance premium payment—*

1 (A) shall be equal to 1 percent of the loan
2 amount;

3 (B) shall be due and considered earned by
4 the Secretary at the time of the loan closing; and

5 (C) may be included in the loan amount
6 and paid from the loan proceeds.

7 (d) *LOCAL DESIGNATION OF AT-RISK AREAS.*—

8 (1) *CRITERIA.*—Any unit of local government
9 may request that the Secretary designate any area
10 within the jurisdiction of that unit of local govern-
11 ment as a locally-designated at-risk area for purposes
12 of this section if the proposed area—

13 (A) has a crime rate that is significantly
14 higher than the crime rate of the non-designated
15 area that is within the jurisdiction of the unit
16 of local government; and

17 (B) has a population that is not more than
18 25 percent of the total population of area within
19 the jurisdiction of the unit of local government.

20 (2) *DEADLINE FOR CONSIDERATION OF RE-*
21 *QUEST.*—Not later than 60 days after receiving a re-
22 quest under paragraph (1), the Secretary shall ap-
23 prove or disapprove the request.

24 (e) *PUBLIC SAFETY OFFICER.*—For purposes of this
25 section, the term “public safety officer” has the meaning

1 *given such term in section 201 of the National Housing Act*
2 *(12 U.S.C. 1707) (as amended by section 222(c) of this Act).*

3 (f) *PROGRAM INTEGRITY.*—*Notwithstanding any other*
4 *provision of this section, the Secretary may suspend the ap-*
5 *plicability of this section for such period as the Secretary*
6 *considers appropriate if the Secretary determines such sus-*
7 *pension is necessary because of fraud or other issues regard-*
8 *ing program integrity.*

9 (g) *REGULATIONS.*—*Not later than 60 days after the*
10 *date of the enactment of this Act, the Secretary shall issue*
11 *regulations to implement the provisions of this section.*

12 (h) *SUNSET.*—*The Secretary shall not approve any*
13 *application for assistance under this section that is received*
14 *by the Secretary after the expiration of the 3-year period*
15 *beginning on the date that the Secretary first makes avail-*
16 *able assistance under the pilot program under this section.*

17 **SEC. 225. HYBRID ADJUSTABLE RATE MORTGAGES.**

18 *Section 251(d)(1)(C) of the National Housing Act (12*
19 *U.S.C. 1715z–16(d)(1)(C)) is amended by striking “five or*
20 *fewer years” and inserting “three or fewer years”.*

21 **SEC. 226. UNIFORM NATIONAL LOAN LIMIT FOR HOME EQ-**
22 **UITY CONVERSION MORTGAGES.**

23 *Section 255(g) of the National Housing Act (12 U.S.C.*
24 *1715z–20(g)) is amended by striking “1-family residences*
25 *in the area in which the dwelling subject to the mortgage*

1 *under this section is located” and inserting “a 1-family res-*
2 *idence”.*

3 **SEC. 227. PROHIBITION OF INVESTOR AND NONPROFIT**
4 **OWNERS UNDER REHABILITATION LOAN PRO-**
5 **GRAM.**

6 *Section 203(g)(2) of the National Housing Act (12*
7 *U.S.C. 1709(g)(2)) is amended—*

8 *(1) by striking subparagraph (E);*

9 *(2) in subparagraph (D), by inserting “or” after*
10 *the semicolon; and*

11 *(3) by redesignating subparagraph (F) as sub-*
12 *paragraph (E).*

13 **SEC. 228. REHABILITATION LOAN ADVANCES.**

14 *Section 203(k)(3) of the National Housing Act (12*
15 *U.S.C. 1709(k)(3)) is amended—*

16 *(1) by redesignating subparagraphs (C) and (D)*
17 *as subparagraphs (D) and (E), respectively; and*

18 *(2) by inserting after subparagraph (B) the fol-*
19 *lowing new subparagraph:*

20 *“(C) involve a loan agreement containing such*
21 *terms and conditions as the Secretary shall provide,*
22 *including terms and conditions that provide that the*
23 *mortgagee shall be responsible for—*

24 *“(i) choosing an inspector or consultant*
25 *who shall—*

1 “(I) meet the standards as the Sec-
2 retary shall establish; and

3 “(II) be an agent of the mortgagee; and

4 “(ii) approving advances under the loan;”.

5 **SEC. 229. NONPROFIT PURCHASERS UNDER PROPERTY DIS-**
6 **POSITION.**

7 (a) *IN GENERAL.*—Section 204(g) of the National
8 *Housing Act (12 U.S.C. 1710(g)) is amended—*

9 (1) *by inserting “(1)” after “(g)”;* and

10 (2) *by adding at the end the following new para-*
11 *graph:*

12 “(2) *The Secretary shall require, as a condition of eli-*
13 *gibility of any nonprofit organization for participation in*
14 *any program of the Secretary for disposition of 1- to 4-*
15 *family properties acquired by the Secretary pursuant to*
16 *this Act, the Secretary shall require that such*
17 *organization—*

18 “(A) *has nonprofit status as demonstrated by*
19 *approval under section 501(c)(3) of the Internal Rev-*
20 *enue Code of 1986 (26 U.S.C. 501(c)(3)) or dem-*
21 *onstrates that an application for such status is cur-*
22 *rently pending approval; and*

23 “(B) *provide the Secretary with a copy of the*
24 *application for such status;*

1 “(C) certify, on an annual basis, that the organi-
2 zation has been apprised of the applicable rules and
3 guidelines of the Department of Housing and Urban
4 Development and understands such rules and guide-
5 lines; and

6 “(D) comply with such other requirements as the
7 Secretary may establish.”.

8 (b) ASSETS IN REVITALIZATION AREAS.—Paragraph
9 (9)(D) of section 204(h) of the National Housing Act (12
10 U.S.C. 1710(h)(9)(D)), as so redesignated by the preceding
11 provisions of this Act, is amended—

12 (1) by striking clause (ii) and inserting the fol-
13 lowing new clause:

14 “(ii)(I) has nonprofit status as dem-
15 onstrated by approval under section
16 501(c)(3) of the Internal Revenue Code of
17 1986 (26 U.S.C. 501(c)(3)) or demonstrates
18 that an application for such status is cur-
19 rently pending approval; and

20 “(II) provides the Secretary with a
21 copy of the application for such status;”;

22 (2) in clause (iii), by striking the period at the
23 end and inserting “; and”; and

24 (3) by adding at the end the following new
25 clause:

1 “(iv) certifies, on an annual basis, that
2 the organization has been apprised of the
3 applicable rules and guidelines of the De-
4 partment of Housing and Urban Develop-
5 ment and understands such rules and
6 guidelines.”.

7 **SEC. 230. EXTENSION OF HOLDING PERIOD.**

8 (a) *IN GENERAL.*—Section 912(1) of the Housing and
9 Urban Development Act of 1970 (12 U.S.C. 1709–2(1)) is
10 amended by striking “one year” and inserting “18
11 months”.

12 (b) *APPLICABILITY.*—The amendment made by sub-
13 section (a) shall apply only to defaults described in section
14 912(1) of the Housing and Urban Development Act of 1970
15 that occur after the date of the enactment of this Act.

16 **SEC. 231. PILOT PROGRAM FOR MANDATORY FIRST-TIME**
17 **HOMEBUYER COUNSELING FOR PROPERTIES**
18 **IN HIGH FORECLOSURE NEIGHBORHOODS.**

19 (a) *IN GENERAL.*—The Secretary shall carry out a
20 pilot program under this section to determine whether, and
21 the extent to which, requiring completion of a program
22 (that is approved by the Secretary) of counseling with re-
23 spect to the responsibilities and financial management in-
24 volved in homeownership by any first-time homebuyers pur-
25 chasing properties located in high foreclosure neighborhoods

1 *with mortgages insured under section 203 of the National*
2 *Housing Act (12 U.S.C. 1709) will help to prevent defaults*
3 *and foreclosures on such mortgages.*

4 **(b) REQUIREMENT.**—*Notwithstanding any provision*
5 *of paragraph (2) of section 203(b) of the National Housing*
6 *Act (12 U.S.C. 1709(b)(2)), under the pilot program, dur-*
7 *ing the 1-year period beginning not later than 6 months*
8 *after the date of the enactment of this Act, as selected by*
9 *the Secretary, the Secretary may not insure, or enter into*
10 *a commitment to insure, a mortgage under such section 203*
11 *that is executed by a first-time homebuyer for a property*
12 *that is located in the pilot program area unless the mort-*
13 *gagor has completed a program of counseling with respect*
14 *to the responsibilities and financial management involved*
15 *in homeownership that is approved by the Secretary.*

16 **(c) PILOT PROGRAM AREA.**—*The Secretary shall select*
17 *a pilot program area for purposes of this section, which*
18 *shall be a single limited area, within the jurisdiction of a*
19 *single unit of general local government, for which the rate*
20 *of foreclosure on residences subject to mortgages insured*
21 *under such section 203 exceeds the lesser of—*

22 **(1)** *150 percent of the national early default*
23 *claim rate for such residences; and*

24 **(2)** *the national early default claim rate for such*
25 *residences located within the area served by a field of-*

1 *office of the Department of Housing and Urban Devel-*
2 *opment in whose area the pilot program area is lo-*
3 *cated.*

4 *(d) REPORT.—Not later than 30 months after the date*
5 *of the enactment of this Act, the Secretary of Housing and*
6 *Urban Development shall submit a report describing the ef-*
7 *fect of the requirement under subsection (b) on mortgage*
8 *defaults and foreclosures and any other effects of such re-*
9 *quirement, and making any recommendations regarding*
10 *implementation of the requirement on a nationwide basis.*

11 **SEC. 232. DISPOSITION OF ASSETS IN REVITALIZATION**

12 **AREAS.**

13 *The Secretary of Housing and Urban Development*
14 *shall continue to administer the Disposition of Assets in*
15 *Revitalization Areas program as provided in section 602*
16 *of Public Law 105–276 and the Secretary shall renew all*
17 *contracts and enter into new contracts with eligible partici-*
18 *pants in a manner consistent with the requirements of such*
19 *section.*

1 **TITLE III—SUPPORTIVE HOUS-**
2 **ING FOR ELDERLY AND DIS-**
3 **ABLED FAMILIES**

4 **SEC. 301. AUTHORIZATION OF APPROPRIATIONS FOR**
5 **GRANTS FOR REPAIRS TO FEDERALLY AS-**
6 **SISTED HOUSING FOR THE ELDERLY.**

7 *Section 202b of the Housing Act of 1959 (12 U.S.C.*
8 *1701q-2) is amended by striking subsection (h) and insert-*
9 *ing the following new subsection:*

10 *“(h) AUTHORIZATION OF APPROPRIATIONS.—There is*
11 *authorized to be appropriated for grants for capital repair*
12 *activities under subsection (a)(1) and for grants for conver-*
13 *sion activities under subsection (a)(2) such sums as may*
14 *be necessary for each of fiscal years 2003 and 2004.”.*

15 **SEC. 302. SERVICE COORDINATORS FOR SUPPORTIVE**
16 **HOUSING FOR PERSONS WITH DISABILITIES.**

17 *Section 683(2) of the Housing and Community Devel-*
18 *opment Act of 1992 (42 U.S.C. 13641(2)) is amended—*

19 *(1) in subparagraph (F), by striking “and” at*
20 *the end;*

21 *(2) in subparagraph (G), by striking the period*
22 *at the end and inserting “; and”; and*

23 *(3) by adding at the end the following new sub-*
24 *paragraph:*

1 “(H) housing that is assisted under section
2 811 of the Cranston-Gonzalez National Afford-
3 able Housing Act (42 U.S.C. 8013).”.

4 **SEC. 303. DEMONSTRATION PROGRAM FOR ELDERLY HOUS-**
5 **ING FOR INTERGENERATIONAL FAMILIES.**

6 (a) *IN GENERAL.*—*The Secretary of Housing and*
7 *Urban Development shall carry out a demonstration pro-*
8 *gram to determine the feasibility of providing*
9 *intergenerational dwelling units for intergenerational fami-*
10 *lies in connection with the supportive housing program*
11 *under section 202 of the Housing Act of 1959 (12 U.S.C.*
12 *1701q).*

13 (b) *INTERGENERATIONAL DWELLING UNITS.*—*Under*
14 *the demonstration program, the Secretary shall provide as-*
15 *sistance under this section to private nonprofit organiza-*
16 *tions (as such term is defined in section 202(k) of the Hous-*
17 *ing Act of 1959 (12 U.S.C. 1701q(k)) for use only for ex-*
18 *panding the supply of intergenerational dwelling units,*
19 *which units shall be provided—*

20 (1) *by designating and retrofitting, for use as*
21 *intergenerational dwelling units, existing dwelling*
22 *units that are located within a project assisted under*
23 *such section 202;*

1 (2) *through development of buildings or projects*
2 *comprised solely of intergenerational dwelling units;*
3 *or*

4 (3) *through the development of an annex or addi-*
5 *tion to such an existing project assisted under such*
6 *section 202, which contains intergenerational dwell-*
7 *ing units, including through the development of elder*
8 *cottage housing opportunity units that are small, free-*
9 *standing, barrier-free, energy-efficient, removable*
10 *dwelling units located adjacent to a larger project or*
11 *dwelling.*

12 (c) *PROGRAM TERMS.—Assistance provided pursuant*
13 *to this section shall be subject to the provisions of section*
14 *202 of the Housing Act of 1959 (12 U.S.C. 1701q), except*
15 *that—*

16 (1) *notwithstanding subsection (d)(1) of such sec-*
17 *tion or any provision of such section restricting occu-*
18 *pancy to elderly persons, any intergenerational dwell-*
19 *ing unit assisted under the demonstration program*
20 *may be occupied as provided in subsection (e)(2) of*
21 *this section;*

22 (2) *subsections (e) and (f) of such section 202*
23 *(relating to applications and selection criteria) shall*
24 *not apply;*

1 (3) *in addition to the requirements under sub-*
2 *section (g) of such section 202, the Secretary of Hous-*
3 *ing and Urban Development shall ensure that occu-*
4 *pants of dwelling units assisted under the demonstra-*
5 *tion program are provided a range of services tailored*
6 *to the needs of elderly persons, children, and*
7 *intergenerational families and shall coordinate with*
8 *the heads of other Federal agencies as may be appro-*
9 *priate to ensure the provision of such services; and*

10 (4) *the Secretary may waive or alter any other*
11 *provision of such section 202 necessary to provide for*
12 *assistance under the demonstration program under*
13 *this section.*

14 (d) *SELECTION.—The Secretary of Housing and*
15 *Urban Development shall provide for private nonprofit or-*
16 *ganizations to submit applications for assistance under this*
17 *section and, during the period consisting of fiscal years*
18 *2003 through 2006 shall, to the extent amounts are avail-*
19 *able pursuant to subsection (g), select not less than 2 and*
20 *not more than 4 projects assisted under section 202 of the*
21 *Housing Act of 1959 for such assistance based on the ability*
22 *of the applicant to develop and operate intergenerational*
23 *dwelling units and national geographical diversity among*
24 *projects funded.*

25 (e) *DEFINITIONS.—For purposes of this section:*

1 (1) *ELDERLY PERSON*.—The term “elderly per-
2 son” has the meaning given such term in section
3 202(k) of the Housing Act of 1959 (12 U.S.C.
4 1701q(k)).

5 (2) *INTERGENERATIONAL DWELLING UNIT*.—The
6 term “intergenerational dwelling unit” means a
7 qualified dwelling unit (as such term is defined in
8 section 8(x)(4) of the United States Housing Act of
9 1937 (42 U.S.C. 1437f(x)(4))) that is reserved for oc-
10 cupancy only by an intergenerational family.

11 (3) *INTERGENERATIONAL FAMILY*.—The term
12 “intergenerational family” means a covered family
13 (as such term is defined in section 8(x)(4) of the
14 United States Housing Act of 1937 (42 U.S.C.
15 1437f(x)(4))) that has a head of household who is an
16 elderly person.

17 (f) *REPORT*.—Not later than 36 months after the date
18 of the enactment of this Act, the Secretary of Housing and
19 Urban Development shall submit a report to the Congress
20 describing the demonstration program under this section
21 and analyzing the effectiveness of the program.

22 (g) *FUNDING*.—Of any amounts made available for as-
23 sistance under section 202 of the Housing Act of 1959 (12
24 U.S.C. 1701q) for each of fiscal years 2003 through 2006,
25 the Secretary of Housing and Urban Development shall re-

1 *serve amounts in such fiscal years as may be necessary to*
2 *fund the demonstration projects selected under subsection*
3 *(d). Such amounts shall be available for use only for pro-*
4 *viding assistance under this section.*

5 **SEC. 304. TREATMENT OF PROJECTS SUBJECT TO FORE-**
6 **CLOSURE.**

7 (a) *IN GENERAL.*—*In the case of any project assisted*
8 *with a loan under section 202 of the Housing Act of 1959*
9 *(12 U.S.C. 1701q), as in effect before the enactment of the*
10 *Cranston-Gonzalez National Affordable Housing Act, not-*
11 *withstanding any foreclosure on the loan, any use restric-*
12 *tions applicable to the project regarding occupancy by el-*
13 *derly or handicapped families or the maximum income of*
14 *families occupying dwelling units in the project shall con-*
15 *tinue to apply after such foreclosure until the expiration*
16 *of the original term of such loan.*

17 (b) *INCOME LIMITS.*—*Notwithstanding subsection (a),*
18 *in the case of a project assisted with a loan described in*
19 *such subsection, after foreclosure on such loan any max-*
20 *imum income limit for families occupying dwelling units*
21 *in the project may be increased to not more than 80 percent*
22 *of the median income for the area if such action is necessary*
23 *to ensure the financial soundness of the project.*

24 (c) *TRANSFER TO QUALIFIED NON-PROFIT ORGANIZA-*
25 *TIONS.*—*In the case of the sale or other disposition of a*

1 *project assisted with a loan described in subsection (a) pur-*
2 *suant to foreclosure on such loan, the Secretary of Housing*
3 *and Urban Development shall provide a reasonable period*
4 *during which only qualified nonprofit organizations (as*
5 *such term is defined by the Secretary) shall have a right*
6 *of first refusal to purchase the property.*

7 *(d) REGULATIONS.—The Secretary of Housing and*
8 *Urban Development shall issue any regulations necessary*
9 *to carry out this section.*

10 **TITLE IV—SECTION 8 RENTAL**
11 **HOUSING ASSISTANCE PRO-**
12 **GRAM**

13 **SEC. 401. HOUSING VOUCHER DEMONSTRATION.**

14 *(a) IN GENERAL.—For fiscal years 2003 and 2004,*
15 *there is authorized to be appropriated to provide incre-*
16 *mental assistance for project-based vouchers under section*
17 *8 of the United States Housing Act of 1937 (42 U.S.C.*
18 *1437f) the amount necessary to provide a total of 5,000 such*
19 *incremental vouchers. Vouchers provided pursuant to this*
20 *section shall be used exclusively for extremely low-income*
21 *families in connection with dwelling units in newly con-*
22 *structed or substantially rehabilitated housing.*

23 *(b) EXTREMELY LOW-INCOME FAMILIES.—For pur-*
24 *poses of this section, the term “extremely low-income fami-*
25 *lies” means families (as such term is defined in section 3(b)*

1 of the United States Housing Act of 1937 (42 U.S.C.
2 1437a(b))) whose incomes do not exceed the higher of—

3 (1) 30 percent of the area median income, as de-
4 termined by the Secretary with adjustments for small-
5 er and larger families and for unusually high or low
6 family incomes; or

7 (2) 30 percent of the national non-metropolitan
8 median income.

9 **SEC. 402. FLEXIBILITY TO ASSIST HARD-TO-HOUSE FAMI-**
10 **LIES.**

11 (a) *IN GENERAL.*—Section 8(o) of the United States
12 Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by
13 adding at the end the following new paragraph:

14 “(19) *FLEXIBILITY TO ASSIST HARD-TO-HOUSE*
15 *FAMILIES.*—In any program year, a public housing
16 agency that is not designated as troubled pursuant to
17 the section 8 management assessment program, or
18 under such other program as may be used by the Sec-
19 retary to evaluate performance of public housing
20 agencies in administering rental assistance under this
21 section, may use up to 2 percent of any amounts allo-
22 cated to the agency for such year for purposes that di-
23 rectly support the agency’s housing choice voucher
24 program, including housing counseling, downpayment
25 assistance under subsection (y), rental security depos-

1 *agency for voucher assistance under this sec-*
2 *tion.”.*

3 **SEC. 404. PHA ADMINISTRATIVE FEES.**

4 *Section 8(q) of the United States Housing Act of 1937*
5 *(42 U.S.C. 1437f(q)) is amended—*

6 (1) *by redesignating paragraph (4) as para-*
7 *graph (5); and*

8 (2) *by inserting after paragraph (3) the fol-*
9 *lowing new paragraph:*

10 “(4) *PERFORMANCE INCENTIVE.—For fiscal year*
11 *2003 and fiscal years thereafter, the Secretary may*
12 *pay an additional fee to any public housing agency*
13 *that succeeds in achieving high or substantially im-*
14 *proved performance on specified program require-*
15 *ments or program goals, as established under the*
16 *management assessment program for the rental assist-*
17 *ance program under this section, or any successor as-*
18 *essment program for such assistance, or by regula-*
19 *tion issued by the Secretary after notice and oppor-*
20 *tunity for public comment pursuant to the provisions*
21 *of section 553 of title 5, United States Code (notwith-*
22 *standing subsections (a)(2), (b)(B), and (d)(3) of such*
23 *section). The Secretary shall establish limitations on*
24 *the total amount of any such additional fees paid to*

1 *agencies for a fiscal year and on the amount of any*
2 *such fee paid to any single agency for a fiscal year.”.*

3 **SEC. 405. ENSURING ABILITY TO USE ENHANCED VOUCH-**
4 **ERS.**

5 *Section 8(t) of the United States Housing Act of 1937*
6 *(42 U.S.C. 1437f(t)) is amended—*

7 *(1) by redesignating paragraph (4) as para-*
8 *graph (6); and*

9 *(2) by inserting after paragraph (3) the fol-*
10 *lowing new paragraph:*

11 *“(5) RIGHT TO USE.—The owner of a multi-*
12 *family housing project for which an eligibility event*
13 *(as such term is defined in paragraph (2)) has oc-*
14 *curred may not refuse—*

15 *“(A) to accept enhanced voucher assistance*
16 *for lease of a dwelling unit in the same project*
17 *on behalf of a family who was residing in the*
18 *project upon the occurrence of such eligibility*
19 *event; or*

20 *“(B) to enter into a housing assistance pay-*
21 *ments contract for such a unit.”.*

1 **SEC. 406. TREATMENT OF OVERHOUSED ASSISTED FAMI-**
2 **LIES.**

3 *Paragraph (6) of section 8(o) of the United States*
4 *Housing Act of 1937 (42 U.S.C. 1437f(o)(6)) is amended*
5 *by adding at the end the following new subparagraph:*

6 “(D) *RESIDENCY IN INAPPROPRIATELY*
7 *SIZED UNITS.—*

8 “(i) *IN GENERAL.—If a public housing*
9 *agency determines that a family assisted*
10 *under this subsection is residing in a dwell-*
11 *ing unit that, because of a reduction in*
12 *family size after such assistance was ini-*
13 *tially provided for such family, has more*
14 *bedrooms than is appropriate for a family*
15 *of such size, the agency may not terminate*
16 *the assistance for the family or require the*
17 *family to move to another dwelling unit*
18 *unless—*

19 “(I) *the agency provides the fam-*
20 *ily with a dwelling unit that is located*
21 *in the same building or project as the*
22 *inappropriately sized dwelling unit*
23 *and is available for occupancy; or*

24 “(II) *in the case of a family resid-*
25 *ing in a dwelling unit in a building or*
26 *project that does not contain any*

1 *available dwelling unit having a num-*
2 *ber of bedrooms that is appropriate for*
3 *size of such family, the agency provides*
4 *the family with a dwelling unit that*
5 *is located within the same neighbor-*
6 *hood as the building containing the in-*
7 *appropriately sized dwelling unit.*

8 “(i) *DETERMINATION OF NEIGHBOR-*
9 *HOOD.—For purposes of clause (i)(II), the*
10 *term ‘neighborhood’ means the immediate*
11 *geographic area in which a building is lo-*
12 *cated, which—*

13 “(I) *is characterized by all loca-*
14 *tions within the area having a similar*
15 *proximity to major roadways, mass*
16 *transit facilities, and other means of*
17 *transportation, schools, child care fa-*
18 *cilities, workplace centers, and grocery*
19 *stores and other retail and commercial*
20 *facilities; and*

21 “(II) *shall be determined by the*
22 *public housing agency involved, in con-*
23 *sultation with the appropriate resident*
24 *advisory board established pursuant to*
25 *section 5A(e).*

1 “(iii) *TREATMENT OF STUDENTS.*—*For*
2 *purposes of clause (i), the absence of a child*
3 *or adult from a dwelling because of tem-*
4 *porary residence in another location for the*
5 *purpose of attending school on a full- or*
6 *part-time basis shall not be considered in*
7 *determining family size.”.*

8 **SEC. 407. EXTENSION OF MANUFACTURED HOUSING DEM-**
9 **ONSTRATION PROGRAM.**

10 *Section 557 of the Quality Housing and Work Respon-*
11 *sibility Act of 1998 (Public Law 105–276; 112 Stat. 2613)*
12 *is amended—*

13 (1) *in subsection (a), by striking “1999, 2000,*
14 *and 2001” and inserting “2002, 2003, and 2004”;*
15 *and*

16 (2) *in subsection (c)—*

17 (A) *by striking “REPORT” and inserting*
18 *“REPORTS”;*

19 (B) *by striking “a report” and inserting*
20 *“an interim report”;*

21 (C) *by striking “and evaluating” and in-*
22 *serting “the implementation and operation of”;*
23 *and*

24 (D) *by adding at the end the following new*
25 *sentence: “Not later than March 31, 2005, the*

1 *Secretary shall submit a report to the Congress*
2 *describing and evaluating the demonstration*
3 *program under this section.”.*

4 **SEC. 408. EXTENSION OF PROJECT-BASED SECTION 8 CON-**
5 **TRACT RENEWALS.**

6 *(a) RENEWAL OF EXPIRING PROJECT-BASED SECTION*
7 *8 CONTRACTS.—Section 524 of the Multifamily Assisted*
8 *Housing Reform and Affordability Act of 1997 (42 U.S.C.*
9 *1437f note) is amended—*

10 *(1) in subsection (a)(4)(A)(iv)—*

11 *(A) in subclause (I), by inserting “or” after*
12 *the semicolon;*

13 *(B) by striking subclause (II); and*

14 *(C) by redesignating subclause (III) as sub-*
15 *clause (II); and*

16 *(2) by striking paragraph (3) of subsection (b).*

17 *(b) ADJUSTMENTS FOR COVERED PROJECTS.—*

18 *(1) RENT DETERMINATION AT INITIAL RENEWAL*
19 *AFTER ENACTMENT.—Upon the first request for re-*
20 *newal of project-based assistance pursuant to section*
21 *524 after the date of enactment of this Act by an*
22 *owner of a covered housing project—*

23 *(A) the rent levels at which assistance will*
24 *be provided pursuant to such renewal will be de-*
25 *termined as if such renewal were the initial re-*

1 *renewal of a contract for assistance under section*
2 *524, as amended by subsection (a) of this section;*
3 *and*

4 *(B) solely for purposes of determining the*
5 *rent levels at which assistance will be provided*
6 *pursuant to such first renewal after the date of*
7 *enactment of this Act, in the case of a project for*
8 *which contract rents were reduced on a prior re-*
9 *newal of an expiring contract pursuant to sub-*
10 *section (b)(3) of section 524, as in effect on the*
11 *day before the date of enactment of this Act, the*
12 *contract rent levels in effect immediately prior to*
13 *such first renewal after the date of enactment of*
14 *this Act shall be considered to be the deemed rent*
15 *levels described in paragraph (3)(C).*

16 *(2) RENT ADJUSTMENTS AFTER INITIAL RE-*
17 *NEWAL AFTER ENACTMENT.—After the first renewal of*
18 *a contract for assistance of a covered project after the*
19 *date of enactment of this Act in accordance with*
20 *paragraph (1) of this subsection, the Secretary shall*
21 *adjust rents in accordance with section 524(c).*

22 *(3) DEFINITIONS.—In this subsection—*

23 *(A) references to “section 524” or any sub-*
24 *division thereof are references to section 524 of*

1 *the Multifamily Assisted Housing Reform and*
2 *Affordability Act of 1997 (42 U.S.C. 1437f note);*

3 *(B) the term “covered housing project”*
4 *means a project that receives project-based assist-*
5 *ance under section 8 of the United States Hous-*
6 *ing Act of 1937 (42 U.S.C. 1437f) which was re-*
7 *newed prior to the date of enactment of this Act*
8 *pursuant to subsection (b)(3) of section 524, as*
9 *in effect on the day before the date of enactment*
10 *of this Act;*

11 *(C) the term “deemed rent levels” means the*
12 *contract rent levels in effect immediately prior to*
13 *the first renewal of assistance pursuant to sub-*
14 *section (b)(3) of section 524, as in effect on the*
15 *day before the date of enactment of this Act,*
16 *upon which contract rent levels were reduced, as*
17 *adjusted by the applicable operating cost adjust-*
18 *ment factor established by the Secretary at the*
19 *date of such renewal and at the date of any sub-*
20 *sequent renewal pursuant to subsection (b)(3) of*
21 *section 524 occurring before the date of enact-*
22 *ment of this Act; and*

23 *(D) the term “Secretary” means the Sec-*
24 *retary of Housing and Urban Development.*

1 **SEC. 409. INSPECTION OF UNITS.**

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

4 *(1) in subparagraph (A)—*

5 *(A) by striking “(A) IN GENERAL.—Except*
6 *as provided in paragraph (11),” and inserting*
7 *the following:*

8 *“(A) GENERAL RULE.—*

9 *“(i) IN GENERAL.—Except as provided*
10 *in clause (ii) and paragraph (11),”; and*
11 *(B) by inserting at the end the following:*

12 *“(ii) EXCEPTION.—A public housing*
13 *agency may commence payments to an*
14 *owner, if the public housing agency—*

15 *“(I) has conducted an inspection*
16 *of the building, which includes an in-*
17 *spection of a reasonable number of*
18 *units in the 6 months prior to the date*
19 *on which payment is made to the*
20 *owner, and that inspection and any*
21 *subsequent unit inspections have not*
22 *turned up major deficiencies;*

23 *“(II) conducts an inspection of*
24 *the unit for which the payment is*
25 *being made not later than 30 days*

1 *after the date for which payment is*
2 *made to the owner; and*

3 *“(III) has an agreement with the*
4 *owner to correct any deficiencies and*
5 *make any repairs in the unit not later*
6 *than 30 days after the date on which*
7 *the inspection was made under sub-*
8 *clause (II).”;* and

9 (2) *in subparagraph (D)—*

10 (A) *by striking “(D) ANNUAL INSPEC-*
11 *TIONS.—Each” and inserting the following:*

12 *“(D) ANNUAL INSPECTIONS.—*

13 *“(i) IN GENERAL.—Except as provided*
14 *in clause (i), each”;* and

15 (B) *by adding at the end the following:*

16 *“(ii) EXCEPTION.—If a public housing*
17 *agency has a large jurisdiction and is con-*
18 *ducting inspections on a geographical basis,*
19 *the public housing agency may comply with*
20 *the annual inspection requirement by in-*
21 *specting the unit within 9 to 15 months of*
22 *the previous inspection.”.*

1 **SEC. 410. ESCROW OF TENANT RENT IN CASES OF OWNER**
2 **FAILURE TO MAINTAIN UNIT.**

3 *Section 8(o)(8) of the United States Housing Act of*
4 *1937 (42 U.S.C. 1437f(o)(8)) is amended by adding at the*
5 *end the following new subparagraph:*

6 *“(F) ESCROW OF TENANT RENT IN CASES*
7 *OF OWNER FAILURE TO MAINTAIN UNIT.—Each*
8 *housing assistance payment contract under this*
9 *subsection shall provide as follows:*

10 *“(i) REQUIREMENT.—In any case in*
11 *which a public housing agency suspends as-*
12 *sistance payments under this subsection*
13 *with respect to a dwelling unit because of a*
14 *failure on the part of the owner of the unit*
15 *to maintain the unit in compliance with*
16 *the housing quality standards established*
17 *pursuant to this paragraph, the agency*
18 *shall—*

19 *“(I) require the tenant to suspend*
20 *payment to the owner of the tenant’s*
21 *monthly contribution toward rent and*
22 *require the tenant to pay such amount*
23 *into an escrow account established by*
24 *the agency; and*

25 *“(II) notify the tenant and the*
26 *owner of the failure to maintain the*

1 *unit in compliance with such housing*
2 *quality standards and of the actions*
3 *required under this subparagraph.*

4 “(ii) *CORRECTION OF NONCOMPLI-*
5 *ANCE.—If the owner corrects the noncompli-*
6 *ance within the period of time established*
7 *by the agency for such purpose, the public*
8 *housing agency shall release to the owner*
9 *any tenant payments toward rent deposited*
10 *in the escrow account.*

11 “(iii) *FAILURE TO CORRECT NON-*
12 *COMPLIANCE.—If the owner fails to correct*
13 *the noncompliance within the period of time*
14 *established by the agency and the tenant*
15 *moves from the dwelling unit because of*
16 *such noncompliance, the public housing*
17 *agency shall make any tenant payments to-*
18 *ward rent that are deposited in the escrow*
19 *account available on behalf of the tenant*
20 *upon such move for costs of the move and*
21 *for rental of a new dwelling unit.”.*

22 **SEC. 411. PROJECT-BASED VOUCHERS MODIFICATIONS.**

23 (a) *IN GENERAL.—Section 8(o)(13) of the United*
24 *States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is*
25 *amended—*

1 (1) *in subparagraph (C)(ii), by inserting before*
2 *the period at the end the following: “, revitalizing a*
3 *low-income community, or preventing the displace-*
4 *ment of extremely low-income families”;*

5 (2) *in subparagraph (D)(ii), by striking “apply*
6 *in the case of” and all that follows through the period*
7 *and inserting the following: “apply—*

8 *“(I) in the case of assistance*
9 *under a contract for housing consisting*
10 *of single family properties (buildings*
11 *with 1 to 4 units);*

12 *“(II) for dwelling units that are*
13 *specifically made available for house-*
14 *holds comprised of elderly families or*
15 *disabled families; or*

16 *“(III) outside of a qualified cen-*
17 *sus tract, for buildings with 5 to 25*
18 *units or with dwelling units that are*
19 *specifically made available for families*
20 *receiving supportive services.*

21 *For purposes of this clause, the term ‘quali-*
22 *fied census tract’ has the same meaning*
23 *given that term in section 42(d) of the In-*
24 *ternal Revenue Code of 1986 (26 U.S.C.*
25 *42(d)). The Secretary may waive the limi-*

1 *tations of this clause, consistent with the ob-*
2 *ligation to affirmatively further fair hous-*
3 *ing practices.”;*

4 *(3) in subparagraph (F), by striking “10 years”*
5 *and inserting “15 years”;*

6 *(4) in subparagraph (J)—*

7 *(A) in the first sentence, by inserting before*
8 *the period the following: “, or from 1 or more*
9 *separate project-based waiting lists established*
10 *and maintained in accordance with subpara-*
11 *graph (K). A public housing agency may permit*
12 *an owner to select families from a waiting list*
13 *for units assisted under this paragraph main-*
14 *tained by the owner in accordance with subpara-*
15 *graph (L). Regardless of whether a waiting list*
16 *is maintained under this subparagraph or under*
17 *subparagraph (K) or (L), families shall initially*
18 *be selected from the public housing agency’s*
19 *waiting list for assistance under this subsection*
20 *for at least 1/2 of the vacant units in a building*
21 *made available with assistance under this para-*
22 *graph, unless the units are restricted, under the*
23 *tenant selection preferences adopted under the*
24 *annual plan submitted by the public housing*
25 *agency to the Secretary pursuant to section*

1 5A(b), to occupancy by persons who are receiving
2 intensive publicly funded services and who have
3 a disability, as defined in section 3 of this Act
4 or section 422 of the McKinney-Vento Homeless
5 Assistance Act”;

6 (B) in the fifth sentence, by inserting before
7 the period the following: “, unless the owner
8 maintains a waiting list under subparagraph
9 (L)”;

10 (C) in the last sentence, by striking “and
11 may maintain” and all that follows through “on
12 the separate list”;

13 (5) by redesignating subparagraph (K) as sub-
14 paragraph (M); and

15 (6) by inserting after subparagraph (J) the fol-
16 lowing:

17 “(K) PUBLIC HOUSING AGENCY WAITING
18 LIST.—

19 “(i) IN GENERAL.—A public housing
20 agency may select families for assistance—

21 “(I) under subparagraph (J);

22 “(II) under this subparagraph for
23 each property that receives assistance
24 under this paragraph; or

1 “(III) under this subparagraph
2 for similar properties that receive as-
3 sistance under this paragraph.

4 “(ii) *REQUIREMENTS.*—A public hous-
5 ing agency that maintains a separate wait-
6 ing list under this subparagraph—

7 “(I) shall provide notice of the
8 opening of the waiting list in the same
9 manner required by the Secretary for
10 the provision of notice of the opening of
11 the waiting list for tenant-based assist-
12 ance under this subsection, except that
13 this subclause shall not apply to units
14 assisted under this paragraph that are
15 restricted, under tenant selection pref-
16 erences adopted under the annual plan
17 submitted by the public housing agency
18 to the Secretary pursuant to section
19 5A(b) to occupancy by persons who are
20 receiving intensive publicly funded
21 services and who have a disability, as
22 defined in section 3 of this Act or sec-
23 tion 422 of the McKinney-Vento Home-
24 less Assistance Act;

1 “(II) shall give preference to fami-
2 lies on its tenant-based waiting list, if
3 families are applying at the equivalent
4 time and date with otherwise equiva-
5 lent preference under the annual plan
6 submitted by the public housing agency
7 to the Secretary pursuant to section
8 5A(b); and

9 “(III) shall notify families that
10 are applying for tenant-based assist-
11 ance of the opportunity to be listed on
12 the waiting list maintained under this
13 subparagraph.

14 “(L) OWNER WAITING LIST.—

15 “(i) IN GENERAL.—A public housing
16 agency may allow an owner of a structure
17 with a contract for assistance under this
18 paragraph to maintain a waiting list for
19 units assisted under this paragraph.

20 “(ii) AGENCY PLAN.—The policy for a
21 waiting list maintained under this sub-
22 paragraph and any applicable preferences
23 or selection criteria shall be included in the
24 annual plan submitted by the public hous-

1 *ing agency to the Secretary in accordance*
2 *with section 5A(b).*

3 *“(iii) AGENCY RESPONSIBILITIES.—If*
4 *a waiting list is maintained under this sub-*
5 *paragraph, the public housing agency*
6 *shall—*

7 *“(I) provide notice of the opening*
8 *of the waiting list in the same manner*
9 *and to the same extent as is required*
10 *of the agency under subparagraph*
11 *(K)(ii)(I);*

12 *“(II) notify families that apply*
13 *for tenant-based assistance of the op-*
14 *portunity to be listed on that waiting*
15 *list;*

16 *“(III) establish a mechanism to*
17 *transmit applications submitted at its*
18 *office to the owner for placement on*
19 *that waiting list; and*

20 *“(IV) monitor, at reasonable in-*
21 *tervals, the compliance by the owner*
22 *with laws applicable to tenant selection*
23 *and waiting lists, including civil*
24 *rights laws, regulations, and certifi-*
25 *cations.*

1 “(iv) *OWNER RESPONSIBILITIES.—If a*
2 *waiting list is maintained under this sub-*
3 *paragraph, the owner of the structure*
4 *shall—*

5 “(I) *provide notice of the opening*
6 *of the waiting list (unless the public*
7 *housing agency agrees to provide such*
8 *notice for the owner, or notice is not*
9 *required pursuant to clause (iii)(I))*
10 *and provide preference to families on*
11 *the tenant-based waiting list of the*
12 *public housing agency in the same*
13 *manner as is required under subpara-*
14 *graph (K);*

15 “(II) *place on its waiting list,*
16 *families that apply at an office of the*
17 *agency that accepts applications for*
18 *tenant-based assistance;*

19 “(III) *cooperate with requests of*
20 *the public housing agency for informa-*
21 *tion concerning the waiting list and*
22 *the tenant selection decisions of the*
23 *owner; and*

24 “(IV) *submit written tenant selec-*
25 *tion policies and criteria to the public*

1 *housing agency for approval, and make*
2 *those policies and criteria available to*
3 *the public.*

4 “(v) *RIGHT TO INFORMAL REVIEW.—A*
5 *family that is denied a unit by an owner*
6 *that maintains a waiting list under this*
7 *subparagraph shall have the same rights to*
8 *informal review by a public housing agency*
9 *as a family that is denied tenant-based as-*
10 *sistance by a public housing agency, and*
11 *such review shall be performed expeditiously*
12 *so as not to impede the timely rental of*
13 *units. The public housing agency’s review at*
14 *the informal hearing shall be limited to de-*
15 *termining if the owner, if denying admis-*
16 *sion, followed applicable law and the proce-*
17 *dures and criteria adopted by the owner*
18 *and approved by the public housing agency*
19 *for determining the eligibility of applicants*
20 *for admission.*

21 “(vi) *APPLICABILITY.—Except as pro-*
22 *vided in this subparagraph, a waiting list*
23 *maintained by an owner shall be considered*
24 *to be a waiting list maintained by a public*

1 *housing agency for assistance under this*
2 *subsection.*

3 “(vii) *LIMITATION OF LIABILITY.—No*
4 *right of action shall exist against a public*
5 *housing agency with respect to an owner’s*
6 *violation of any applicable law, unless the*
7 *agency has actual knowledge that such vio-*
8 *lation has occurred or is occurring and—*

9 “(I) *the agency has failed to take*
10 *action to cause the owner to cease such*
11 *violation; or*

12 “(II) *the public housing agency*
13 *has failed to comply with its respon-*
14 *sibilities under clause (iii).”;* and

15 (7) *by adding at the end the following:*

16 “(N) *FAIR HOUSING, SUBSIDY LAYERING,*
17 *AND COMPETITIVE SELECTION REQUIREMENTS.—*
18 *A public housing agency may attach assistance*
19 *under this paragraph to units without specific*
20 *approval by the Secretary of compliance with*
21 *fair housing, subsidy layering, or competitive se-*
22 *lection requirements, if—*

23 “(i) *for fair housing compliance, the*
24 *units proposed to receive assistance under*
25 *this paragraph receive a grant or a loan*

1 *under a Federal program pursuant to*
2 *which the Secretary, or a designee of the*
3 *Secretary, has determined in accordance*
4 *with regulations that the site location would*
5 *meet applicable civil rights and fair hous-*
6 *ing requirements;*

7 *“(ii) for compliance with subsidy*
8 *layering requirements, consistent with the*
9 *written policy of the Secretary, the public*
10 *housing agency or another public agency*
11 *has determined that addition of subsidies*
12 *under this paragraph would not duplicate*
13 *other public funding; or*

14 *“(iii) for compliance with competitive*
15 *selection requirements, an advertisement for*
16 *capital funds announced the potential for*
17 *availability of assistance under this para-*
18 *graph.*

19 “(O) *USE OF ASSISTANCE IN CONJUNCTION*
20 *WITH PUBLIC HOUSING CAPITAL FUNDS.—*

21 “(i) *CAPITAL FUND AND HOPE VI.—*
22 *Notwithstanding any provision to the con-*
23 *trary in this Act, a public housing agency*
24 *may attach assistance under this paragraph*
25 *to a structure or unit that receives assist-*

1 *ance allocated to the public housing agency*
2 *under the Capital Fund, established by sec-*
3 *tion 9(d), or under section 24.*

4 *“(ii) OPERATING FUND.—A unit that*
5 *receives assistance under this paragraph*
6 *shall not be eligible for assistance under the*
7 *Operating Fund established by section*
8 *9(e).”.*

9 *(b) EFFECTIVE DATE.—*

10 *(1) IN GENERAL.—This section and the amend-*
11 *ments made by this section shall take effect upon the*
12 *date of enactment of this Act (with such minor excep-*
13 *tions as the Secretary may specify).*

14 *(2) RULES.—The Secretary shall promulgate*
15 *rules, as may be necessary, to carry out section*
16 *8(o)(13) of the United States Housing Act of 1937 (42*
17 *U.S.C. 1437f(o)(13)), as amended by this Act, and*
18 *shall publish—*

19 *(A) proposed rules not later than 6 months*
20 *after the date of enactment of this Act; and*

21 *(B) final rules not later than 1 year after*
22 *the date of enactment of this Act.*

1 **SEC. 412. EXPANDED USE OF ENHANCED VOUCHERS.**

2 (a) *IN GENERAL.*—Section 8(t) of the United States
3 *Housing Act of 1937 (42 U.S.C. 1437f(t))*, as amended by
4 *the preceding provisions of this title*, is further amended—

5 (1) *in paragraph (1), in the matter preceding*
6 *subparagraph (A), by striking “Enhanced” and in-*
7 *serting “Except as provided in paragraph (2), en-*
8 *hanced”*; and

9 (2) *by redesignating paragraphs (2) and (3) as*
10 *paragraphs (3) and (4), respectively*; and

11 (3) *by inserting after paragraph (1) the fol-*
12 *lowing new paragraph:*

13 “(2) *ENHANCED VOUCHERS FOR RESIDENTS OF*
14 *UNITS NOT AVAILABLE FOR CONTINUED RENTAL.*—

15 “(A) *VOUCHER ASSISTANCE.*—*In the case of*
16 *a family who is eligible for enhanced voucher as-*
17 *sistance under this subsection and who, on the*
18 *date of the eligibility event resulting in such*
19 *family’s eligibility, is residing in a dwelling*
20 *unit that is unavailable for continued rental as*
21 *provided in subparagraph (B) as a result of such*
22 *event, enhanced voucher assistance under this*
23 *subsection for the family shall be voucher assist-*
24 *ance under subsection (o), except that under such*
25 *enhanced voucher assistance—*

1 “(i) subject only to clause (iv), the as-
2 sisted family shall pay as rent no less than
3 the amount the family was paying on the
4 date of the eligibility event for the project;

5 “(ii) the assisted family may elect to
6 reside in any other dwelling unit that is lo-
7 cated within the zip code in which is lo-
8 cated the project in which the family was
9 residing on the date of the eligibility event
10 for the project or within a zip code contig-
11 uous to such zip code, and if, during any
12 period after such election that the family
13 continues to reside, the rent for the dwelling
14 unit of the family exceeds the applicable
15 payment standard established pursuant to
16 subsection (o) for the unit, the amount of
17 rental assistance provided on behalf of the
18 family shall be determined using a payment
19 standard that is equal to the rent for the
20 dwelling unit (as such rent may be in-
21 creased from time-to-time), except that—

22 “(I) such rent shall be subject to
23 paragraph (10)(A) of subsection (o);

24 “(II) such payment standard shall
25 not exceed the greater of 150 percent of

1 *the applicable fair market rents or 150*
2 *percent of the applicable payment*
3 *standard for the market area; and*

4 *“(III) subject only to the limit in*
5 *subclause (II), such payment standard*
6 *shall not adversely affect such assisted*
7 *families;*

8 *“(iii) clause (ii) of this subparagraph*
9 *shall not apply and the payment standard*
10 *for the dwelling unit occupied by the family*
11 *shall be determined in accordance with sub-*
12 *section (o) if—*

13 *“(I) the assisted family moves, at*
14 *any time, to a dwelling unit that is*
15 *not located within (aa) the zip code*
16 *within which is located the project in*
17 *which the family was residing on the*
18 *date of the eligibility event for the*
19 *project, or (bb) a zip code contiguous*
20 *to such zip code; or*

21 *“(II) the voucher is made avail-*
22 *able for use by any family other than*
23 *the original family on behalf of whom*
24 *the voucher was provided; and*

1 “(iv) if the income of the assisted fam-
2 ily declines to a significant extent, the per-
3 centage of income paid by the family for
4 rent shall not exceed the greater of 30 per-
5 cent or the percentage of income paid at the
6 time of the eligibility event for the project.

7 “(B) *UNAVAILABILITY DUE TO CONVER-*
8 *SION.*—A dwelling unit shall be considered to be
9 unavailable for continued rental as provided in
10 this subparagraph if the eligibility event for the
11 project occurs in connection with a conversion of
12 the unit to condominium, cooperative, or com-
13 mercial use, after having obtained all necessary
14 land use approvals.”.

15 (b) *APPLICABILITY.*—No funds for enhanced vouchers
16 under section 8(t)(2) of the United States Housing Act of
17 1937 (42 U.S.C. 1437f(t)(2)), as added by the amendments
18 made by subsection (a) of this section, shall be provided
19 from amounts appropriated for fiscal years prior to fiscal
20 year 2003.

21 (c) *REGULATIONS.*—Not later than 180 days after the
22 date of the enactment of this Act, the Secretary shall issue
23 regulations necessary to carry out the amendment made by
24 subsection (a).

1 **SEC. 413. DEMONSTRATION PROGRAM FOR RENTAL ASSIST-**
2 **ANCE FOR GRANDPARENT-HEADED OR REL-**
3 **ATIVE-HEADED FAMILIES.**

4 (a) *IN GENERAL.*—*The Secretary of Housing and*
5 *Urban Development shall carry out a demonstration pro-*
6 *gram to determine the feasibility of providing rental assist-*
7 *ance under section 8 of the United States Housing Act of*
8 *1937 (42 U.S.C. 1437f) for the rental of suitable dwelling*
9 *units by covered families.*

10 (b) *ELIGIBLE UNITS.*—*Under the demonstration pro-*
11 *gram, the Secretary shall make rental assistance amounts*
12 *reserved pursuant to subsection (f) of this section available*
13 *to public housing agencies selected to participate in the pro-*
14 *gram for use only for assistance on behalf of covered fami-*
15 *lies renting qualified dwelling units. Such a public housing*
16 *agency may not initially provide voucher assistance under*
17 *this section for any family after the end of fiscal year 2006.*

18 (c) *SERVICES.*—*The Secretary of Housing and Urban*
19 *Development shall require any public housing agency par-*
20 *ticipating in the demonstration program under this section*
21 *to ensure that families receiving rental assistance pursuant*
22 *to this section are provided with supportive services that*
23 *are tailored to the needs of children and covered families.*
24 *The Secretary shall coordinate with the heads of other Fed-*
25 *eral agencies as may be appropriate to assist in ensuring*
26 *the provision of such services.*

1 (d) *SELECTION.*—The Secretary of Housing and
2 *Urban Development shall provide for public housing agen-*
3 *cies to apply to participate in the demonstration program*
4 *under this section and, during the period consisting of fiscal*
5 *years 2003 through 2006 shall, to the extent amounts are*
6 *available pursuant to subsection (f), select not less than two*
7 *and not more than four agencies for such participation*
8 *based on the ability of the applicant to provide assistance*
9 *and services under the program and national geographical*
10 *diversity among agencies participating in the program.*

11 (e) *REPORT.*—Not later than 18 months after the date
12 *of the enactment of this Act, the Secretary of Housing and*
13 *Urban Development shall submit a report to the Congress*
14 *describing the demonstration program under this section*
15 *and analyzing the effectiveness of the program.*

16 (f) *FUNDING.*—Of any amounts made available for
17 *voucher assistance under section 8(o) of the United States*
18 *Housing Act of 1937 (42 U.S.C. 1437f(o)) for fiscal year*
19 *2003 and fiscal years thereafter, the Secretary of Housing*
20 *and Urban Development shall reserve such amounts in such*
21 *fiscal years as may be necessary to provide voucher assist-*
22 *ance for the agencies selected under subsection (d) for use*
23 *only for providing assistance under this section.*

1 **SEC. 414. ELIGIBILITY OF GRANDPARENT-HEADED AND**
2 **RELATIVE-HEADED FAMILIES FOR FAMILY**
3 **UNIFICATION ASSISTANCE.**

4 *Section 8(x) of the United States Housing Act of 1937*
5 *(42 U.S.C. 1437f(x)) is amended—*

6 *(1) in paragraph (2)—*

7 *(A) by striking “section 8” and inserting*
8 *“this section”;*

9 *(B) by striking “and” before “(B)” and in-*
10 *serting a comma; and*

11 *(C) by inserting before the period at the end*
12 *the following: “, or (C) a covered family, who is*
13 *otherwise eligible for such assistance, for rental*
14 *of a qualified dwelling unit”;*

15 *(2) in the second sentence of paragraph (3)—*

16 *(A) by inserting “, as appropriate (A)”*
17 *after “containing”; and*

18 *(B) by inserting before the period at the end*
19 *the following: “, or (B) a description of the need*
20 *for assistance under this subsection for covered*
21 *families”; and*

22 *(3) in paragraph (4), by adding at the end the*
23 *following new subparagraphs:*

24 *“(C) CHILD.—The term ‘child’ means an*
25 *individual who—*

1 “(i) is not attending school and is not
2 more than 18 years of age; or

3 “(ii) is attending school and is not
4 more than 19 years of age.

5 “(D) COVERED FAMILY.—The term ‘covered
6 family’ means a family that—

7 “(i) includes a child; and

8 “(ii) has a head of household who is—

9 “(I) a grandparent of the child
10 who is raising the child; or

11 “(II) a relative of the child who is
12 raising the child.

13 “(E) GRANDPARENT.—The term ‘grand-
14 parent’ means, with respect to a child, an indi-
15 vidual who is a grandparent or stepgrandparent
16 of the child by blood or marriage, regardless of
17 the age of such individual. In the case of a child
18 who was adopted, the term includes an indi-
19 vidual who, by blood or marriage, is a grand-
20 parent or stepgrandparent of the child as adopt-
21 ed.

22 “(F) QUALIFIED DWELLING UNIT.—The
23 term ‘qualified dwelling unit’ means a dwelling
24 unit that—

25 “(i) has at least 2 separate bedrooms;

1 “(ii) is equipped with design features
2 appropriate to meet the special physical
3 needs of elderly persons, as needed; and

4 “(iii) is equipped with design features
5 appropriate to meet the special physical
6 needs of young children.

7 “(G) RAISING A CHILD.—The term ‘raising
8 a child’ means, with respect to an individual,
9 that the individual—

10 “(i) resides with the child; and

11 “(ii) is the primary caregiver for the
12 child—

13 “(I) because the biological or
14 adoptive parents of the child do not re-
15 side with the child or are unable or un-
16 willing to serve as the primary care-
17 giver for the child; and

18 “(II) regardless of whether the in-
19 dividual has a legal relationship to the
20 child (such as guardianship or legal
21 custody) or is caring for the child in-
22 formally and has no such legal rela-
23 tionship with the child.

1 “(H) *RELATIVE*.—The term ‘relative’
2 means, with respect to a child, an individual
3 who—

4 “(i) is not a parent of the child by
5 blood or marriage; and

6 “(ii) is a relative of the child by blood
7 or marriage, regardless of the age of the in-
8 dividual.

9 *In the case of a child who was adopted, the term*
10 *includes an individual who, by blood or mar-*
11 *riage, is a relative of the family who adopted the*
12 *child.”.*

13 **SEC. 415. INCREASED PAYMENT STANDARD.**

14 *Section 8(o)(1)(D) of the United States Housing Act*
15 *of 1937 (42 U.S.C. 1437f(o)(1)(D)) is amended—*

16 (1) *by striking “(D) APPROVAL.—The” and in-*
17 *serting the following:*

18 “(D) *EXCEPTION PAYMENT STANDARDS*.—

19 “(i) *APPROVAL.—The*”; and

20 (2) *by adding at the end the following:*

21 “(ii) *INCREASED PAYMENT STAND-*
22 *ARD.—A public housing agency may estab-*
23 *lish a payment standard for the same size*
24 *dwelling unit in a market area or portion*
25 *of a market area between 110 and 120 per-*

1 *cent of the fair market rent, if the payment*
2 *standard for the market area or portion of*
3 *a market area has been set at 110 percent*
4 *or above for the 6 months prior to the estab-*
5 *lishment of the new payment standard and*
6 *the public housing agency determines that it*
7 *has—*

8 *“(I) a voucher success rate (the*
9 *proportion of families that are issued a*
10 *voucher that succeed in leasing a unit*
11 *within the timeframe provided by the*
12 *public housing agency to search for*
13 *housing) of not more than 80 percent*
14 *or has provided an extended search*
15 *time of not less than 90 days to a sig-*
16 *nificant number of voucher recipients;*
17 *or*

18 *“(II) problems with concentration*
19 *of the voucher holders in high poverty*
20 *areas.*

21 *“(iii) DISABILITY ACCOMMODATION.—*
22 *A public housing agency may establish a*
23 *payment standard of not more than 120*
24 *percent of the fair market rent where nec-*
25 *essary as a reasonable accommodation for a*

1 *person with a disability, without approval*
2 *of the Secretary. A public housing agency*
3 *may seek approval of the Secretary to use a*
4 *payment standard greater than 120 percent*
5 *of the fair market rent as a reasonable ac-*
6 *commodation for a person with a disability.*

7 *“(iv) SECRETARY APPROVAL.—A pub-*
8 *lic housing agency may establish a payment*
9 *standard in accordance with clause (ii)*
10 *without approval of the Secretary, if the*
11 *public housing agency includes in its an-*
12 *nuual plan that is submitted to the Secretary*
13 *pursuant to section 5A(b)—*

14 *“(I) the reasons for the increase in*
15 *the payment standard;*

16 *“(II) a description of how and*
17 *why the public housing agency has de-*
18 *termined that it meets the requirements*
19 *of clause (ii); and*

20 *“(III) a description of other steps*
21 *the public housing agency is taking, in*
22 *addition to increasing the payment*
23 *standard, to address the problems of*
24 *voucher utilization, voucher success*
25 *rates (the proportion of families that*

1 are issued a voucher that succeed in
2 leasing a unit within the timeframe
3 provided by the public housing agency
4 to search for housing), and concentra-
5 tion of voucher holders.

6 “(v) *APPLICABILITY.*—Clauses (ii)
7 through (iv) shall apply with respect only to
8 amounts made available for rental assist-
9 ance under this subsection for fiscal year
10 2004 and fiscal years thereafter.”

11 **SEC. 416. PROTECTION OF INNOCENT TENANTS.**

12 Clause (iii) of section 8(d)(1)(B) of the United States
13 *Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(B)(iii))* is
14 amended by inserting before the semicolon at the end the
15 following: “; except that such criminal activity, engaged in
16 by a member of a tenant’s household or any guest or other
17 person under the tenant’s control, shall not be cause for ter-
18 mination of tenancy of the tenant if the tenant or imme-
19 diate member of the tenant’s family is a victim of domestic
20 violence or dating violence and, as a result, could not con-
21 trol or prevent the criminal activity relating to domestic
22 violence or dating violence; and except that nothing in this
23 clause may be construed to limit the authority of a public
24 housing agency to evict individuals who engage in criminal
25 acts of physical violence against family members or others,

1 *and in all cases, a public housing agency shall consider the*
2 *safety, security, and continued maintenance of victims of*
3 *domestic violence to be of paramount importance”.*

4 ***TITLE V—PUBLIC HOUSING***
5 ***Subtitle A—General Provisions***

6 ***SEC. 501. PHA JOINT VENTURES.***

7 *Section 13(b) of the United States Housing Act of 1937*
8 *(42 U.S.C. 1437k(b)) is amended by adding at the end the*
9 *following new paragraph:*

10 “(4) *NON-FEDERAL FUNDS AND ACTIVITIES.—*

11 *This subsection shall not apply to any subsidiary,*
12 *joint venture, partnership, or business arrangement,*
13 *or any activity conducted by such an entity, that does*
14 *not involve holding or expending funds received from*
15 *the Federal Government or proceeds or income derived*
16 *from such funds.”.*

17 ***SEC. 502. THIRD-PARTY PUBLIC HOUSING ASSESSMENT***
18 ***SYSTEM.***

19 “(a) *ESTABLISHMENT.—The Secretary of Housing and*
20 *Urban Development shall provide for the development of a*
21 *third-party assessment system for evaluating the perform-*
22 *ance of public housing agencies, in accordance with this sec-*
23 *tion.*

24 “(b) *PURPOSES.—The assessment system developed*
25 *under this section shall—*

1 (1) *provide an objective assessment of the overall*
2 *performance of public housing agencies in all major*
3 *areas of management operations and in discharging*
4 *their obligations under the United States Housing Act*
5 *of 1937;*

6 (2) *identify quantifiable areas of the manage-*
7 *ment and financial condition of public housing agen-*
8 *cies; and*

9 (3) *determine the physical condition of public*
10 *housing dwelling units to ensure that they are main-*
11 *tained in accordance with the requirements pursuant*
12 *to the United States Housing Act of 1937.*

13 (c) *TESTING AND PROTOTYPE.—*

14 (1) *IN GENERAL.—Not later than 120 days after*
15 *the date of the enactment of this Act, to the extent*
16 *amounts are made available to carry out this section,*
17 *the Secretary of Housing and Urban Development*
18 *shall enter into a contract with a public entity or a*
19 *private for-profit or nonprofit entity to develop a sys-*
20 *tem prototype for the third-party assessment system*
21 *required under this section and to test such prototype.*
22 *Such contract shall require such entity to submit the*
23 *prototype assessment system to the Congress not later*
24 *than the expiration of the 6-month period beginning*
25 *upon execution of the contract and to complete such*

1 *testing not later than the expiration of the 12-month*
2 *period beginning upon execution of the contract.*

3 (2) *CONSULTATION.*—*In carrying out the testing*
4 *and prototype development under this subsection, the*
5 *entity selected under this subsection shall consult with*
6 *individuals and organizations experienced in man-*
7 *aging public housing and their representatives, pri-*
8 *vate real estate managers, representatives from State*
9 *and local governments, residents of public housing,*
10 *and the Secretary.*

11 (d) *REPORT.*—*Not later than the expiration of the 12-*
12 *month period beginning upon execution of the contract re-*
13 *ferred to in subsection (c)(1), the Secretary of Housing and*
14 *Urban Development shall submit to the Congress a report*
15 *describing the results and recommendations regarding the*
16 *testing of the prototype assessment system conducted pursu-*
17 *ant to this subsection, which shall include any comments*
18 *and recommendations of the persons and entities consulted*
19 *with pursuant to subsection (c)(2) and any recommenda-*
20 *tions regarding the replacement of the public housing man-*
21 *agement assessment system established under section 6(j) of*
22 *the United States Housing Act of 1937 (42 U.S.C.*
23 *1437d(j)).*

24 (e) *RULE OF CONSTRUCTION.*—*This section may not*
25 *be construed to—*

1 (1) *provide for or require the implementation of*
 2 *the third-party assessment system developed pursuant*
 3 *to this section; or*

4 (2) *alter, affect, suspend, terminate, or delay the*
 5 *effectiveness or applicability of the public housing as-*
 6 *essment system under section 6(j) of the United*
 7 *States Housing Act of 1937 (42 U.S.C. 1437d(j)) or*
 8 *any regulations issued, or to be issued, pursuant to*
 9 *such section.*

10 **SEC. 503. PUBLIC HOUSING AGENCY PLANS FOR CERTAIN**
 11 **SMALL PUBLIC HOUSING AGENCIES.**

12 (a) *IN GENERAL.*—*Section 5A(b) of the United States*
 13 *Housing Act of 1937 (42 U.S.C. 1437c–1(b)) is amended*
 14 *by adding at the end the following new paragraph:*

15 “(3) *SUSPENSION OF FILING REQUIREMENT FOR*
 16 *CERTAIN SMALL PHAS.*—

17 “(A) *IN GENERAL.*—*Notwithstanding para-*
 18 *graph (1) or any other provision of this Act—*

19 “(i) *the requirement under paragraph*
 20 *(1) shall not apply to any qualified small*
 21 *public housing agency for fiscal years 2003,*
 22 *2004, or 2005; and*

23 “(ii) *any reference in this section or*
 24 *any other provision of law to a ‘public*
 25 *housing agency’ shall not be considered to*

1 *refer to any qualified small public housing*
2 *agency for such fiscal years, to the extent*
3 *such reference applies to the requirement to*
4 *submit a public housing agency plan under*
5 *subsection (b).*

6 “(B) *DEFINITION.*—*For purposes of this*
7 *paragraph, the term ‘qualified small public hous-*
8 *ing agency’ means a public housing agency that*
9 *meets all of the following requirements:*

10 “(i) *The sum of (I) the number of pub-*
11 *lic housing dwelling units administered by*
12 *the agency, and (II) the number of vouchers*
13 *under section 8(o) of the United States*
14 *Housing Act of 1937 (42 U.S.C. 1437f(o))*
15 *administered by the agency, is 100 or fewer.*

16 “(ii) *The agency is not designated pur-*
17 *suant to section 6(j)(2) as a troubled public*
18 *housing agency.*

19 “(iii) *The agency provides assurances*
20 *satisfactory to the Secretary that, during*
21 *fiscal years 2003, 2004, and 2005, notwith-*
22 *standing the inapplicability of the require-*
23 *ments under section 5A relating to resident*
24 *advisory boards and public hearings and*
25 *notice, residents of public housing adminis-*

1 *tered by the agency will have an adequate*
2 *and comparable opportunity for participa-*
3 *tion and notice regarding establishment of*
4 *the goals, objectives, and policies of the pub-*
5 *lic housing agency.”.*

6 *(b) REPORT.—Not later than September 30, 2004, the*
7 *Comptroller General of the United States shall submit a re-*
8 *port to the Congress describing and analyzing the adminis-*
9 *trative, financial, and other burdens that would be imposed*
10 *on public housing agencies described in section*
11 *5A(b)(3)(B)(i) of the United States Housing Act of 1937*
12 *(42 U.S.C. 1437c–1(b)(3)(B)(i)), as amended by subsection*
13 *(a) of this section, if such agencies were required to comply*
14 *fully with the requirements under section 5A(b)(1) of such*
15 *Act.*

16 **SEC. 504. AFFORDABLE ASSISTED LIVING FACILITIES DEM-**
17 **ONSTRATION PROGRAM.**

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

21 **“SEC. 36. DEMONSTRATION PROGRAM FOR GRANTS FOR**
22 **CONVERSION OF PUBLIC HOUSING TO AS-**
23 **SISTED LIVING FACILITIES.**

24 *“(a) GRANT AUTHORITY.—To the extent only that*
25 *amounts are appropriated in advance to carry out this sec-*

1 *tion, the Secretary shall carry out a program, in accordance*
2 *with this section, to demonstrate the effectiveness of making*
3 *grants to public housing agencies for use for activities de-*
4 *signed to convert dwelling units in eligible projects de-*
5 *scribed in subsection (b) to assisted living facilities or other*
6 *facilities that expand the availability of supportive services,*
7 *to enhance the ability of elderly persons to maintain inde-*
8 *pendent living.*

9 “(b) *ELIGIBLE PROJECTS.*—*An eligible project de-*
10 *scribed in this subsection is a public housing project (or*
11 *a portion thereof) that is primarily occupied by elderly per-*
12 *sons.*

13 “(c) *APPLICATIONS.*—*Applications for grants under*
14 *the demonstration program under this section shall be sub-*
15 *mitted to the Secretary in accordance with such procedures*
16 *as the Secretary shall establish. Such applications shall*
17 *contain—*

18 “(1) *a description of the proposed conversion ac-*
19 *tivities for which a grant under the program is re-*
20 *quested;*

21 “(2) *the amount of the grant requested;*

22 “(3) *a description of the resources that are ex-*
23 *pected to be made available, if any, in conjunction*
24 *with the grant under the program; and*

1 “(4) such other information or certifications that
2 the Secretary determines to be necessary or appro-
3 priate.

4 “(d) *FUNDING FOR SERVICES.*—The Secretary may
5 not make a grant under the demonstration program under
6 this section unless the application contains sufficient evi-
7 dence, in the determination of the Secretary, that there will
8 be adequate funding for supportive services for residents of
9 the facility converted with grant amounts.

10 “(e) *SERVICE COORDINATORS.*—An application for a
11 grant under the demonstration program under this section
12 may include a request for, and the Secretary may provide
13 funds under the grant for, amounts to provide service coor-
14 dinators to assist in the provision of supportive services for
15 residents of the facilities converted with grant amounts.

16 “(f) *SCOPE.*—Grants under the demonstration pro-
17 gram under this section may be made only with respect to
18 three eligible projects.

19 “(g) *SELECTION CRITERIA.*—The Secretary shall select
20 applications for grants under the demonstration program
21 under this section based upon selection criteria, which shall
22 be established by the Secretary and shall include—

23 “(1) the extent to which the conversion is likely
24 to provide assisted living facilities or supportive serv-
25 ices that are needed or are expected to be needed by

1 *the categories of elderly persons that the assisted liv-*
2 *ing facility is intended to serve;*

3 “(2) *the extent of financial need on the part of*
4 *the applicant for funding to carry out the conversion*
5 *activities proposed;*

6 “(3) *the extent to which the agency has evidenced*
7 *community support for the conversion, by such indi-*
8 *cators as letters of support from the local community*
9 *for the conversion and financial contributions from*
10 *public and private sources;*

11 “(4) *the extent to which the applicant dem-*
12 *onstrates a strong commitment to promoting the au-*
13 *tonomy and independence of the elderly persons that*
14 *the assisted living facility or other supportive services*
15 *facility is intended to serve;*

16 “(5) *the quality, completeness, and managerial*
17 *capability of providing services to elderly residents,*
18 *especially in such areas as meals, 24-hour staffing,*
19 *and on-site health care; and*

20 “(6) *such other criteria as the Secretary deter-*
21 *mines to be appropriate to ensure that funds made*
22 *available under the demonstration program under*
23 *this section are used effectively.*

24 “(h) *DEFINITION.—For the purposes of this section, the*
25 *term ‘assisted living facility’ has the meaning given such*

1 *term in section 232(b) of the National Housing Act (12*
2 *U.S.C. 1715w(b)).*

3 “(i) *AUTHORIZATION OF APPROPRIATIONS.—There is*
4 *authorized to be appropriated for providing grants under*
5 *the demonstration program under this section such sums*
6 *as may be necessary for each of fiscal years 2003 and*
7 *2004.”.*

8 **SEC. 505. PROTECTION OF INNOCENT TENANTS.**

9 *Paragraph (6) of section 6(l) of the United States*
10 *Housing Act of 1937 (42 U.S.C. 1437d(l)(6)) is amended*
11 *by inserting before the semicolon at the end the following:*
12 *“; except that such criminal activity, engaged in by a mem-*
13 *ber of a tenant’s household or any guest or other person*
14 *under the tenant’s control, shall not be cause for termi-*
15 *nation of tenancy of the tenant if the tenant or immediate*
16 *member of the tenant’s family is a victim of domestic vio-*
17 *lence or dating violence and, as a result, could not control*
18 *or prevent the criminal activity relating to domestic vio-*
19 *lence or dating violence; and except that nothing in this*
20 *paragraph may be construed to limit the authority of a*
21 *public housing agency to evict individuals who engage in*
22 *criminal acts of physical violence against family members*
23 *or others, and in all cases, a public housing agency shall*
24 *consider the safety, security, and continued maintenance of*

1 *victims of domestic violence to be of paramount impor-*
2 *tance”.*

3 ***Subtitle B—HOPE VI Revitalization***
4 ***Program***

5 ***SEC. 521. SELECTION CRITERIA.***

6 *Section 24(e)(2) of the United States Housing Act of*
7 *1937 (42 U.S.C. 1437v(e)(2)) is amended—*

8 *(1) by striking the matter preceding subpara-*
9 *graph (A) and inserting the following:*

10 *“(2) SELECTION CRITERIA.—The Secretary shall*
11 *establish criteria for the award of grants under this*
12 *section and shall include among the factors—”;*

13 *(2) in subparagraph (B), by striking “large-*
14 *scale”;*

15 *(3) in subparagraph (D), by inserting “and on-*
16 *going implementation” after “development”;*

17 *(4) in subparagraph (H), by striking “and” at*
18 *the end;*

19 *(5) by redesignating subparagraph (I) as sub-*
20 *paragraph (M); and*

21 *(6) by inserting after subparagraph (H) the fol-*
22 *lowing new subparagraphs:*

23 *“(I) the extent to which the applicant can*
24 *commence and complete the revitalization plan*
25 *expeditiously;*

1 “(J) the extent to which the plan minimizes
2 temporary or permanent displacement of current
3 residents of the public housing site who wish to
4 remain in or return to the revitalized commu-
5 nity;

6 “(K) the extent to which the plan sustains
7 or creates more project-based housing units
8 available to persons eligible for public housing in
9 markets where there is demand for the mainte-
10 nance or creation of such units;

11 “(L) the extent to which the plan gives to
12 existing residents priority for occupancy in
13 dwelling units in the revitalized community;
14 and”.

15 **SEC. 522. AUTHORIZATION OF APPROPRIATIONS.**

16 *Paragraph (1) of section 24(m) of the United States*
17 *Housing Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended*
18 *to read as follows:*

19 “(1) *AUTHORIZATION OF APPROPRIATIONS.—*
20 *There are authorized to be appropriated for grants*
21 *under this section such sums as may be necessary for*
22 *each of fiscal years 2003 and 2004.”.*

1 **SEC. 523. EXTENSION OF PROGRAM.**

2 *Section 24(n) of the United States Housing Act of*
 3 *1937 (42 U.S.C. 1437v(n)) is amended by striking “Sep-*
 4 *tember 30, 2002” and inserting “September 30, 2004”.*

5 **SEC. 524. HOPE VI GRANTS FOR ASSISTING AFFORDABLE**
 6 **HOUSING THROUGH MAIN STREET**
 7 **PROJECTS.**

8 *(a) PURPOSES.—Section 24(a) of the United States*
 9 *Housing Act of 1937 (42 U.S.C. 1437v(a)) is amended by*
 10 *adding after and below paragraph (4) the following:*

11 *“It is also the purpose of this section to provide assistance*
 12 *to smaller communities for the purpose of facilitating the*
 13 *development of affordable housing for low-income families*
 14 *that is undertaken in connection with a main street revital-*
 15 *ization or redevelopment project in such communities.”.*

16 *(b) GRANTS FOR ASSISTING AFFORDABLE HOUSING*
 17 *DEVELOPED THROUGH MAIN STREET PROJECTS IN*
 18 *SMALLER COMMUNITIES.—Section 24 of the United States*
 19 *Housing Act of 1937 (42 U.S.C. 1437v) is amended—*

20 *(1) by redesignating subsection (n) as subsection*
 21 *(o); and*

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

24 *“(n) GRANTS FOR ASSISTING AFFORDABLE HOUSING*
 25 *DEVELOPED THROUGH MAIN STREET PROJECTS IN*
 26 *SMALLER COMMUNITIES.—*

1 “(1) *AUTHORITY AND USE OF GRANT*
2 *AMOUNTS.—The Secretary may make grants under*
3 *this subsection to smaller communities. Such grant*
4 *amounts shall be used by smaller communities only to*
5 *provide assistance to carry out eligible affordable*
6 *housing activities under paragraph (3) in connection*
7 *with an eligible project under paragraph (2).*

8 “(2) *ELIGIBLE PROJECT.—For purposes of this*
9 *subsection, the term ‘eligible project’ means a project*
10 *that—*

11 “(A) *the Secretary determines, under the*
12 *criteria established pursuant to paragraph (3), is*
13 *a main street project;*

14 “(B) *is carried out within the jurisdiction*
15 *of smaller community receiving the grant; and*

16 “(C) *involves the development of affordable*
17 *housing that is located in the commercial area*
18 *that is the subject of the project.*

19 “(3) *MAIN STREET PROJECTS.—The Secretary*
20 *shall establish requirements for a project to be con-*
21 *sider a main street project for purposes of this section,*
22 *which shall require that the project—*

23 “(A) *has as its purpose the revitalization or*
24 *redevelopment of a historic or traditional com-*
25 *mmercial area;*

1 “(B) involves investment, or other partici-
2 pation, by the government for, and private enti-
3 ties in, the community in which the project is
4 carried out; and

5 “(C) complies with such historic preserva-
6 tion guidelines or principles as the Secretary
7 shall identify to preserve significant historic or
8 traditional architectural and design features in
9 the structures or area involved in the project.

10 “(4) *ELIGIBLE AFFORDABLE HOUSING ACTIVI-*
11 *TIES.—For purposes of this subsection, the activities*
12 *described in subsection (d)(1) shall be considered eli-*
13 *gible affordable housing activities, except that—*

14 “(A) such activities shall be conducted with
15 respect to affordable housing rather than with re-
16 spect to severely distressed public housing
17 projects; and

18 “(B) eligible affordable housing activities
19 under this subsection shall not include the activi-
20 ties described in subparagraphs (B) through (F)
21 or (J) through (L) of subsection (d)(1).

22 “(5) *MAXIMUM GRANT AMOUNT.—A grant under*
23 *this subsection for a fiscal year for a single smaller*
24 *community may not exceed \$1,000,000.*

1 “(6) *CONTRIBUTION REQUIREMENT.*—*A smaller*
2 *community applying for a grant under this sub-*
3 *section shall be considered an applicant for purposes*
4 *of subsection (c) (relating to contributions by appli-*
5 *cants), except that—*

6 “(A) *such supplemental amounts shall be*
7 *used only for carrying out eligible affordable*
8 *housing activities; and*

9 “(B) *paragraphs (1)(B) and (3) shall not*
10 *apply to grants under this subsection.*

11 “(7) *APPLICATIONS AND SELECTION.*—

12 “(A) *APPLICATION.*—*Pursuant to subsection*
13 *(e)(1), the Secretary shall provide for smaller*
14 *communities to apply for grants under this sub-*
15 *section, except that the Secretary may establish*
16 *such separate or additional criteria for applica-*
17 *tions for such grants as may be appropriate to*
18 *carry out this subsection.*

19 “(B) *SELECTION CRITERIA.*—*The Secretary*
20 *shall establish selection criteria for the award of*
21 *grants under this subsection, which shall be*
22 *based on the selection criteria established pursu-*
23 *ant to subsection (e)(2), with such changes as*
24 *may be appropriate to carry out the purposes of*
25 *this subsection.*

1 “(8) *COST LIMITS.*—*The cost limits established*
2 *pursuant to subsection (f) shall apply to eligible af-*
3 *fordable housing activities assisted with grant*
4 *amounts under this subsection.*

5 “(9) *INAPPLICABILITY OF OTHER PROVISIONS.*—
6 *The provisions of subsections (g) (relating to disposi-*
7 *tion and replacement of severely distressed public*
8 *housing), (h) (relating to administration of grants by*
9 *other entities), and (i) (relating to withdrawal of*
10 *funding) shall not apply to grants under this sub-*
11 *section.*

12 “(10) *REPORTING.*—*The Secretary shall require*
13 *each smaller community receiving a grant under this*
14 *subsection to submit a report regarding the use of all*
15 *amounts provided under the grant.*

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

18 “(A) *AFFORDABLE HOUSING.*—*The term ‘af-*
19 *fordable housing’ means rental or homeownership*
20 *dwelling units that—*

21 “(i) *are made available for initial oc-*
22 *cupancy subject to the same rules regarding*
23 *level of income and income mix as dwelling*
24 *units in public housing projects assisted*
25 *with a grant under this section; and*

1 “(ii) are subject to the same rules re-
2 garding occupant contribution toward rent
3 or purchase and terms of rental or purchase
4 as dwelling units in public housing projects
5 assisted with a grant under this section.

6 “(B) *SMALLER COMMUNITY*.—The term
7 ‘smaller community’ means a unit of general
8 local government (as such term is defined in sec-
9 tion 102 of the *Housing and Community Devel-*
10 *opment Act of 1974 (42 U.S.C. 5302)*) that—

11 “(i) has a population of 30,000 or
12 fewer; and

13 “(ii)(I) may not be not served by a
14 public housing agency; or

15 “(II) is served by a single public hous-
16 ing agency, which agency administers 100
17 or fewer public housing dwelling units.”.

18 (c) *ANNUAL REPORT*.—Section 24(l) of the *United*
19 *States Housing Act of 1937 (42 U.S.C. 1437v(l))* is
20 amended—

21 (1) in paragraph (3), by striking “; and” and
22 inserting “, including a specification of the amount
23 and type of assistance provided under subsection
24 (n);”;

1 (b) *REDESIGNATION OF COUNCIL.*—Title II of the
2 *McKinney-Vento Homeless Assistance Act (42 U.S.C. 11311*
3 *et seq.) is amended—*

4 (1) *by striking the title designation and heading*
5 *and inserting the following:*

6 **“TITLE II—UNITED STATES**
7 **INTERAGENCY COUNCIL ON**
8 **HOMELESSNESS”;**

9 (2) *in section 201, by striking “Interagency*
10 *Council on the Homeless” and inserting “United*
11 *States Interagency Council on Homelessness”;* and

12 (3) *in section 207(1), by striking “Interagency*
13 *Council on the Homeless” and inserting “United*
14 *States Interagency Council on Homelessness”.*

15 (c) *CONFORMING AMENDMENTS.*—The *McKinney-*
16 *Vento Homeless Assistance Act is amended—*

17 (1) *in section 102(b)(1) (42 U.S.C. 11301(b)(1)),*
18 *by striking “an Interagency Council on the Home-*
19 *less” and inserting “the United States Interagency*
20 *Council on Homelessness”;*

21 (2) *in section 501 (42 U.S.C. 11411), in sub-*
22 *sections (c)(2)(A) and (d)(3), by striking “Inter-*
23 *agency Council on the Homeless” each place such*
24 *term appears and inserting “United States Inter-*
25 *agency Council on Homelessness”;* and

1 (3) in the table of contents in section 101(b) (42
2 U.S.C. 11301 note), by striking the item relating to
3 title II and inserting the following new item:

“TITLE II—UNITED STATES INTERAGENCY COUNCIL ON
HOMELESSNESS”.

4 **SEC. 602. FEDERAL EMERGENCY MANAGEMENT AGENCY**
5 **FOOD AND SHELTER PROGRAM.**

6 Section 322 of the McKinney-Vento Homeless Assist-
7 ance Act (42 U.S.C. 11352) is amended to read as follows:

8 **“SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

9 “There are authorized to be appropriated to carry out
10 this title such sums as may be necessary for each of fiscal
11 years 2003 and 2004.”.

12 **SEC. 603. EMERGENCY SHELTER GRANTS PROGRAM.**

13 Section 417 of the McKinney-Vento Homeless Assist-
14 ance Act (42 U.S.C. 11377) is amended to read as follows:

15 **“SEC. 417. AUTHORIZATION OF APPROPRIATIONS.**

16 “There are authorized to be appropriated to carry out
17 this subtitle such sums as may be necessary for each of fiscal
18 years 2003 and 2004.”.

19 **SEC. 604. SUPPORTIVE HOUSING PROGRAM.**

20 (a) *AUTHORIZATION OF APPROPRIATIONS.*—Sub-
21 section (a) of section 429 of the McKinney-Vento Homeless
22 Assistance Act (42 U.S.C. 11389(a)) is amended to read as
23 follows:

1 “(a) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
2 *are authorized to be appropriated to carry out this subtitle*
3 *(not including activities funded pursuant to subsection (d)*
4 *of this section) such sums as may be necessary for each of*
5 *fiscal years 2003 and 2004.*”

6 (b) *FUNDING OF RENEWALS THROUGH HOUSING CER-*
7 *TIFICATE FUND.*—*Section 429 of the McKinney-Vento*
8 *Homeless Assistance Act (42 U.S.C. 11389) is amended by*
9 *adding at the end the following new subsection:*

10 “(d) *FUNDING OF RENEWALS.*—

11 “(1) *IN GENERAL.*—*For fiscal year 2003 and fis-*
12 *cal years thereafter, assistance under this subtitle*
13 *may be funded using amounts appropriated for sec-*
14 *tion 8 of the United States Housing Act of 1937 (42*
15 *U.S.C. 1437f).*”

16 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—*In*
17 *addition to any amounts otherwise made available for*
18 *assistance under section 8 of the United States Hous-*
19 *ing Act of 1937 (42 U.S.C. 1437f), there are author-*
20 *ized to be appropriated such sums as may be nec-*
21 *essary for each of fiscal years 2003 and 2004 for the*
22 *renewal of contracts for permanent housing activities*
23 *under this subtitle. Any such renewals shall be made*
24 *only for a term of one year.*”

1 (c) *SET-ASIDE.*—*Subtitle A of title IV of the McKin-*
2 *ney-Vento Homeless Assistance Act (42 U.S.C. 11361 et*
3 *seq.) is amended by adding at the end the following new*
4 *section:*

5 **“SEC. 403. SET-ASIDE FOR PERMANENT HOUSING.**

6 *“Notwithstanding any other provision of this title, of*
7 *the aggregate amount made available for assistance under*
8 *this title for any fiscal year, not less than 30 percent shall*
9 *be used only for permanent housing activities for homeless*
10 *persons. Amounts made available under section 429(d) or*
11 *463(c) for renewals of contracts for permanent housing shall*
12 *be disregarded for purposes of the preceding sentence. For*
13 *purposes of this section, the term ‘permanent housing ac-*
14 *tivities’ includes permanent housing designed primarily to*
15 *serve homeless families with children.”.*

16 (d) *ELIMINATION OF CAP ON CAPITAL EXPENSES.*—
17 *Section 423(a) of the McKinney-Vento Homeless Assistance*
18 *Act (42 U.S.C. 11383(a)) is amended—*

19 (1) *in the first sentence of paragraph (1)—*

20 (A) *by striking “, in an amount not to ex-*
21 *ceed \$200,000,”; and*

22 (B) *by striking “; except that” and all that*
23 *follows through “rehabilitation costs”; and*

24 (2) *in paragraph (2), by striking “, in an*
25 *amount not to exceed \$400,000.”.*

1 **SEC. 605. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCU-**
2 **PANCY DWELLINGS.**

3 *Subsection (a) of section 441 of the McKinney-Vento*
4 *Homeless Assistance Act (42 U.S.C. 11401(a)) is amended*
5 *to read as follows:*

6 “(a) *INCREASE IN BUDGET AUTHORITY.*—*The budget*
7 *authority available under section 5(c) of the United States*
8 *Housing Act of 1937 for assistance under section 8(e)(2)*
9 *of such Act (as in effect pursuant to section 289(b)(2) of*
10 *the Cranston-Gonzalez National Affordable Housing Act (42*
11 *U.S.C. 12839(b)(2)) is authorized to be increased by such*
12 *sums as may be necessary on or after each of October 1,*
13 *2002, and October 1, 2003.”.*

14 **SEC. 606. SHELTER PLUS CARE.**

15 (a) *AUTHORIZATION OF APPROPRIATIONS.*—*The first*
16 *sentence of section 463(a) of the McKinney-Vento Homeless*
17 *Assistance Act (42 U.S.C. 11403h(a)) is amended to read*
18 *as follows: “For purposes of the housing programs under*
19 *this subtitle, there are authorized to be appropriated to*
20 *carry out this subtitle (not including activities funded pur-*
21 *suant to subsection (c) of this section) such sums as may*
22 *be necessary for each of fiscal years 2003 and 2004.”.*

23 (b) *FUNDING OF RENEWALS THROUGH HOUSING CER-*
24 *TIFICATE FUND.*—*Section 463 of the McKinney-Vento*
25 *Homeless Assistance Act (42 U.S.C. 11403h) is amended by*
26 *adding at the end the following new subsection:*

1 “(c) *FUNDING OF RENEWALS.*—

2 “(1) *IN GENERAL.*—*For fiscal year 2003 and fis-*
3 *cal years thereafter, assistance under this subtitle*
4 *may be funded using amounts appropriated for sec-*
5 *tion 8 of the United States Housing Act of 1937 (42*
6 *U.S.C. 1437f).*

7 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—*In*
8 *addition to any amounts otherwise made available for*
9 *assistance under section 8 of the United States Hous-*
10 *ing Act of 1937 (42 U.S.C. 1437f), there are author-*
11 *ized to be appropriated such sums as may be nec-*
12 *essary for each of fiscal years 2003 and 2004 for the*
13 *renewal of contracts under this subtitle. Any such re-*
14 *newals shall be made only for a term of one year.”.*

15 “(c) *CONDITIONS OF RENEWAL.*—*Section 456 of the*
16 *McKinney-Vento Homeless Assistance Act (42 U.S.C.*
17 *11403e) is amended—*

18 (1) *by inserting “(a) APPROVAL OF ASSIST-*
19 *ANCE.—” before “The Secretary”; and*

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

22 “(b) *CONDITIONS OF RENEWAL.*—*The Secretary may*
23 *not provide assistance under this subtitle for any housing*
24 *previously assisted under this subtitle unless the unit of gen-*
25 *eral local government in which such project is located cer-*

1 *tifies that the housing complies with such housing safety*
 2 *and quality standards, as the Secretary shall establish and*
 3 *the Secretary reviews and approves such certification.”.*

4 **SEC. 607. HOUSING FOR DOMESTIC VIOLENCE AND SEXUAL**
 5 **ASSAULT VICTIMS.**

6 (a) *FUNDING.*—*There are authorized to be appro-*
 7 *priated such sums as may be necessary for each of fiscal*
 8 *years 2003 through 2007 for assistance under this section.*

9 (b) *HOUSING ASSISTANCE.*—*Any amounts made avail-*
 10 *able pursuant to subsection (a) of this section shall be avail-*
 11 *able to the Secretary only to provide assistance to qualified*
 12 *organizations for the purpose of providing, on behalf only*
 13 *of eligible individuals or families—*

14 (1) *supportive housing (as such term is defined*
 15 *in section 422 of the McKinney-Vento Homeless As-*
 16 *sistance Act (42 U.S.C. 11382));*

17 (2) *tenant-based rental assistance;*

18 (3) *financial assistance for a security deposit,*
 19 *first month’s rent, or ongoing rental assistance; or*

20 (4) *project-based transitional housing, except*
 21 *that such assistance may be used only to cover ex-*
 22 *penses of renovation, repair, conversion and operation*
 23 *of such housing.*

24 (c) *ELIGIBLE INDIVIDUALS AND FAMILIES.*—*An eligi-*
 25 *ble individual or family under this paragraph is an indi-*

1 *vidual or family that meets both of the following require-*
2 *ments:*

3 (1) *VICTIMS.*—*The individual has been victim-*
4 *ized by domestic violence, stalking, or adult or child*
5 *sexual assault or the family is a victimized family.*

6 (2) *RELOCATION.*—*The qualified organization*
7 *providing the housing assistance pursuant to sub-*
8 *section (b) for which the individual or family is ap-*
9 *plying has determined that the individual or member*
10 *of the family who was a victim of the domestic vio-*
11 *lence, stalking, or adult or child sexual assault rea-*
12 *sonably believes that relocation from such residence*
13 *will assist in avoiding future domestic violence, stalk-*
14 *ing, or adult or child sexual assault against such in-*
15 *dividual or another member of the family.*

16 (d) *MATCHING REQUIREMENT.*—*Each qualified orga-*
17 *nization receiving assistance under this section shall sup-*
18 *plement such assistance with a 25 percent match of funds*
19 *for supportive services (as such term is defined in section*
20 *422 of the McKinney-Vento Homeless Assistance Act (42*
21 *U.S.C. 11382)) from sources other than this section. Each*
22 *such organization shall certify to the Secretary its compli-*
23 *ance with this section and shall include with the certifi-*
24 *cation a description of the sources and amounts of such sup-*
25 *plemental funds.*

1 (e) *ALLOCATION.*—

2 (1) *COMPETITION.*—*Amounts made available*
3 *pursuant to this section shall be allocated by the Sec-*
4 *retary, among qualified organizations that submit ap-*
5 *plications to the Secretary, under a national competi-*
6 *tion based on demonstrated need for such assistance,*
7 *including the extent of service provided to underserved*
8 *populations (as such term is defined in section 2003*
9 *of the Omnibus Crime Control and Safe Streets Act*
10 *of 1968 (42 U.S.C. 3796gg–2)) and the ability to un-*
11 *dertake and carry out a program under this section,*
12 *as the Secretary shall determine.*

13 (2) *SET ASIDE FOR INDIAN TRIBES.*—*Of the total*
14 *funds made available pursuant to subsection (a) for*
15 *any fiscal year, at least 10 percent shall be used for*
16 *grants to Indian tribes or Indian tribal organizations*
17 *that provide emergency shelter, transitional housing,*
18 *or permanent housing or supportive services to indi-*
19 *viduals or families victimized by domestic violence,*
20 *stalking, or adult or child sexual assault. Indian*
21 *tribes or Indian tribal organizations that receive such*
22 *grants may apply for and receive other grants from*
23 *the total funds appropriated under this section. All*
24 *other grants awarded shall go to qualified organiza-*
25 *tions.*

1 (f) *APPLICATIONS.*—*The Secretary shall provide for*
2 *qualified organizations to apply for assistance under this*
3 *section and shall require that such an application shall—*

4 (1) *contain such certifications as the Secretary*
5 *shall require to ensure that—*

6 (A) *the applicant organization, to the extent*
7 *practicable, has entered into cooperative agree-*
8 *ments or memoranda of understanding with*
9 *homeless coalitions, public housing authorities,*
10 *and community-based agencies that represent*
11 *underserved populations to establish procedures*
12 *for facilitating referrals to transitional housing*
13 *and for implementing tenant-based housing as-*
14 *sistance programs; and*

15 (B) *any construction or physical improve-*
16 *ments carried out with assistance amounts under*
17 *this section will comply with any applicable*
18 *housing, safety, and licensing codes, laws, or reg-*
19 *ulations of the State or local government in*
20 *which the structure is located; and*

21 (2) *describe how the services to be provided with*
22 *assistance under this section will assist victims of do-*
23 *mestic violence in obtaining permanent housing.*

1 (g) *CONFIDENTIALITY.*—A qualified organization may
2 not be provided assistance under this section unless the or-
3 ganization agrees to ensure the confidentiality of—

4 (1) *the names of individuals and their depend-*
5 *ents assisted with services or in facilities funded, in*
6 *whole or in part, with such amounts; and*

7 (2) *any other information regarding such indi-*
8 *viduals and dependents,*

9 *except to the extent such information is otherwise required*
10 *by law to be disclosed.*

11 (h) *DEFINITIONS.*—For purposes of this section:

12 (1) *DOMESTIC VIOLENCE.*—The term “domestic
13 violence” includes acts or threats of violence or ex-
14 treme cruelty (as such term is referred to in section
15 216 of the Immigration and Nationality Act (8
16 U.S.C. 1186a)), not including acts of self-defense,
17 committed by a current or former spouse of the vic-
18 tim, by a person with whom the victim has a child
19 in common, by a person who is cohabiting with or
20 has cohabited with the victim, by a person who is or
21 has been in a continuing social relationship of a ro-
22 mantic or intimate nature with the victim, by a per-
23 son similarly situated to a spouse of the victim under
24 the domestic or family violence laws of the jurisdic-
25 tion, or by any other person against a victim who

1 *is protected from that person's acts under the domes-*
2 *tic or family violence laws of the jurisdiction.*

3 (2) *VICTIMIZED FAMILY.*—

4 (A) *IN GENERAL.*—*The term “victimized*
5 *family” means a family or household that in-*
6 *cludes an individual who has been determined*
7 *under subparagraph (B) to have been a victim*
8 *of domestic violence, stalking, or adult or child*
9 *sexual assault, but does not include any indi-*
10 *vidual who committed the domestic violence, sex-*
11 *ual assault, or adult or child sexual assault. The*
12 *term includes any such family or household in*
13 *which only a minor or minors are the individual*
14 *or individuals who was or were a victim of do-*
15 *mestic violence, stalking, or sexual assault only*
16 *if such family or household also includes a par-*
17 *ent, stepparent, legal guardian, or other respon-*
18 *sible caretaker for the child.*

19 (B) *DETERMINATION.*—*For purposes of sub-*
20 *paragraph (A), a determination under this sub-*
21 *paragraph is a determination that domestic vio-*
22 *lence, stalking, or adult or child sexual assault*
23 *has been committed, which is made by any agen-*
24 *cy or official of a State, Indian tribe, tribal or-*
25 *ganization, or unit of general local government*

1 *based upon any reliable evidence that domestic*
2 *violence, stalking, or adult or child sexual as-*
3 *sault has occurred. A victim’s statement that do-*
4 *mestic violence, stalking, or adult or child sexual*
5 *assault has occurred shall be sufficient unless the*
6 *agency has an independent, reasonable basis to*
7 *find the individual not credible.*

8 (3) *INDIAN TRIBE.*—*The term “Indian Tribe”*
9 *shall have the same meaning given the term in section*
10 *2003 of the Omnibus Crime Control and Safe Streets*
11 *Act of 1968 (42 U.S.C. 3796gg–2).*

12 (4) *QUALIFIED ORGANIZATION.*—*The term*
13 *“qualified organization” means a private, nongovern-*
14 *mental organization that—*

15 (A) *is organized, or has as its primary pur-*
16 *poses, to provide emergency shelter, transitional*
17 *housing, or permanent housing for victims of do-*
18 *mestic violence, stalking, or adult or child sexual*
19 *assault or is a medical, legal, counseling, social,*
20 *psychological, health, job training, educational,*
21 *life skills development, or other social services*
22 *program for victims of domestic violence, stalk-*
23 *ing, or adult or child sexual assault that under-*
24 *takes a collaborative project with a qualified,*
25 *nonprofit, nongovernmental organization that*

1 *primarily provides emergency shelter, transi-*
2 *tional housing, or permanent housing for low-in-*
3 *come people;*

4 *(B) is organized under State, tribal, or local*
5 *laws;*

6 *(C) has no part of its net earnings inuring*
7 *to the benefit of any member, shareholder, found-*
8 *er, contributor, or individual; and*

9 *(D) is approved by the Secretary as to fi-*
10 *nancial responsibility.*

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

13 (6) *SEXUAL ASSAULT.*—*The term “sexual as-*
14 *sault” means any conduct proscribed by chapter 109A*
15 *of title 18, United States Code, whether or not the*
16 *conduct occurs in the special maritime and territorial*
17 *jurisdiction of the United States, on an Indian res-*
18 *ervation, or in a Federal prison and includes both as-*
19 *saults committed by offenders who are strangers to the*
20 *victims and assaults committed by offenders who are*
21 *known to the victims or related by blood or marriage*
22 *to the victim.*

23 (7) *STALKING.*—*The term “stalking” means en-*
24 *gaging in a course of conduct directed at a specific*
25 *person that would cause a reasonable person to fear*

1 *death, sexual assault, or bodily injury to himself or*
2 *herself or a member of his or her immediate family,*
3 *when the person engaging in such conduct has knowl-*
4 *edge or should have knowledge that the specific person*
5 *will be placed in reasonable fear of death, sexual as-*
6 *sault, or bodily injury to himself or herself or a mem-*
7 *ber of his or her immediate family and when the con-*
8 *duct induces fear in the specific person of death, sex-*
9 *ual assault, or bodily injury to himself or herself or*
10 *a member of his or her immediate family.*

11 (8) *STATE.*—*The term “State” means the States*
12 *of the United States, the District of Columbia, the*
13 *Commonwealth of Puerto Rico, the Commonwealth of*
14 *the Northern Mariana Islands, Guam, the Virgin Is-*
15 *lands, American Samoa, and any other territory or*
16 *possession of the United States.*

17 (9) *TRANSITIONAL HOUSING.*—*The term “transi-*
18 *tional housing” includes short-term housing and has*
19 *the meaning given such term in section 424(b) of the*
20 *McKinney-Vento Homeless Assistance Act (42 U.S.C.*
21 *11384(b)).*

22 (10) *TRIBAL ORGANIZATION.*—*The term “tribal*
23 *organization” means a private, nonprofit, nongovern-*
24 *mental, or tribally chartered organization—*

1 (A) whose primary purpose is to provide
2 emergency shelter, transitional housing, or per-
3 manent housing or supportive services to indi-
4 viduals or families victimized by domestic vio-
5 lence, stalking, or adult or child sexual assault;

6 (B) that operates within the exterior bound-
7 aries of an Indian reservation; and

8 (C) whose board of directors reflects the pop-
9 ulation served.

10 (11) *UNIT OF GENERAL LOCAL GOVERNMENT.*—

11 *The term “unit of general local government” has the*
12 *meaning given the term in section 102(a) of the*
13 *Housing and Community Development Act of 1974*
14 *(42 U.S.C. 5302(a)).*

15 **SEC. 608. NATIONAL GOAL OF ENDING HOMELESSNESS.**

16 (a) *IN GENERAL.*—*The McKinney-Vento Homeless As-*
17 *sistance Act (42 U.S.C. 11301 et seq.) is amended by insert-*
18 *ing before title I the following new section:*

19 **“SECTION 1. NATIONAL GOAL OF ENDING HOMELESSNESS.**

20 *“The Congress hereby declares that it is a national*
21 *goal to end homelessness within 10 years after the enact-*
22 *ment of the Housing Affordability for America Act of*
23 *2002.”.*

24 (b) *AMENDMENT TO TABLE OF CONTENTS.*—*The table*
25 *of contents in section 101(b) of the McKinney-Vento Home-*

1 *less Assistance Act (42 U.S.C. 11301 note) is amended by*
 2 *inserting before the item relating to title I the following new*
 3 *item:*

“Sec. 1. National goal of ending homelessness.”.

4 **SEC. 609. CLERICAL AMENDMENTS.**

5 (a) *AMENDMENT TO SUBTITLE HEADING.*—*The head-*
 6 *ing for subtitle A of title IV of the McKinney-Vento Home-*
 7 *less Assistance Act (42 U.S.C. 11361 et seq.) is amended*
 8 *to read as follows:*

9 **“Subtitle A—General Provisions”.**

10 (b) *TABLE OF CONTENTS.*—*The table of contents in*
 11 *section 101(b) of the McKinney-Vento Homeless Assistance*
 12 *Act (42 U.S.C. 11301 note) is amended—*

13 (1) *by striking the item relating to subtitle A of*
 14 *title IV and inserting the following new item:*

“Subtitle A—General Provisions”;

15 (2) *by inserting after the item relating to section*
 16 *401 the following new items:*

“Sec. 402. Discharge coordination policy.

“Sec. 403. Set-aside for permanent housing.”;

17 *and*

18 (3) *by striking the item relating to section 443*
 19 *and inserting the following new item:*

“Sec. 443. Environmental review.”.

1 **TITLE VII—NATIVE AMERICAN**
2 **HOUSING**

3 **SEC. 701. REAUTHORIZATION OF NATIVE AMERICAN HOUS-**
4 **ING AND SELF-DETERMINATION ACT OF 1996.**

5 (a) *BLOCK GRANT ASSISTANCE.*—Section 108 of the
6 *Native American Housing and Self-Determination Act of*
7 *1996 (25 U.S.C. 4117) is amended to read as follows:*

8 **“SEC. 108. AUTHORIZATION OF APPROPRIATIONS.**

9 *“There are authorized to be appropriated for grants*
10 *under this title such sums as may be necessary for each*
11 *of fiscal years 2003 and 2004.”.*

12 (b) *GUARANTEES FOR TRIBAL HOUSING ACTIVITIES*
13 *LOANS.*—

14 (1) *AGGREGATE FISCAL YEAR LIMITATION.*—Sec-
15 *tion 605(a) of the Native American Housing and Self-*
16 *Determination Act of 1996 (25 U.S.C. 4195(a)) is*
17 *amended by striking “1997, 1998, 1999, 2000, and*
18 *2001” and inserting “2003 and 2004”.*

19 (2) *AUTHORIZATION OF APPROPRIATIONS FOR*
20 *CREDIT SUBSIDY.*—Section 605(b) of the *Native*
21 *American Housing and Self-Determination Act of*
22 *1996 (25 U.S.C. 4195(b)) is amended by striking*
23 *“1997, 1998, 1999, 2000, and 2001” and inserting*
24 *“2003 and 2004”.*

1 (c) *TRAINING AND TECHNICAL ASSISTANCE.*—Section
2 703 of the Native American Housing and Self-Determina-
3 tion Act of 1996 (25 U.S.C. 4212) is amended by striking
4 “1997, 1998, 1999, 2000, and 2001” and inserting “2003
5 and 2004”.

6 **SEC. 702. COMPREHENSIVE PLANNING UNDER NATIVE**
7 **AMERICAN HOUSING BLOCK GRANT PRO-**
8 **GRAM.**

9 Section 101(h) of the Native American Housing Assist-
10 ance and Self-Determination Act of 1996 (25 U.S.C.
11 4111(h)) is amended—

12 (1) by inserting after “Act” the first place such
13 term appears the following: “for comprehensive hous-
14 ing and community development planning activities
15 and”; and

16 (2) in the subsection heading, by inserting “AND
17 PLANNING” after “ADMINISTRATIVE”.

18 **SEC. 703. LANDS TITLE REPORT COMMISSION.**

19 (a) *ESTABLISHMENT.*—Section 501(a) of the American
20 Homeownership and Economic Opportunity Act of 2000
21 (25 U.S.C. 4043 note) is amended by striking “Subject to
22 sums being provided in advance in appropriations Acts,
23 there” and inserting “There”.

24 (b) *APPOINTMENT OF MEMBERS.*—Section 501(b)(1) of
25 the American Homeownership and Economic Opportunity

1 *Act of 2000 (25 U.S.C. 4043 note) is amended by striking*
2 *“this Act” and inserting “the American Indian Lands Title*
3 *Report Commission Corrections Act”.*

4 *(c) INITIAL MEETING.—Section 501(c) of the Amer-*
5 *ican Homeownership and Economic Opportunity Act of*
6 *2000 (25 U.S.C. 4043 note) is amended by striking “the*
7 *Chairperson of the Commission determines that sums suffi-*
8 *cient for the Commission to carry out its duties under this*
9 *Act have been appropriated for such purpose” and inserting*
10 *“the completion of the appointment of the initial members*
11 *pursuant to subsection (b)(1)”.*

12 **TITLE VIII—HOUSING IMPACT**
13 **ANALYSIS**

14 **SEC. 801. APPLICABILITY.**

15 *Except as provided in section 802, the requirements*
16 *of this title shall apply with respect to—*

17 *(1) any proposed rule, unless the agency promul-*
18 *gating the rule—*

19 *(A) has certified that the proposed rule will*
20 *not, if given force or effect as a final rule, have*
21 *a significant deleterious impact on housing af-*
22 *fordability; and*

23 *(B) has caused such certification to be pub-*
24 *lished in the Federal Register at the time of pub-*
25 *lication of general notice of proposed rulemaking*

1 *for the rule, together with a statement providing*
2 *the factual basis for the certification; and*

3 (2) *any final rule, unless the agency promul-*
4 *gating the rule—*

5 (A) *has certified that the rule will not, if*
6 *given force or effect, have a significant delete-*
7 *rious impact on housing affordability; and*

8 (B) *has caused such certification to be pub-*
9 *lished in the Federal Register at the time of pub-*
10 *lication of the final rule, together with a state-*
11 *ment providing the factual basis for the certifi-*
12 *cation.*

13 *Any agency making a certification under this section shall*
14 *provide a copy of such certification and the statement pro-*
15 *viding the factual basis for the certification to the Secretary*
16 *of Housing and Urban Development.*

17 **SEC. 802. EXCEPTION FOR CERTAIN BANKING RULES.**

18 *The requirements of this title shall not apply to any*
19 *proposed or final rule relating to—*

20 (1) *the operations, safety, or soundness of—*

21 (A) *federally insured depository institutions*
22 *or any affiliate of such an institution (as such*
23 *term is defined in section 2(k) of the Bank Hold-*
24 *ing Company Act of 1956 (12 U.S.C. 1841(k)));*

25 (B) *credit unions;*

1 (C) the Federal home loan banks;

2 (D) the enterprises (as such term is defined
3 in section 1303 of the Housing and Community
4 Development Act of 1992 (12 U.S.C. 4502));

5 (E) a Farm Credit System institution; or

6 (F) foreign banks or their branches, agen-
7 cies, commercial lending companies, or rep-
8 resentative offices that operate in the United
9 States, or any affiliate of a foreign bank (as such
10 terms are defined in section 1 of the Inter-
11 national Banking Act of 1978 (12 U.S.C. 3101));

12 or

13 (2) the payments system or the protection of de-
14 posit insurance funds or the Farm Credit Insurance
15 Fund.

16 **SEC. 803. STATEMENT OF PROPOSED RULEMAKING.**

17 Whenever an agency publishes general notice of pro-
18 posed rulemaking for any proposed rule, unless the agency
19 has made a certification under section 801, the agency
20 shall—

21 (1) in the notice of proposed rulemaking—

22 (A) state with particularity the text of the
23 proposed rule; and

24 (B) request any interested persons to submit
25 to the agency any written analyses, data, views,

1 *and arguments, and any specific alternatives to*
2 *the proposed rule;*

3 (2) *provide an opportunity for interested persons*
4 *to take the actions specified under paragraph (1)(B)*
5 *before promulgation of the final rule; and*

6 (3) *prepare and make available for public com-*
7 *ment an initial housing impact analysis in accord-*
8 *ance with the requirements of section 804.*

9 **SEC. 804. INITIAL HOUSING IMPACT ANALYSIS.**

10 (a) *REQUIREMENTS.*—*Each initial housing impact*
11 *analysis shall describe the impact of the proposed rule on*
12 *housing affordability. The initial housing impact analysis*
13 *or a summary shall be published in the Federal Register*
14 *at the same time as, and together with, the publication of*
15 *general notice of proposed rulemaking for the rule. The*
16 *agency shall transmit a copy of the initial housing impact*
17 *analysis to the Secretary of Housing and Urban Develop-*
18 *ment.*

19 (b) *CONTENTS.*—*Each initial housing impact analysis*
20 *required under this section shall contain—*

21 (1) *a description of the reasons why action by*
22 *the agency is being considered;*

23 (2) *a succinct statement of the objectives of, and*
24 *legal basis for, the proposed rule;*

1 (3) a description of and, where feasible, an esti-
2 mate of the extent to which the proposed rule would
3 increase the cost or reduce the supply of housing or
4 land for residential development; and

5 (4) an identification, to the extent practicable, of
6 all relevant Federal rules which may duplicate, over-
7 lap, or conflict with the proposed rule.

8 **SEC. 805. FINAL HOUSING IMPACT ANALYSIS.**

9 (a) *REQUIREMENT.*—Whenever an agency promulgates
10 a final rule after publication of a general notice of proposed
11 rulemaking, unless the agency has made the certification
12 under section 801, the agency shall prepare a final housing
13 impact analysis.

14 (b) *CONTENTS.*—Each final housing impact analysis
15 shall contain—

16 (1) a succinct statement of the need for, and ob-
17 jectives of, the rule;

18 (2) a summary of the significant issues, anal-
19 yses, and alternatives to the proposed rule raised dur-
20 ing the public comment period in response to the pro-
21 posed rule and initial housing impact analysis, a
22 summary of the assessment of the agency of such
23 issues, analyses, and alternatives, and a statement of
24 any changes made in the proposed rule as a result of
25 such comments; and

1 **SEC. 808. EFFECT ON OTHER LAW.**

2 *The requirements of sections 804 and 805 do not alter*
3 *in any manner standards otherwise applicable by law to*
4 *agency action.*

5 **SEC. 809. PROCEDURE FOR WAIVER OR DELAY OF COMPLE-**
6 **TION.**

7 *(a) INITIAL HOUSING IMPACT ANALYSIS.—An agency*
8 *head may waive or delay the completion of some or all of*
9 *the requirements of section 804 by publishing in the Federal*
10 *Register, not later than the date of publication of the final*
11 *rule, a written finding, with reasons therefor, that the final*
12 *rule is being promulgated in response to an emergency that*
13 *makes compliance or timely compliance with the provisions*
14 *of section 801 impracticable.*

15 *(b) FINAL HOUSING IMPACT ANALYSIS.—An agency*
16 *head may not waive the requirements of section 805. An*
17 *agency head may delay the completion of the requirements*
18 *of section 805 for a period of not more than 180 days after*
19 *the date of publication in the Federal Register of a final*
20 *rule by publishing in the Federal Register, not later than*
21 *such date of publication, a written finding, with reasons*
22 *therefor, that the final rule is being promulgated in response*
23 *to an emergency that makes timely compliance with the*
24 *provisions of section 805 impracticable. If the agency has*
25 *not prepared a final housing impact analysis pursuant to*
26 *section 805 within 180 days from the date of publication*

1 *of the final rule, such rule shall lapse and have no force*
2 *or effect. Such rule shall not be repromulgated until a final*
3 *housing impact analysis has been completed by the agency.*

4 **SEC. 810. DEFINITIONS.**

5 *For purposes of this title, the following definitions*
6 *shall apply:*

7 (1) *AGENCY.*—*The term “agency” means each*
8 *authority of the Government of the United States,*
9 *whether or not it is within or subject to review by an-*
10 *other agency, but does not include—*

11 (A) *the Congress;*

12 (B) *the courts of the United States;*

13 (C) *the governments of the territories or*
14 *possessions of the United States;*

15 (D) *the government of the District of Co-*
16 *lumbia;*

17 (E) *agencies composed of representatives of*
18 *the parties or of representatives of organizations*
19 *of the parties to the disputes determined by*
20 *them;*

21 (F) *courts-martial and military commis-*
22 *sions;*

23 (G) *military authority exercised in the field*
24 *in time of war or in occupied territory; or*

25 (H) *functions conferred by—*

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

3 (ii) chapter 2 of title 41, United States
4 Code;

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

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

10 (2) *FAMILIES*.—The term “families” has the
11 meaning given such term in section 3 of the United
12 States Housing Act of 1937.

13 (3) *HOUSING AFFORDABILITY*.—The term “hous-
14 ing affordability” means the quantity of housing that
15 is affordable to families having incomes that do not
16 exceed 150 percent of the median income of families
17 in the area in which the housing is located, with ad-
18 justments for smaller and larger families. For pur-
19 poses of this paragraph, area, median family income
20 for an area, and adjustments for family size shall be
21 determined in the same manner as such factors are
22 determined for purposes of section 3(b)(2) of the
23 United States Housing Act of 1937.

24 (4) *RULE*.—The term “rule” means any rule for
25 which the agency publishes a general notice of pro-

1 *posed rulemaking pursuant to section 553(b) of title*
2 *5, United States Code, or any other law, including*
3 *any rule of general applicability governing grants by*
4 *an agency to State and local governments for which*
5 *the agency provides an opportunity for notice and*
6 *public comment; except that such term does not in-*
7 *clude a rule of particular applicability relating to*
8 *rates, wages, corporate or financial structures or reor-*
9 *ganizations thereof, prices, facilities, appliances, serv-*
10 *ices, or allowances therefor or to valuations, costs or*
11 *accounting, or practices relating to such rates, wages,*
12 *structures, prices, appliances, services, or allowances.*

13 *(5) SIGNIFICANT.—The term “significant” means*
14 *increasing consumers’ cost of housing by more than*
15 *\$100,000,000 per year.*

16 **SEC. 811. DEVELOPMENT.**

17 *Not later than 1 year after the date of the enactment*
18 *of this Act, the Secretary of Housing and Urban Develop-*
19 *ment shall develop model initial and final housing impact*
20 *analyses under this title and shall cause such model anal-*
21 *yses to be published in the Federal Register. The model*
22 *analyses shall define the primary elements of a housing im-*
23 *pact analysis to instruct other agencies on how to carry*
24 *out and develop the analyses required under sections 804*
25 *and 805.*

1 **SEC. 812. JUDICIAL REVIEW.**

2 (a) *DETERMINATION BY AGENCY.*—*Except as otherwise*
3 *provided in subsection (b), any determination by an agency*
4 *concerning the applicability of any of the provisions of this*
5 *title to any action of the agency shall not be subject to judi-*
6 *cial review.*

7 (b) *OTHER ACTIONS BY AGENCY.*—*Any housing im-*
8 *pact analysis prepared under section 804 or 805 and the*
9 *compliance or noncompliance of the agency with the provi-*
10 *sions of this title shall not be subject to judicial review.*
11 *When an action for judicial review of a rule is instituted,*
12 *any housing impact analysis for such rule shall constitute*
13 *part of the whole record of agency action in connection with*
14 *the review.*

15 (c) *EXCEPTION.*—*Nothing in this section bars judicial*
16 *review of any other impact statement or similar analysis*
17 *required by any other law if judicial review of such state-*
18 *ment or analysis is otherwise provided by law.*

19 **TITLE IX—OTHER HOUSING**
20 **PROGRAMS**

21 **SEC. 901. GNMA GUARANTEE FEE.**

22 *Section 972 of the Higher Education Amendments of*
23 *1998 (Public Law 105–244; 112 Stat. 1837) is hereby re-*
24 *pealed.*

1 **SEC. 902. HOUSING COUNSELING PROGRAMS.**

2 (a) *DESIGNATION OF OFFICE RESPONSIBLE FOR*
3 *HOUSING COUNSELING FUNCTIONS.*—Section 4 of the De-
4 *partment of Housing and Urban Development Act (42*
5 *U.S.C. 3533) is amended by adding at the end the following*
6 *new subsection:*

7 “(g)(1) *The Secretary shall designate a single office of*
8 *the Department in existence on the date of the enactment*
9 *of the Housing Affordability for America Act of 2002 to*
10 *establish, coordinate, and administrate all individual pro-*
11 *gram requirements, standards, and performance measures*
12 *under programs and laws administered by the Department*
13 *that relate to housing counseling, homeownership coun-*
14 *seling, mortgage-related counseling, and rental housing*
15 *counseling, including the requirements, standards, and per-*
16 *formance measures relating to housing counseling pursuant*
17 *to the provisions of law specified in paragraph (2). To the*
18 *extent that the Secretary is authorized by law to provide*
19 *housing counseling services, the Secretary, in such cir-*
20 *cumstances or under such programs as the Secretary con-*
21 *siders appropriate, may authorize such office to provide*
22 *such housing counseling services.*

23 “(2) *The provisions specified in this paragraph are as*
24 *follows:*

1 “(A) Section 105(a)(20) of the Housing and
2 Community Development Act of 1974 (42 U.S.C. 42
3 5305(a)(20)).

4 “(B) In the United States Housing Act of
5 1937—

6 “(i) section 9(e) (42 U.S.C. 1437g(e));

7 “(ii) section 8(y)(1)(D) (42 U.S.C.
8 1437f(y)(1)(D));

9 “(iii) section 18(a)(4)(D) (42 U.S.C.
10 1437p(a)(4)(D));

11 “(iv) section 23(c)(4) (42 U.S.C.
12 1437u(c)(4));

13 “(v) section 32(e)(4) (42 U.S.C. 1437z–
14 4(e)(4));

15 “(vi) section 33(d)(2)(B) (42 U.S.C. 1437z–
16 5(d)(2)(B));

17 “(vii) sections 302(b)(6) and 303(b)(7) (42
18 U.S.C. 1437aaa–1(b)(6), 1437aaa–2(b)(7)); and

19 “(viii) section 304(c)(4) (42 U.S.C.
20 1437aaa–3(c)(4)).

21 “(C) Section 302(a)(4) of the American Home-
22 ownership and Economic Opportunity Act of 2000
23 (42 U.S.C. 1437f note).

1 “(D) Sections 233(b)(2) and 258(b) of the Cran-
2 ston-Gonzalez National Affordable Housing Act (42
3 U.S.C. 12773(b)(2), 12808(b)).

4 “(E) Sections 101(e) and 106 of the Housing
5 and Urban Development Act of 1968 (12 U.S.C.
6 1701w(e), 1701x).

7 “(F) Section 220(d)(2)(G) of the Low-Income
8 Housing Preservation and Resident Homeownership
9 Act of 1990 (12 U.S.C. 4110(d)(2)(G)).

10 “(G) Sections 422(b)(6), 423(b)(7), 424(c)(4),
11 442(b)(6), and 443(b)(6) of the Cranston-Gonzalez
12 National Affordable Housing Act (42 U.S.C.
13 12872(b)(6), 12873(b)(7), 12874(c)(4), 12892(b)(6),
14 and 12893(b)(6)).

15 “(H) Section 491(b)(1)(F)(iii) of the McKinney-
16 Vento Homeless Assistance Act (42 U.S.C.
17 11408(b)(1)(F)(iii)).

18 “(I) Sections 202(3) and 810(b)(2)(A) of the Na-
19 tive American Housing and Self-Determination Act of
20 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A)).

21 “(J) In the National Housing Act—

22 “(i) in section 203 (12 U.S.C. 1709), the pe-
23 nultimate undesignated paragraph of paragraph
24 (2) of subsection (b), subsection (c)(2)(A), and
25 subsection (r)(4);

1 “(ii) subsections (a) and (c)(3) of section
2 237 (12 U.S.C. 1715z-2); and

3 “(iii) subsections (d)(2)(B) and (m)(1) of
4 section 255 (12 U.S.C. 1715z-20).

5 “(K) Section 502(h)(4)(B) of the Housing Act of
6 1949 (42 U.S.C. 1472(h)(4)(B)).

7 “(L) Section 508 of the Housing and Urban De-
8 velopment Act of 1970 (12 U.S.C. 1701z-7).”.

9 (b) *REPORT*.—Not later than September 30, 2003, the
10 Secretary of Housing and Urban Development shall submit
11 a report to the Congress that—

12 (1) identifies the programs administered by the
13 Department of Housing and Urban Development
14 under which housing counseling is required, assisted,
15 or made available;

16 (2) describes the counseling offered or provided
17 under each such program, including the provider of
18 such counseling; and

19 (3) specifies any amounts made available under
20 law for technical assistance or similar functions
21 which are used to provide housing counseling.

22 **SEC. 903. ASSISTANCE FOR SELF-HELP HOUSING PRO-**
23 **VIDERS.**

24 (a) *LIMITATION ON ELIGIBLE EXPENSES*.—Section
25 11(d) of the Housing Opportunity Program Extension Act

1 of 1996 (42 U.S.C. 12805 note) is amended by adding at
2 the end the following new paragraph:

3 “(3) *LIMITATION ON ELIGIBLE EXPENSES.*—The
4 amount from grants under this section that is used
5 for eligible expenses (as such term is defined under
6 paragraph (2)) in connection with developing dwell-
7 ing units described in paragraph (1) may not exceed
8 an average of \$15,000 per dwelling unit developed by
9 the grantee organization or consortium, except that
10 the Secretary may increase such \$15,000 amount for
11 any particular geographic region that the Secretary
12 determines has elevated costs of land acquisition or
13 infrastructure improvement.”.

14 (b) *EXTENSION OF PERIOD FOR USE OF GRANTS.*—
15 Section 11 of the *Housing Opportunity Program Extension*
16 Act of 1996 (42 U.S.C. 12805 note) is amended—

17 (1) in subsection (i)(5), by inserting before the
18 semicolon the following: “, and except that the Sec-
19 retary may extend such period for any organization
20 or consortia to not more than 48 months in any case
21 in which the Secretary determines, in the sole discre-
22 tion of the Secretary, that extraordinary cir-
23 cumstances (including a national emergency) warrant
24 such extension”; and

1 **SEC. 905. USE OF CDBG AMOUNTS FOR CONSTRUCTION OF**
2 **TORNADO-SAFE SHELTER FOR MANUFAC-**
3 **TURED HOUSING PARKS.**

4 (a) *IN GENERAL.*—Section 105(a) of the Housing and
5 Community Development Act of 1974 (42 U.S.C. 5305(a))
6 is amended—

7 (1) in paragraph (22), by striking “and” at the
8 end;

9 (2) in paragraph (23), by striking the period at
10 the end and inserting a semicolon;

11 (3) in paragraph (25), by striking the period at
12 the end and inserting a semicolon; and

13 (4) by inserting at the end the following new
14 paragraph:

15 “(26) the construction or improvement of
16 tornado- or storm-safe shelters for manufactured hous-
17 ing parks and residents of other manufactured hous-
18 ing, the acquisition of real property for sites for such
19 shelters, and the provision of assistance (including
20 loans and grants) to nonprofit or for-profit entities
21 (including owners of such parks) for such construc-
22 tion, improvement, or acquisition, except that a shel-
23 ter assisted with amounts made available pursuant to
24 this paragraph shall be located in a neighborhood
25 consisting predominantly of persons of low and mod-
26 erate income, except that a shelter assisted with

1 (B) by striking “, submitted in accordance
2 with” and all that follows through the end of the
3 subsection and inserting the following: “that it
4 has made the determination required by sub-
5 section (m)(2)(A) of such section 42 upon the
6 first occasion that such determination was re-
7 quired and that it will make such determination
8 upon such additional occasions as are required
9 by law or regulation.”;
10 (2) by striking subsections (b) and (c); and
11 (3) by redesignating subsection (d) as subsection
12 (b).

13 **SEC. 908. STUDY OF COMMUNITY RENEWAL PROGRAM.**

14 (a) *IN GENERAL.*—The Secretary of Housing and
15 Urban Development shall conduct a study to analyze the
16 extent to which use of 1990 census data for purposes of de-
17 termining eligibility of areas for designation as renewal
18 communities for purposes of the community renewal pro-
19 gram under subchapter X of chapter 1 of Internal Revenue
20 Code of 1986 (26 U.S.C. 1400E et seq.), rather than data
21 from the 2000 census, impairs the ability of communities
22 to fully carry out the purposes of such program.

23 (b) *REPORT.*—The Secretary of Housing and Urban
24 Development shall submit a report to the Congress, not later

1 *than September 30, 2004, setting forth the results of the*
2 *study conducted pursuant to subsection (a).*

3 **SEC. 909. CORRECTION OF INEQUITIES IN THE SECOND**
4 **ROUND OF EMPOWERMENT ZONES.**

5 (a) *GRANT AUTHORITY.*—*There are authorized to be*
6 *appropriated to the Secretary of Housing and Urban Devel-*
7 *opment such sums as may be necessary to make grant*
8 *awards to each of 15 urban empowerment zones designated*
9 *pursuant to section 1391(g) of the Internal Revenue Code*
10 *of 1986, taking into account any amount made available*
11 *pursuant to any prior appropriation made for such zones.*

12 (b) *AUTHORITY TO USE FUNDS TO IMPLEMENT STRA-*
13 *TEGIC PLAN.*—*Funds appropriated under Federal law for*
14 *an empowerment zone referred to in subsection (a) may be*
15 *used to implement the strategic plan for the zone,*
16 *including—*

- 17 (1) *economic development;*
18 (2) *infrastructure development;*
19 (3) *workforce development; and*
20 (4) *community development activities.*

21 (c) *AUTHORITY TO USE FUNDS TO PAY NON-FEDERAL*
22 *SHARE OF MATCHING GRANTS.*—*Funds appropriated*
23 *under any Federal law for an empowerment zone referred*
24 *to in subsection (a) may be used to pay the non-Federal*
25 *share required in connection with another Federal grant-*

1 *in-aid program undertaken as part of activities assisted*
2 *under this section.*

3 **SEC. 910. EMPLOYMENT OPPORTUNITIES IN PUBLIC AND**
4 **INDIAN HOUSING AGENCIES.**

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

7 *(1) by redesignating subsections (e), (f), and (g)*
8 *as subsections (f), (g) and (h), respectively;*

9 *(2) in subsection (f), as so redesignated, by in-*
10 *serting after paragraph (2) the following new para-*
11 *graph:*

12 *“(3) ONE-STOP DELIVERY SYSTEM.—The term*
13 *‘one-stop delivery system’ has the meaning given that*
14 *term in section 134(c) of the Workforce Investment*
15 *Act of 1998 (29 U.S.C. 2864(c)).”;* and

16 *(3) by inserting after subsection (d) the following*
17 *new subsection:*

18 *“(e) REQUIREMENT FOR HIRING OF NEW EMPLOY-*
19 *EES.—*

20 *“(1) THIRTY PERCENT REQUIREMENT.—It shall*
21 *be a condition of any contract awarded by a public*
22 *or Indian housing agency for work to be performed in*
23 *connection with development assistance provided from*
24 *the Capital Fund under section 9(d) of the United*
25 *States Housing Act of 1937, or from the Operating*

1 *Fund under section 9(e) of such Act, that, except as*
2 *provided in paragraph 2(B), a minimum of 30 per-*
3 *cent of all new employees hired by a contractor for*
4 *work in connection with such contract will be low- or*
5 *very low-income persons.*

6 “(2) *COMPLIANCE.—As a condition of any con-*
7 *tract awarded for the work described in paragraph*
8 *(1), any contractor awarded such a contract shall—*

9 “(A)(i) *immediately before beginning work*
10 *under such contract, submit evidence to the satis-*
11 *faction of the public or Indian housing agency*
12 *showing that a minimum of 30 percent of all*
13 *new employees hired for work in connection with*
14 *such contract are low- or very low-income per-*
15 *sons; and*

16 “(ii) *submit evidence to the satisfaction of*
17 *the public or Indian housing agency showing*
18 *that a minimum of 30 percent of all subse-*
19 *quently hired new employees hired for work in*
20 *connection with such contract are low- or very*
21 *low-income persons; or*

22 “(B) *if such contractor cannot meet the re-*
23 *quirement imposed by paragraph (1)—*

24 “(i) *submit evidence to the satisfaction*
25 *of the public or Indian housing agency*

1 *showing that such contractor has given no-*
2 *tice of such contract to the one-stop delivery*
3 *system for the area which the housing sub-*
4 *ject to the contract is located, including the*
5 *particular skills and qualifications needed*
6 *by potential new employees for work under*
7 *such contract; and*

8 “(ii) *provide to the public or Indian*
9 *housing agency evidence, as the Secretary*
10 *shall by regulation require, sufficient to*
11 *show that no newly hired employees who are*
12 *not low- or very low-income persons are*
13 *performing work in place of skilled low- or*
14 *very low-income persons who were provided*
15 *by either the public or Indian housing agen-*
16 *cy or by the one-stop delivery system.*

17 “(3) *TRAINING.—Any contractor awarded a con-*
18 *tract for the work described in paragraph (1) may*
19 *not provide on-the-job training to any new employee*
20 *for work under such contract unless such new em-*
21 *ployee is a low- or very low-income person.”.*

22 **SEC. 911. ASSISTANCE FOR NONPROFIT PURCHASERS PRE-**
23 **SERVING AFFORDABLE HOUSING.**

24 “(a) *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 (b) for use only for operational, working capital,*
3 *and organizational expenses of such entities and activities*
4 *by such entities to acquire eligible affordable housing for*
5 *the purpose of ensuring that the housing will remain afford-*
6 *able, as the Secretary considers appropriate, for low-income*
7 *or very low-income families (including elderly persons).*

8 **(b) ELIGIBLE ENTITIES.**—*The Secretary shall estab-*
9 *lish standards for entities to be considered eligible entities*
10 *for purposes of this section, which shall include require-*
11 *ments that an entity shall—*

12 (1) *be a nonprofit organization (as such term is*
13 *defined in section 104 of the Cranston-Gonzalez Na-*
14 *tional Affordable Housing Act) that has a regional or*
15 *national focus and has been in existence at least 3*
16 *years;*

17 (2) *have among its purposes maintaining the af-*
18 *fordability to low-income or very low-income families*
19 *of multifamily properties that are at risk of loss from*
20 *the inventory of housing that is affordable to low-in-*
21 *come or very low-income families;*

22 (3) *demonstrate need for assistance under this*
23 *section for the purposes under subsection (a), experi-*
24 *ence in carrying out activities referred to in such sub-*

1 *section, and capability to carry out such activities;*
2 *and*

3 *(4) demonstrate financial resources, financial ca-*
4 *pability, and organizational outreach to make best*
5 *use of scarce Federal resources by—*

6 *(A) leveraging effectively any funding under*
7 *this section with private-sector capital; and*

8 *(B) working in effective cooperation with*
9 *other similar organizations.*

10 *(c) DEFINITIONS.—For purposes of this section:*

11 *(1) ELIGIBLE AFFORDABLE HOUSING.—The term*
12 *“eligible affordable housing” means housing that—*

13 *(A) consists of more than 4 dwelling units;*

14 *(B) serves exclusively or predominantly a*
15 *tenancy of low-income families or very low-in-*
16 *come families, or is insured or assisted under a*
17 *program of the Department of Housing and*
18 *Urban Development, the Department of Agri-*
19 *culture, or applicable State housing finance*
20 *agency programs under which the property is*
21 *subject to limitations on tenant rents, rent con-*
22 *tributions, or incomes; and*

23 *(C) is at risk, as determined by the Sec-*
24 *retary, of having loss of affordability because of*

1 *market rate conversion, deterioration, or demoli-*
2 *tion.*

3 (2) *LOW-INCOME FAMILIES; VERY LOW-INCOME*
4 *FAMILIES.—The terms “low-income families” and*
5 *“very low-income families” have the meanings given*
6 *such terms in section 3(b) of the United States Hous-*
7 *ing Act of 1937.*

8 (d) *AUTHORIZATION OF APPROPRIATIONS.—There are*
9 *authorized to be appropriated such sums as may be nec-*
10 *essary for grants under this section.*

11 **SEC. 912. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

12 (a) *ELIGIBLE ACTIVITIES.—Section 105(a) of the*
13 *Housing and Community Development Act of 1974 (42*
14 *U.S.C. 5305(a)), as amended by the preceding provisions*
15 *of this Act, is further amended by adding at the end the*
16 *following new paragraph:*

17 “(27) *provision of direct assistance to facilitate*
18 *and expand homeownership among uniformed em-*
19 *ployees (including policemen, firemen, and sanitation*
20 *and other maintenance workers) of, and teachers who*
21 *are employees of, the metropolitan city or urban*
22 *county (or an agency or school district serving such*
23 *city or county) receiving grant amounts under this*
24 *title pursuant to section 106(b) or the unit of general*
25 *local government (or an agency or school district serv-*

1 *ing such unit) receiving such grant amounts pursuant*
2 *to section 106(d), except that—*

3 *“(A) such assistance may only be provided*
4 *on behalf of such employees who are first-time*
5 *homebuyers under the meaning given such term*
6 *in section 104(14) of the Cranston-Gonzalez Na-*
7 *tional Affordable Housing Act (42 U.S.C.*
8 *12704(14)), except that, for purposes of this*
9 *paragraph, such section shall be applied by sub-*
10 *stituting ‘section 105(a)(27) of the Housing and*
11 *Community Development Act of 1974’ for ‘title*
12 *II’;*

13 *“(B) notwithstanding section 102(a)(20)(B)*
14 *or any other provision of this title, such assist-*
15 *ance may be provided on behalf of such employ-*
16 *ees whose family incomes do not exceed—*

17 *“(i) 115 percent of the median income*
18 *of the area involved, as determined by the*
19 *Secretary with adjustments for smaller and*
20 *larger families; or*

21 *“(ii) with respect only to areas that the*
22 *Secretary determines have high housing*
23 *costs, taking into consideration median*
24 *house prices and median family incomes for*
25 *the area, 150 percent of the median income*

1 *of the area involved, as determined by the*
2 *Secretary with adjustments for smaller and*
3 *larger families;*

4 “(C) *such assistance shall be used only for*
5 *acquiring principal residences for such employ-*
6 *ees, in a manner that involves obligating*
7 *amounts with respect to any particular mortgage*
8 *over a period of 1 year or less, by—*

9 “(i) *providing amounts for*
10 *downpayments on mortgages;*

11 “(ii) *paying reasonable closing costs*
12 *normally associated with the purchase of a*
13 *residence;*

14 “(iii) *obtaining pre- or post-purchase*
15 *counseling relating to the financial and*
16 *other obligations of homeownership; or*

17 “(iv) *subsidizing mortgage interest*
18 *rates; and*

19 “(D) *any residence purchased using assist-*
20 *ance provided under this paragraph shall be sub-*
21 *ject to restrictions on resale that are—*

22 “(i) *established by the metropolitan*
23 *city, urban county, or unit of general local*
24 *government providing such assistance; and*

1 “(ii) determined by the Secretary to be
2 appropriate to comply with subparagraphs
3 (A) and (B) of section 215(b)(3) of the
4 Cranston-Gonzalez National Affordable
5 Housing Act (42 U.S.C. 12745(b)(3)), ex-
6 cept that, for purposes of this paragraph,
7 such subparagraphs shall be applied by sub-
8 stituting ‘section 105(a)(27) of the Housing
9 and Community Development Act of 1974’
10 for ‘this title’;”.

11 (b) *PRIMARY OBJECTIVES.*—Section 105(c) of the
12 *Housing and Community Development Act of 1974* (42
13 *U.S.C. 5305(c)*) is amended by adding at the end the fol-
14 *lowing new paragraph:*

15 “(5) *HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL*
16 *EMPLOYEES.*—Notwithstanding any other provision of this
17 *title, any assisted activity described in subsection (a)(27)*
18 *of this section shall be considered, for purposes of this title,*
19 *to benefit persons of low and moderate income and to be*
20 *directed toward the objective under section 101(c)(3).”.*

21 **SEC. 913. SENSE OF CONGRESS REGARDING HUD OFFICE**
22 **OF DISABILITY POLICY.**

23 (a) *CONGRESSIONAL FINDINGS.*—*The Congress finds*
24 *that—*

25 (1) *54,000,000 Americans have disabilities;*

1 (2) 1,300,000 disabled Americans have worst-
2 case housing needs;

3 (3) people with disabilities and their families
4 face unique challenges in securing adequate housing;

5 (4) it is the policy of the United States, as en-
6 shrined in the Fair Housing Act, the Rehabilitation
7 Act of 1973 and the Americans With Disabilities Act
8 of 1990, and other Federal laws, that the disabled
9 have the same rights to housing as other Americans;

10 (5) people with disabilities represent an impor-
11 tant constituency of the Department of Housing and
12 Urban Development and rely heavily on many of the
13 Department's programs for their housing needs;

14 (6) people with disabilities need a single, one-
15 stop source for help with their housing needs;

16 (7) people with disabilities need an advocate
17 within HUD;

18 (8) HUD has designated a Deputy Assistant Sec-
19 retary for Special Needs whose responsibilities in-
20 cludes many populations with housing challenges, but
21 people with disabilities are not specifically cited as
22 among those responsibilities;

23 (9) HUD has, in the past, established special re-
24 source offices, such as the Veteran Resource Center
25 (HUDVET), to provide information on HUD's com-

1 *munity-based programs and services to specific HUD*
2 *constituents and their families;*

3 *(10) people with disabilities are overlooked in*
4 *much of HUD's administrative structure and ought to*
5 *receive as much attention from the Federal Govern-*
6 *ment's housing agency as other groups with critical*
7 *housing needs; and*

8 *(11) HUD currently has an Office of Disability*
9 *Policy, but there has not been a Director of that Of-*
10 *fice since January 2001.*

11 *(b) SENSE OF CONGRESS.—It is the sense of the Con-*
12 *gress that the Secretary of Housing and Urban Develop-*
13 *ment should—*

14 *(1) immediately appoint a permanent Director*
15 *of the Office of Disability Policy;*

16 *(2) examine the role of the Department's Office*
17 *of Disability Policy, its relationship to the Office of*
18 *Special Needs, and whether and what changes might*
19 *be made to increase attention to people with disabil-*
20 *ities within the Department's programs and policies;*
21 *and*

22 *(3) establish a resource center for people with*
23 *disabilities and their families within the Office of*
24 *Disability Policy to serve as a portal into the Depart-*
25 *ment's community-based programs and services.*

1 **SEC. 914. TRANSFER OF RURAL MULTIFAMILY RENTAL**
2 **HOUSING PROJECTS TO NONPROFITS AND**
3 **LOCAL HOUSING AUTHORITIES.**

4 *Section 515(h) of the Housing Act of 1949 (42 U.S.C.*
5 *1485(h)) is amended—*

6 *(1) by striking “(h) PROJECT TRANSFERS.—*
7 *After” and inserting the following:*

8 *“(h) PROJECT TRANSFERS.—*

9 *“(1) LIMITATION.—After”;* and

10 *(2) by inserting at the end the following new*
11 *paragraph:*

12 *“(2) TRANSFER AND RENOVATION OF EXISTING*
13 *PROJECTS.—*

14 *“(A) TRANSFER.—In carrying out this Act,*
15 *the Secretary should encourage the transfer of*
16 *ownership or control of projects for which a loan*
17 *is made or insured under this section to non-*
18 *profit organizations and local housing authori-*
19 *ties (including public housing agencies).*

20 *“(B) RENOVATION.—In carrying out this*
21 *Act, the Secretary should encourage, and give*
22 *priority in funding, to the renovation of existing*
23 *projects for which a loan is made or insured*
24 *under this section, subsequent to transfer of such*
25 *projects to nonprofit organizations and housing*
26 *authorities.”.*

1 **SEC. 915. SENSE OF CONGRESS REGARDING CONSUMER**
2 **PROTECTION AND HOME WARRANTIES.**

3 (a) *CONGRESSIONAL FINDINGS.—The Congress finds*
4 *that—*

5 (1) *30,000 newly constructed homes were insured*
6 *under the National Housing Act in 2000 and a ma-*
7 *jority of those homes were purchased by first-time*
8 *low- and moderate-income homebuyers;*

9 (2) *approximately 90 percent of those homes are*
10 *now protected by private sector insurance-backed war-*
11 *ranties against structural damage for ten years, and*
12 *an estimated 77 percent of structural damage takes*
13 *place when a home is four years or older, with an av-*
14 *erage cost of \$30,000 per incident of major structural*
15 *damage;*

16 (3) *Mortgagee Letter 2001–27, issued by the De-*
17 *partment of Housing and Urban Development in Oc-*
18 *tober 2001 will have the effect of discouraging the use*
19 *of ten-year insurance-backed warranties, leaving*
20 *homeowners with a one-year builder warranty to pro-*
21 *tect the value of the home; and*

22 (4) *major structural damage to a home will lead*
23 *to homeowner defaults and, for homes with mortgages*
24 *insured under the National Housing Act, the Sec-*
25 *retary of Housing and Urban Development is liable*

1 for 100 percent of the unpaid balance of a mortgage
2 when a homeowner defaults.

3 (b) *SENSE OF CONGRESS.*—*It is the sense of the Con-*
4 *gress that the Secretary of Housing and Urban Develop-*
5 *ment should implement a program to provide incentives to*
6 *homebuilders to offer ten-year insurance-backed private sec-*
7 *tor warranties for newly constructed homes purchased with*
8 *mortgages insured under the National Housing Act.*

9 **SEC. 916. DEMONSTRATION PROGRAM FOR AFFORDABLE**
10 **HOUSING DATABASE.**

11 (a) *IN GENERAL.*—*The Secretary of Housing and*
12 *Urban Development shall carry out a demonstration pro-*
13 *gram to allow the development and creation of an electronic*
14 *or otherwise readily available database that provides agen-*
15 *cies, municipalities, and the general public access to infor-*
16 *mation about available affordable housing and programs*
17 *that pertain to the affordable housing continuum. The data-*
18 *base shall include regularly updated lists of rental units*
19 *that accept rental assistance vouchers under the program*
20 *under section 8 of the United States Housing Act of 1937*
21 *(42 U.S.C. 1437f) and shall contain information about the*
22 *location of the rental units, the number of units of each*
23 *bedroom size, and the accessibility of the units to public*
24 *transportation.*

1 (b) *SELECTION.*—*The Secretary of Housing and*
2 *Urban Development shall establish the criteria for partici-*
3 *ipation in the demonstration program under this section*
4 *and, during the period consisting of fiscal years 2003*
5 *through 2004 shall, to the extent amounts are made avail-*
6 *able under subsection (d), select not more than three appli-*
7 *cants for participation in this program.*

8 (c) *REPORT.*—*Not later than February 1, 2005, the*
9 *Secretary of Housing and Urban Development shall submit*
10 *a report to the Congress describing the results of the dem-*
11 *onstration program under this section, analyzing the effec-*
12 *tiveness of the program, and including recommendations,*
13 *if any, for continuation or replication.*

14 (d) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
15 *authorized to be appropriated such sums as may be nec-*
16 *essary for the demonstration program under this section.*

17 **SEC. 917. HUD STUDY REGARDING MAIN STREET PARTNER-**
18 **SHIP.**

19 (a) *IN GENERAL.*—*The Secretary of Housing and*
20 *Urban Development shall conduct a study to determine—*

21 (1) *the feasibility and effectiveness of establishing*
22 *a Federal Main Street Partnership Fund to make*
23 *grants to local communities to assist in making fast-*
24 *track changes to zoning and planning regulations*
25 *that may inhibit the revitalization of downtown com-*

1 *mercial areas for mixed-use affordable housing as well*
2 *as commercial uses;*

3 *(2) the extent to which local zoning and plan-*
4 *ning regulations inhibit the ability of developers to*
5 *create affordable housing in traditional Main Street*
6 *commercial districts where commercially zoned build-*
7 *ings have vacant and serviceable housing which can-*
8 *not be used for housing due to such zoning;*

9 *(3) whether fast-tracking zoning modifications*
10 *and other related incentives would reduce the costs of*
11 *redeveloping commercial buildings in traditional*
12 *Main Street commercial districts for mixed-use af-*
13 *fordable housing as well as commercial and retail*
14 *uses; and*

15 *(4) what eligible planning activities should re-*
16 *ceive funding under such a Federal Main Street Part-*
17 *nership Fund, such as salary of staff involved in fast-*
18 *track re-zoning and surveying and mapping involved*
19 *in the rezoning.*

20 *(b) WORKING GROUP.—In conducting the study, the*
21 *Secretary shall convene a working group and shall solicit*
22 *views and recommendations from the members of the group.*
23 *The group shall include representatives of local governments*
24 *of varying sizes in various regions, developers, realtors,*
25 *mortgage bankers, community bankers, local non-profit*

1 *business membership organizations, such as Chambers of*
2 *Commerce, community-based affordable housing advocacy*
3 *organizations, and such other parties as the Secretary con-*
4 *siders appropriate.*

5 (c) *REPORT.*—*Not later than 180 days after the date*
6 *of the enactment of this Act, the Secretary shall submit a*
7 *report regarding the findings of the study, which shall in-*
8 *clude recommendations regarding the establishment of a*
9 *Federal Main Street Partnership Fund, to the Committee*
10 *on Financial Services of the House of Representatives and*
11 *the Committee on Banking, Housing, and Urban Affairs*
12 *of the Senate.*

13 **SEC. 918. CONTRACTUAL COMMITMENTS FOR RURAL MUL-**
14 **TIFAMILY RENTAL HOUSING.**

15 (a) *PREPAYMENT.*—*Notwithstanding any other provi-*
16 *sion of law and subject only to subsection (d) of this section,*
17 *an owner of eligible low-income rural housing may prepay*
18 *the loan on such housing made or insured under section*
19 *514 or 515 of the Housing Act of 1949 without restrictions*
20 *at any time after the later of—*

21 (1) *20 years from the date on which the loan was*
22 *made; and*

23 (2) *the date until which the owner has agreed*
24 *with the Secretary of Agriculture, or the Secretary's*

1 *delegee, to maintain the low-income use of the hous-*
2 *ing.*

3 *(b) ELIGIBLE LOW-INCOME RURAL HOUSING.—For*
4 *purposes of this section, the term “eligible low-income rural*
5 *housing” means housing that is financed by a loan made*
6 *or insured under section 514 or 515 of the Housing Act*
7 *of 1949 (42 U.S.C. 1484, 1485) pursuant to a contract en-*
8 *tered into prior to December 15, 1989.*

9 *(c) TENANT PROTECTION.—*

10 *(1) PROVISION OF ENHANCED VOUCHER ASSIST-*
11 *ANCE.—To the extent that amounts for assistance*
12 *pursuant to this subsection are provided in advance*
13 *in appropriation Acts, upon the prepayment of a*
14 *loan pursuant to this section, enhanced voucher as-*
15 *sistance under section 8(t) of the United States Hous-*
16 *ing Act of 1937 (42 U.S.C. 1437f(t)) shall be made*
17 *available on behalf of each low-income family who is*
18 *residing in the project on the date the loan is prepaid.*

19 *(2) ENSURING ABILITY TO USE ENHANCED*
20 *VOUCHER ASSISTANCE.—Each low-income family re-*
21 *siding in the project on the date the loan is prepaid*
22 *may elect to remain in the same project, subject to the*
23 *terms of the lease for rental of the dwelling unit, and*
24 *may use such enhanced voucher assistance for lease of*
25 *such dwelling unit. The owner of the project may not*

1 *refuse to accept enhanced voucher assistance made*
2 *available on behalf of any such low-income family for*
3 *lease of such a dwelling unit or to enter into a hous-*
4 *ing assistance payments contract for such a unit.*

5 *(d) TENANT PROTECTION AND NOTICE REQUIRE-*
6 *MENTS.—An owner of eligible low-income rural housing*
7 *may not, pursuant to subsection (a), prepay the loan on*
8 *such housing made or insured under section 514 or 515 of*
9 *the Housing Act of 1949 unless—*

10 *(1) amounts are provided in advance in appro-*
11 *priation Acts, and are obligated, for assistance pursu-*
12 *ant to subsection (c) of this section on behalf of each*
13 *low-income family who is residing in the project on*
14 *the date that the loan is prepaid; and*

15 *(2) not less than 150 days before such prepay-*
16 *ment, the owner of the project provides written notice*
17 *of intent to prepay, in such form as the Secretary of*
18 *Agriculture shall prescribe, to each tenant of the hous-*
19 *ing, the Secretary of Agriculture, the Secretary of*
20 *Housing and Urban Development, and the chief exec-*
21 *utive officer of the appropriate State or local govern-*
22 *ment for the jurisdiction within which the housing is*
23 *located.*

1 (e) *CONFORMING AMENDMENT.*—Section 8(t)(2) of the
2 *United States Housing Act of 1937* (42 U.S.C. 1437f(t)(2))
3 *is amended—*

4 (1) *by inserting “or loan” after “the prepayment*
5 *of the mortgage”;* and

6 (2) *by inserting “section 914 of the Housing Af-*
7 *fordability for America Act of 2002,” after “(12*
8 *U.S.C. 4113(f),”.*

Union Calendar No. 404

107TH CONGRESS
2^D SESSION

H. R. 3995

[Report No. 107-640, Parts I and II]

A BILL

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

SEPTEMBER 17, 2002

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed