

**Calendar No. 533**

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 3838**

**AN ACT**

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

JULY 27 (legislative day, JULY 20), 1994  
Placed on the calendar

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IN THE SENATE OF THE UNITED STATES

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**AN ACT**

To amend and extend certain laws relating to housing and  
community development, 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 and Community Development Act of 1994”.

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

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

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Provisions

- Sec. 101. Low-income housing authorization.  
 Sec. 102. Resident representation in public housing agencies.  
 Sec. 103. Determination of median income.  
 Sec. 104. Definition of families.  
 Sec. 105. Family self-sufficiency program.  
 Sec. 106. Use of amounts in headquarters reserve.

Subtitle B—Public and Indian Housing

- Sec. 111. Public housing rent reform.  
 Sec. 112. Sale of public housing to non-profit intermediaries.  
 Sec. 113. Major reconstruction of obsolete projects.  
 Sec. 114. New construction of projects for disabled families.  
 Sec. 115. Recapture of public housing development amounts.  
 Sec. 116. Repeal of least-cost limitation on public housing new construction.  
 Sec. 117. Regulatory relief and paperwork reduction for high-performing public housing agencies.  
 Sec. 118. Standards for lease termination and expedited grievance procedure.  
 Sec. 119. Availability of criminal conviction information for screening and evictions.  
 Sec. 120. Designated housing.  
 Sec. 121. Public housing operating subsidies.  
 Sec. 122. Eligible uses of emergency modernization funds.  
 Sec. 123. Use of modernization funds for replacement housing.  
 Sec. 124. Authority for public housing agencies to leverage amounts for replacement and modernization.  
 Sec. 125. Demolition and disposition of public housing.  
 Sec. 126. Public housing resident opportunity.  
 Sec. 127. Public housing family investment centers.  
 Sec. 128. Revitalization of severely distressed public housing.  
 Sec. 129. Program monitoring and technical assistance.  
 Sec. 130. Applicability of public housing amendments to Indian housing.  
 Sec. 131. Early childhood development program.  
 Sec. 132. Indian housing childhood development services.  
 Sec. 133. Public housing one-stop perinatal services demonstration.  
 Sec. 134. Sale of certain scattered-site public housing.  
 Sec. 135. Eligibility of certain public housing for demolition.  
 Sec. 136. Demonstration program for innovative public housing agencies and resident management corporations.  
 Sec. 137. Demonstration program for occupancy of otherwise vacant public housing units by moderate-income families.  
 Sec. 138. Study of adequacy of payment in lieu of taxes.

Subtitle C—Section 8 Assistance

- Sec. 141. Community investment demonstration program.
- Sec. 142. Merger of section 8 rental assistance programs.
- Sec. 143. Incentives to refinance high interest mortgages for section 8 projects.
- Sec. 144. Demonstration program for use of excess residual receipts.
- Sec. 145. Treatment of certain projects.
- Sec. 146. Study of extent of nonparticipation of owners and landlords in section 8 rental assistance program.
- Sec. 147. Study of section 8 housing quality standards.

Subtitle D—Renewal of Expiring Contracts for Section 8 New Construction  
and Substantial Rehabilitation Projects

- Sec. 151. Findings and purpose.
- Sec. 152. Notices of contract expiration and intention to renew.
- Sec. 153. Secretary's response to owner's proposal.
- Sec. 154. Limitation on new contracts.
- Sec. 155. Required terms of new contracts.
- Sec. 156. Maximum monthly rent under new contracts.
- Sec. 157. Actions in cases of failure to enter into new contract.
- Sec. 158. Contract extension.
- Sec. 159. Financing and restructuring underlying debt and treatment of residual receipts.
- Sec. 160. Retention of program savings by Secretary.
- Sec. 161. Supportive services and technical assistance.
- Sec. 162. Delegation of authority.
- Sec. 163. Definitions.
- Sec. 164. Regulations.
- Sec. 165. Authorization of appropriations.

Subtitle E—Homeownership Programs

- Sec. 171. HOPE homeownership programs.
- Sec. 172. National Homeownership Fund.
- Sec. 173. Section 235 mortgage refinancing.
- Sec. 174. Housing counseling for homeownership and rental housing choice.

Subtitle F—Other Programs

- Sec. 181. Community partnerships against crime.
- Sec. 182. Low-income housing preservation.
- Sec. 183. Flexible subsidy program.
- Sec. 184. Youthbuild program.
- Sec. 185. Disposition of HUD-owned multifamily housing properties.
- Sec. 186. Guidelines for screening, admission, and evictions in public and assisted housing.
- Sec. 187. Metropolitan area-wide strategy demonstration.
- Sec. 188. Certain revitalization and relocation assistance.

TITLE II—HOME INVESTMENT PARTNERSHIPS

- Sec. 201. Authorization of appropriations.
- Sec. 202. Eligible uses of investment.
- Sec. 203. Qualification as affordable rental housing.
- Sec. 204. Repayment of investment.
- Sec. 205. Matching requirements.
- Sec. 206. Support for State and local housing strategies.
- Sec. 207. Labor requirements.

## TITLE III—SUPPORTIVE HOUSING PROGRAMS

- Sec. 301. Funding for supportive housing for the elderly and for persons with disabilities.
- Sec. 302. Supportive housing for the elderly.
- Sec. 303. Supportive housing for persons with disabilities.
- Sec. 304. Revised congregate services.
- Sec. 305. Supportive housing assistance for elderly independence.
- Sec. 306. Housing opportunities for persons with AIDS.
- Sec. 307. Service coordinators.

## TITLE IV—MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

## Subtitle A—Mortgage Insurance and Loan Guarantee Programs

- Sec. 401. Limitation on insurance authority.
- Sec. 402. Federal Housing Administration Advisory Board.
- Sec. 403. Maximum mortgage amount ceiling for single family mortgages.
- Sec. 404. Maximum mortgage amount floor for single family mortgage insurance.
- Sec. 405. Calculation of downpayment.
- Sec. 406. Elimination of restrictions regarding new construction.
- Sec. 407. Authority to use amounts borrowed from family members for downpayments.
- Sec. 408. Indemnification for multifamily housing project managers.
- Sec. 409. Extension of multifamily housing mortgage auction provisions.
- Sec. 410. Streamlined refinancing for HUD-held mortgages.
- Sec. 411. Home equity conversion mortgages for elderly homeowners.
- Sec. 412. Single family risk-sharing mortgage insurance program.
- Sec. 413. Delegation of single family mortgage insuring authority to direct endorsement mortgagees.
- Sec. 414. Eligibility of mortgages on homes on leased land owned by community land trusts.
- Sec. 415. Insurance of 2-step single family mortgages.
- Sec. 416. Mortgage limits for multifamily projects in high-cost areas.
- Sec. 417. Approval of point-of-use purification systems and testing of systems.
- Sec. 418. Energy efficient mortgages pilot program.
- Sec. 419. Extension of multifamily mortgage credit demonstrations.
- Sec. 420. Indian housing loan guarantees.
- Sec. 421. National Commission on the Future of the Federal Housing Administration.
- Sec. 422. Action and report on cooperative homeownership for low- and moderate-income families.
- Sec. 423. Study of activity of private mortgage bankers and insurers.

## Subtitle B—Secondary Mortgage Market Programs

- Sec. 441. Limitation on GNMA guarantees of mortgage-backed securities.
- Sec. 442. Assessment collection dates for Office of Federal Housing Enterprise Oversight.

## Subtitle C—Emergency Mortgage Relief

- Sec. 461. Amendments to Emergency Homeowners' Relief Act.

## Subtitle D—Nonjudicial Foreclosure of Defaulted Single Family Mortgages

- Sec. 481. Short title.
- Sec. 482. Findings and purpose.
- Sec. 483. Definitions.
- Sec. 484. Applicability.
- Sec. 485. Designation of foreclosure commissioner.
- Sec. 486. Prerequisites to foreclosure.
- Sec. 487. Notice of foreclosure sale.
- Sec. 488. Commencement of foreclosure.
- Sec. 489. Service of notice of foreclosure.
- Sec. 490. Presale reinstatement.
- Sec. 491. Conduct of sale and adjournment.
- Sec. 492. Foreclosure costs.
- Sec. 493. Disposition of sale proceeds.
- Sec. 494. Transfer of title and possession.
- Sec. 495. Record of foreclosure and sale.
- Sec. 496. Effect of sale.
- Sec. 497. Computation of time.
- Sec. 498. Separability.
- Sec. 499. Deficiency judgment.

#### TITLE V—RURAL HOUSING

- Sec. 501. Program authorizations.
- Sec. 502. Eligibility of Native Americans for rural housing programs.
- Sec. 503. Escrow fund.
- Sec. 504. Section 502 homeownership loans.
- Sec. 505. Loan guarantees.
- Sec. 506. Prepayment of rural rental housing loans.
- Sec. 507. Designation of underserved areas and reservation of assistance.
- Sec. 508. Administrative appeals.
- Sec. 509. Section 515 rural rental housing.
- Sec. 510. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
- Sec. 511. Definition of rural area.
- Sec. 512. Eligibility of manufactured home parks for building site loans for co-operatives.
- Sec. 513. Rural housing assistance targeting report.
- Sec. 514. Priority for rural housing voucher assistance.
- Sec. 515. Native American rural housing capacity demonstration program.
- Sec. 516. Rural community development initiative.
- Sec. 517. Loan guarantees for multifamily rental housing in rural areas.
- Sec. 518. Rural housing loan delegated processing demonstration.

#### TITLE VI—COMMUNITY DEVELOPMENT

##### Subtitle A—Community Development Block Grant Program

- Sec. 601. Authorization of appropriations and guarantee authority.
- Sec. 602. Definition of metropolitan city.
- Sec. 603. Management information systems.
- Sec. 604. Eligible activities.
- Sec. 605. Reallocations.
- Sec. 606. Prohibition of use of CDBG assistance for employment relocation activities.
- Sec. 607. Limitation on extent of use of loan guarantees for housing purposes.
- Sec. 608. Economic development grants.

- Sec. 609. Use of UDAG recaptures.
- Sec. 610. Extension of certain CDBG assistance.

#### Subtitle B—Other Community Development Programs

- Sec. 631. Neighborhood Reinvestment Corporation.
- Sec. 632. John Heinz neighborhood development program.
- Sec. 633. Capacity building for community development and affordable housing.
- Sec. 634. Colonias assistance program.
- Sec. 635. Grants for empowerment zones and enterprise communities.
- Sec. 636. Use of grant amounts.

### TITLE VII—REGULATORY AND MISCELLANEOUS PROGRAMS

- Sec. 701. Fair housing initiatives program.
- Sec. 702. HUD program monitoring and evaluation.
- Sec. 703. HUD salaries and expenses.
- Sec. 704. Use of technical assistance amounts by or for HUD staff.
- Sec. 705. Annual report regarding repeal of unfunded programs.
- Sec. 706. Requirements for participation of women in construction assisted under HUD programs.
- Sec. 707. Notification of HUD funding awards.
- Sec. 708. Exclusion of GNMA from HUD personnel ceilings.
- Sec. 709. HUD research and development.
- Sec. 710. Preventing fraud and abuse in rural rental housing program.
- Sec. 711. National Institute of Building Sciences.
- Sec. 712. Residential lead-based paint hazard reduction.
- Sec. 713. GAO study of lead-based paint detection technologies and tenant notification procedures.
- Sec. 714. Civil money penalties for violations of Home Mortgage Disclosure Act by nonsupervised mortgagees.
- Sec. 715. Removal of regulatory barriers to affordable housing.
- Sec. 716. New towns demonstration program for emergency relief of Los Angeles.
- Sec. 717. Authorization of appropriations for public services facility.
- Sec. 718. National American Indian Housing Council.
- Sec. 719. Housing Assistance Council.
- Sec. 720. Demonstration program for outreach to avoid disconnection of utilities.
- Sec. 721. Federal Deposit Insurance Corporation affordable housing program.
- Sec. 722. State agencies as sureties.
- Sec. 723. Insured community development financial institution access to Federal Home Loan Bank advances.
- Sec. 724. Purchase of American-made equipment and products.

### TITLE VIII—HOUSING PROGRAMS UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

- Sec. 801. Short title.

#### Subtitle A—Housing Assistance

#### CHAPTER 1—REORGANIZATION OF CERTAIN MCKINNEY ACT HOUSING PROVISIONS

- Sec. 811. Flexible grant program.
- Sec. 812. Regulations and transition provisions.

Sec. 813. Report on single room occupancy assistance.

CHAPTER 2—OTHER HOUSING ASSISTANCE PROGRAMS FOR THE HOMELESS  
UNDER MCKINNEY ACT

Sec. 821. Section 8 assistance for single room occupancy dwellings.

Sec. 822. Section 8 assistance for shelter plus care single room occupancy dwellings.

Sec. 823. Rural homelessness grant program.

Sec. 824. Clerical amendment.

CHAPTER 3—MISCELLANEOUS HOMELESS HOUSING PROVISIONS

Sec. 831. FHA single family property disposition.

Sec. 832. Strategy to eliminate unfit transient facilities.

Subtitle B—Interagency Council on the Homeless

Sec. 841. Authorization of appropriations.

Sec. 842. Chairperson.

Sec. 843. Extension.

Subtitle C—Federal Emergency Management Agency Food and Shelter  
Program

Sec. 851. Authorization of appropriations.

Sec. 852. Prohibition of assistance to illegal aliens.

Subtitle D—Availability of Property at Military Bases for Redevelopment and  
Homeless Use

Sec. 861. Availability of property at military bases for redevelopment and homeless use.

TITLE IX—ASSURANCE AGAINST COST SHIFTING

Sec. 901. Assurance against cost shifting.

**1 SEC. 2. EFFECTIVE DATE.**

2       The provisions of this Act and the amendments made  
3 by this Act shall take effect and shall apply upon the date  
4 of the enactment of this Act, unless such provisions or  
5 amendments specifically provide for effectiveness or appli-  
6 cability upon another date certain.



1 **TITLE I—HOUSING ASSISTANCE**

2 **Subtitle A—General Provisions**

3 **SEC. 101. LOW-INCOME HOUSING AUTHORIZATION.**

4 (a) AGGREGATE BUDGET AUTHORITY.—Section  
5 5(c)(6) of the United States Housing Act of 1937 (42  
6 U.S.C. 1437c(c)(6)) is amended by adding at the end the  
7 following new sentence: “The aggregate amount of budget  
8 authority that may be obligated for assistance referred to  
9 in paragraph (7) is increased (to the extent approved in  
10 appropriation Acts) by the sum of the amounts provided  
11 in paragraph (7)(A) on October 1, 1994, and by the sum  
12 of the amounts provided in paragraph (7)(B) on October  
13 1, 1995.”.

14 (b) UTILIZATION OF BUDGET AUTHORITY.—Section  
15 5(c)(7) of the United States Housing Act of 1937 (42  
16 U.S.C. 1437c(c)(7)) is amended by striking the paragraph  
17 designation and all that follows through the end of sub-  
18 paragraph (B) and inserting the following:

19 “(7)(A) Using the additional budget authority pro-  
20 vided under paragraph (6) and the balances of budget au-  
21 thority that become available during fiscal year 1995, the  
22 Secretary shall, to the extent approved in appropriation  
23 Acts, reserve authority to enter into obligations aggregat-  
24 ing—

1           “(i) for public housing grants under subsection  
2           (a)(2), not more than \$861,000,000, of which  
3           amount not more than \$263,000,000 shall be avail-  
4           able for Indian housing;

5           “(ii) for assistance under section 8, not more  
6           than \$2,674,000,000, of which not more than  
7           \$75,000,000 shall be available for assistance under  
8           section 8 for family unification under subsection  
9           (q)(3) of such section;

10           “(iii) for assistance under section 5(j)(2) for  
11           substantial redesign, reconstruction, and redevelop-  
12           ment of existing obsolete public housing projects and  
13           buildings, not more than \$114,000,000;

14           “(iv) for comprehensive improvement assistance  
15           grants under section 14(k), not more than  
16           \$3,230,000,000;

17           “(v) for assistance under section 8 for property  
18           disposition, not more than \$691,000,000;

19           “(vi) for assistance under section 8 for loan  
20           management, not more than \$150,000,000;

21           “(vii) for extensions of contracts expiring under  
22           section 8, \$5,092,000,000 which shall be for 5-year  
23           contracts for assistance under section 8 and vouch-  
24           ers under section 8(o) (as in effect before the date

1 of the enactment of this Act) and for loan manage-  
2 ment assistance under such section;

3 “(viii) for amendments to contracts under sec-  
4 tion 8, such sums as may be necessary;

5 “(ix) for public housing lease adjustments and  
6 amendments, such sums as may be necessary;

7 “(x) for assistance under section 18(g) for re-  
8 placement housing for units demolished or disposed  
9 of under section 18, not more than \$333,450,000;

10 “(xi) for conversions from leased housing con-  
11 tracts under section 23 of this Act (as in effect im-  
12 mediately before the enactment of the Housing and  
13 Community Development Act of 1974) to assistance  
14 under section 8, such sums as may be necessary;  
15 and

16 “(xii) for grants under section 24 for revitaliza-  
17 tion of severely distressed public housing, not more  
18 than \$500,000,000.

19 “(B) Using the additional budget authority provided  
20 under paragraph (6) and the balances of budget authority  
21 that become available during fiscal year 1996, the Sec-  
22 retary shall, to the extent approved in appropriation Acts,  
23 reserve authority to enter into obligations aggregating—

24 “(i) for public housing grants under subsection  
25 (a)(2), not more than \$862,000,000, of which

1 amount not more than \$264,000,000 shall be avail-  
2 able for Indian housing;

3 “(ii) for assistance under section 8, not more  
4 than \$2,800,000,000, of which not more than  
5 \$75,000,000 shall be available for assistance under  
6 section 8 for family unification under subsection  
7 (q)(3) of such section;

8 “(iii) for assistance under section 5(j)(2) for  
9 substantial redesign, reconstruction, and redevelop-  
10 ment of existing obsolete public housing projects and  
11 buildings, not more than \$120,000,000;

12 “(iv) for comprehensive improvement assistance  
13 grants under section 14(k), not more than  
14 \$3,241,000;

15 “(v) for assistance under section 8 for property  
16 disposition, not more than \$800,000,000;

17 “(vi) for assistance under section 8 for loan  
18 management, not more than \$155,000,000;

19 “(vii) for extensions of contracts expiring under  
20 section 8, \$6,000,000,000 which shall be for 5-year  
21 contracts for assistance under section 8 and vouch-  
22 ers under section 8(o) (as in effect before the date  
23 of the enactment of the Housing and Community  
24 Development Act of 1994) and for loan management  
25 assistance under such section;

1           “(viii) for amendments to contracts under sec-  
2           tion 8, such sums as may be necessary;

3           “(ix) for public housing lease adjustments and  
4           amendments, such sums as may be necessary;

5           “(x) for assistance under section 18(g) for re-  
6           placement housing for units demolished or disposed  
7           of under section 18, not more than \$273,600,000;

8           “(xi) for conversions from leased housing con-  
9           tracts under section 23 of this Act (as in effect im-  
10          mediately before the enactment of the Housing and  
11          Community Development Act of 1974) to assistance  
12          under section 8, such sums as may be necessary;  
13          and

14          “(xii) for grants under section 24 for revitaliza-  
15          tion of severely distressed public housing, not more  
16          than \$550,000,000.”.

17 **SEC. 102. RESIDENT REPRESENTATION IN PUBLIC HOUS-**  
18 **ING AGENCIES.**

19          (a) REPRESENTATION.—Section 2 of the United  
20 States Housing Act of 1937 (42 U.S.C. 1437) is amend-  
21 ed—

22               (1) by inserting “(a) POLICY.—” after “SEC.  
23               2.”;

24               (2) by striking the last sentence; and

1           (3) by adding at the end the following new sub-  
2 section:

3           “(b) GOVERNANCE OF PUBLIC HOUSING AGEN-  
4 CIES.—

5           “(1) PROHIBITION.—No person may be barred  
6 from serving on the board of directors or other simi-  
7 lar governing body of a local public housing agency  
8 because of his or her tenancy in a low-income  
9 project.

10           “(2) RESIDENT MEMBERSHIP.—Each public  
11 housing agency shall have a board of directors or  
12 other similar governing body, of which not less than  
13 one-quarter of the members shall be residents of  
14 housing units administered or assisted by the agen-  
15 cy, except that in the case of any public housing  
16 agency whose board of directors or other governing  
17 body consists of 5 members, not less than 1 member  
18 shall be a resident of a housing unit administered or  
19 assisted by the agency. The requirement in the pre-  
20 ceding sentence with respect to resident members  
21 shall not apply to any State or local governing body  
22 whose responsibilities include substantial activities  
23 other than acting as a public housing agency for  
24 purposes of this Act, but shall apply to any advisory  
25 committee or organization that is established by

1 such a governing body and whose responsibilities re-  
2 late only to the governing body's functions as a pub-  
3 lic housing agency for purposes of this Act.

4 “(3) CONFLICTS OF INTEREST.—The Secretary  
5 shall establish guidelines to prevent conflicts of in-  
6 terest on the part of resident members of the board  
7 or directors or governing body of a public housing  
8 agency. Such guidelines shall ensure that resident  
9 members are able to participate fully in policy and  
10 financial matters within the control of the board or  
11 body.

12 “(4) FULL PARTICIPATION.—No public housing  
13 agency may limit or restrict the capacity or offices  
14 in which a member of such board or body may serve  
15 on such board or body solely because of the mem-  
16 ber's status as a resident member.

17 “(5) DEFINITION.—For purposes of this sub-  
18 section, the term ‘resident member’ means a member  
19 of the board of directors or other similar governing  
20 body of a public housing agency who is a resident  
21 of a housing unit administered or assisted by the  
22 agency.”.

23 (b) CONFORMING AMENDMENT.—The first sentence  
24 of section 3(b)(6) of the United States Housing Act of  
25 1937 (42 U.S.C. 1437a(b)(6)) is amended by inserting be-

1 fore the period at the end the following: “and complies  
2 with the requirements under section 2(b)”.

3 **SEC. 103. DETERMINATION OF MEDIAN INCOME.**

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

7 (1) in the 4th sentence—

8 (A) by striking “County” and inserting  
9 “and Rockland Counties”; and

10 (B) by inserting “each” before “such  
11 county”; and

12 (2) in the last sentence—

13 (A) by striking “County” the 1st place it  
14 appears and inserting “or Rockland Counties”;  
15 and

16 (B) by striking “County” the 2d place it  
17 appears and inserting “and Rockland Coun-  
18 ties”.

19 (b) REGULATIONS AND EFFECTIVE DATE.—The Sec-  
20 retary of Housing and Urban Development shall issue reg-  
21 ulations implementing the amendments made by sub-  
22 section (a) not later than the expiration of the 90-day pe-  
23 riod beginning on the date of the enactment of this Act.  
24 The regulations may not take effect until after September  
25 30, 1993.



1 **SEC. 104. DEFINITION OF FAMILIES.**

2 The first sentence of section 3(b)(3)(B) of the United  
3 States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is  
4 amended by inserting “or, in the case of disabled families,  
5 other household members” after “spouses”.

6 **SEC. 105. FAMILY SELF-SUFFICIENCY PROGRAM.**

7 (a) SCOPE.—Section 23(b)(3) of the United States  
8 Housing Act of 1937 (42 U.S.C. 1437u(b)(3)) is amended  
9 to read as follows:

10 “(3) SCOPE.—Each public housing agency re-  
11 quired to carry out a local program under this sec-  
12 tion shall make assistance under the program avail-  
13 able in a fiscal year, subject only to the availability  
14 of amounts for such assistance, to a number of fami-  
15 lies who are assisted by the agency under section 8  
16 or reside in public housing of the agency that is  
17 equivalent to the sum of—

18 “(A) the increase for such year in the  
19 number of families assisted under section 8 (as  
20 compared to the preceding year); and

21 “(B) the increase for such year in the  
22 number of public housing dwelling units made  
23 available by the agency (as compared to the  
24 preceding year).”.

1 (b) VOLUNTARY ESCROW SAVINGS ACCOUNT.—Sec-  
2 tion 23(d) of the United States Housing Act of 1937 (42  
3 U.S.C. 1437u(d)) is amended—

4 (1) in paragraph (2)—

5 (A) in the 1st sentence, by striking “shall”  
6 and inserting “may”;

7 (B) in the 2d sentence, by inserting after  
8 “area median income” the following: “that  
9 choose to escrow amounts under this para-  
10 graph”;

11 (C) in the 2d sentence, by striking “shall”  
12 and inserting “may”; and

13 (D) by striking the 3d and 4th sentences  
14 and inserting the following new sentence:  
15 “Amounts in the escrow account may be with-  
16 drawn by the participating family upon the suc-  
17 cessful performance of the obligations of the  
18 family under the contract of participation en-  
19 tered into by the family under subsection (c), as  
20 determined according to the specific goals and  
21 terms included in the contract, and under other  
22 circumstances, as determined by the public  
23 housing agency with the approval of the Sec-  
24 retary.”; and

1           (2) by striking the 2d sentence of paragraph  
2           (3) and inserting the following new sentence: “The  
3           plan may require the establishment of escrow sav-  
4           ings accounts under paragraph (2), a description of  
5           the procedures for release of escrowed amounts, and  
6           any other incentives designed by the public housing  
7           agency.”.

8           (c) SERVICE COORDINATORS.—Section 23 of the  
9           United States Housing Act of 1937 (42 U.S.C. 1437u)  
10          is amended—

11           (1) in the last sentence of subsection (b)(1), by  
12           inserting “under section 671 of the Housing and  
13           Community Development Act of 1992” after “serv-  
14           ice coordinator”; and

15           (2) in subsection (h)—

16           (A) in paragraph (2), by striking “(includ-  
17           ing the costs of employing a full-time service co-  
18           ordinator)”; and

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

21           “(3) CONTRACT ADJUSTMENTS FOR SERVICE  
22           COORDINATORS.—If, in providing rental assistance  
23           under section 8 of the United States Housing Act of  
24           1937 for a public housing agency carrying out a  
25           local program under this section in any fiscal year,

1 the Secretary increases the amount provided for the  
2 agency so that the number of families assisted by  
3 the agency in the year is greater than the number  
4 of families assisted in the preceding year, the Sec-  
5 retary may increase the amount annually provided  
6 for the agency to provide for the costs of employing  
7 or otherwise retaining the services of one or more  
8 service coordinators referred to in subsection (b)(1)  
9 of this section. The Secretary may also, under any  
10 existing contract for assistance under section 8, in-  
11 clude the cost of employing such service coordinators  
12 to the extent that amounts for amendments to such  
13 contracts are available.”.

14 (d) REPEAL OF INCENTIVE AWARD ALLOCATION.—  
15 Section 23 of the United States Housing Act of 1937 (42  
16 U.S.C. 1437u) is amended—

17 (1) by striking subsection (i); and

18 (2) by redesignating subsections (j) through (o)  
19 as subsections (i) through (n), respectively.

20 (e) TECHNICAL AMENDMENT.—Section 23(h)(2) of  
21 the United States Housing Act of 1937 (42 U.S.C.  
22 1437u(h)(2)) is amended by striking the last sentence.

23 (f) USE OF COMMUNITY ACTION AGENCIES.—Section  
24 23(b) of the United States Housing Act of 1937 (42

1 U.S.C. 1437u(b)) is amended by adding at the end the  
2 following new paragraph:

3 “(5) USE OF COMMUNITY ACTION AGENCIES.—  
4 A public housing agency may enter into agreements  
5 with any local community action agency receiving as-  
6 sistance under the Community Services Block Grant  
7 Act providing for such agency to carry out the local  
8 program of the public housing agency or to provide  
9 any supportive services under the local program.”.

10 **SEC. 106. USE OF AMOUNTS IN HEADQUARTERS RESERVE.**

11 (a) USE FOR FAIR HOUSING ACTIVITIES.—Section  
12 213(d)(4)(A) of the Housing and Community Develop-  
13 ment Act of 1974 (42 U.S.C. 1439(d)(4)(A)) is amend-  
14 ed—

15 (1) in clause (iii), by striking “and” at the end;

16 (2) in clause (iv) by striking the period at the  
17 end and inserting a semicolon; and

18 (3) by inserting after clause (iv) the following  
19 new clauses:

20 “(v) fair housing activities and cash payments,  
21 in connection with the settlement of civil rights liti-  
22 gation (excluding litigation brought by an employee  
23 or former employee of the Secretary); and

24 “(vi) in the case of financial assistance under  
25 the rental housing assistance program under section

1 8 of the United States Housing Act of 1937, provid-  
2 ing assistance pursuant to section 8(q)(4) of such  
3 Act.”.

4 (b) AVAILABILITY OF PUBLIC HOUSING AND SEC-  
5 TION 8 AMOUNTS.—Section 5 of the United States Hous-  
6 ing Act of 1937 (42 U.S.C. 1437c) is amended by adding  
7 at the end the following new subsection:

8 “(m) USE OF AMOUNTS UNDER HEADQUARTERS RE-  
9 SERVE.—Any amounts appropriated for public housing de-  
10 velopment or assistance under section 8, that are retained  
11 by the Secretary in accordance with section 213(d)(4)(A)  
12 of the Housing and Community Development Act of 1974,  
13 may be used for any of the activities specified in clauses  
14 (i) through (v) of such section.”.

15 (c) USE OF SECTION 8 ASSISTANCE FOR PORT-  
16 ABILITY AND NEIGHBORHOOD CRIME FIGHTERS.—Sec-  
17 tion 213(d)(4) of the Housing and Community Develop-  
18 ment Act of 1974 is amended by adding at the end the  
19 following new subparagraphs:

20 “(C) Of any financial assistance for the rental hous-  
21 ing assistance program under section 8 of the United  
22 States Housing Act of 1937 that is reserved pursuant to  
23 subparagraph (A), 5 percent shall be reserved for use only  
24 for the purposes of providing assistance pursuant to sec-  
25 tion 8(o)(6) of such Act.

1       “(D) In addition to any financial assistance for the  
2 rental housing assistance program under section 8 of the  
3 United States Housing Act of 1937 that is reserved pursu-  
4 ant to subparagraphs (A) and (C), the Secretary shall re-  
5 serve not more than an additional \$15,000,000 of any fi-  
6 nancial assistance that becomes available under such pro-  
7 gram during each of fiscal years 1995 and 1996 and such  
8 additional amounts may be used only for the purpose  
9 under clause (vi) of subparagraph (A).”.

10           **Subtitle B—Public and Indian**  
11                           **Housing**

12   **SEC. 111. PUBLIC HOUSING RENT REFORM.**

13       (a) CEILING RENTS.—Section 3(a)(2) of the United  
14 States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is  
15 amended—

16           (1) in subparagraph (A)—

17                   (A) in clause (i), by striking “and ap-  
18 proved by the Secretary”; and

19                   (B) by striking clause (iii) and inserting  
20 the following new clause:

21                   “(iii) at the election of such agency, is—

22                           “(I) not less than the average monthly  
23 amount of debt service and operating expenses  
24 attributable to dwelling units of similar size in

1 public housing projects owned and operated by  
2 such agency;

3 “(II) not less than the reasonable rental  
4 value of the unit, as determined by the agency;  
5 or

6 “(III) not less than the local market rent  
7 determined by the agency for comparable units  
8 of similar size pursuant to the procedures pre-  
9 scribed by the Secretary for determining rent  
10 reasonableness under the program for rental  
11 certificate assistance under section 8(b).”;

12 (2) by redesignating subparagraph (B) as sub-  
13 paragraph (D); and

14 (3) by inserting after subparagraph (A) the fol-  
15 lowing new subparagraphs:

16 “(B) Any ceiling rents established by a public housing  
17 agency pursuant to this paragraph may be adjusted by  
18 the agency.

19 “(C)(i) Any ceiling rents established pursuant to  
20 subclause (I) or (III) of subparagraph (A)(iii) shall take  
21 effect at the discretion of the public housing agency.

22 “(ii) Any ceiling rents established pursuant to  
23 subclause (II) of subparagraph (A)(iii) may not take effect  
24 before the issuance of regulations to carry out such  
25 subclause, which shall be issued by the Secretary not later



1 than 180 days after the date of the enactment of the  
2 Housing and Community Development Act of 1994.

3 “(iii) Before the effectiveness of regulations under  
4 clause (ii), an agency shall determine the reasonable rental  
5 value of unit for purposes of subclause (II) of subpara-  
6 graph (A)(iii) based upon (I) in a project of 50 or more  
7 units for which such ceiling rents are being established,  
8 the 95th percentile of rents paid for all units in the  
9 project, (II) in a group of comparable projects for which  
10 such ceiling rents are being established that consists of  
11 a total of 50 or more units, all units in the projects, and  
12 (III) in a group of at least 50 comparable units for which  
13 such ceiling rents are being established, all units in the  
14 group.”.

15 (b) EXCLUSIONS FROM ADJUSTED INCOME.—Sec-  
16 tion 3(b)(5) of the United States Housing Act of 1937  
17 (42 U.S.C. 1437a(b)(5)) is amended—

18 (1) in subparagraph (C)—

19 (A) by striking “and” before “(ii)”; and

20 (B) by inserting before the semicolon at  
21 the end the following: “; and (iii) to the extent  
22 documented by the family, the amount paid by  
23 the family for health insurance coverage and  
24 any other nonreimbursed out-of-pocket medical  
25 expenses for any members of the family resid-

1           ing in the household who, at the time, are not  
2           receiving or approved to receive any assistance  
3           for health care from the Federal Government or  
4           any State government, except that this clause  
5           shall apply only to families residing in public  
6           housing”;

7           (2) in subparagraph (E), by inserting before the  
8           semicolon at the end the following: “, except that in  
9           the case of a family residing in public housing the  
10          amount excluded under this subparagraph shall be  
11          20 percent of the earned income of the family re-  
12          maining after excluding any amounts pursuant to  
13          subparagraph (H)”;

14          (3) in subparagraph (F), by striking “and” at  
15          the end;

16          (4) in subparagraph (G), by striking the period  
17          at the end and inserting a semicolon; and

18          (5) by adding at the end the following new sub-  
19          paragraphs:

20                 “(H) in the case of a family residing in public  
21                 housing, any earned income of any formerly depend-  
22                 ent child who is a member of the family residing in  
23                 the family’s dwelling unit during the period begin-  
24                 ning on the date of the first redetermination of the  
25                 rent for and family composition of the family that

1 occurs after the child reaches 18 years of age and  
2 ending upon the date of the first such redetermina-  
3 tion occurring after he or she reaches 21 years of  
4 age, except that, effective during and after the first  
5 fiscal year that commences after the expiration of  
6 the 4-year period beginning on the date of the enact-  
7 ment of this Act, amounts earned by a child may not  
8 be excluded under this subparagraph unless (i) the  
9 child is enrolled in and attending high school (or a  
10 recognized equivalency program), or has received a  
11 high school diploma (or the recognized equivalent  
12 thereof), or (ii) the public housing agency has deter-  
13 mined that requiring the child to comply with clause  
14 (i) would significantly interfere with the sole source  
15 of financial support of the family or would otherwise  
16 create a significant hardship for the family of the  
17 child; and

18 “(I) in the case of 2-parent families with chil-  
19 dren (as defined by the Secretary by regulation) who  
20 reside in public housing, an amount (in addition to  
21 any amounts excluded under subparagraphs (E) and  
22 (H)) not to exceed 10 percent of any earned income  
23 of the family.”.

1 (c) EXCLUSION OF EARNED INCOME OF RESIDENTS  
2 WHO OBTAIN EMPLOYMENT FROM RENT DETERMINA-  
3 TIONS.—

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

7 (A) in the third sentence of paragraph (1),  
8 by striking “paragraph (2)” and inserting  
9 “paragraphs (2) and (3)”; and

10 (B) by adding at the end the following new  
11 paragraph:

12 “(3) OPTIONAL EXCLUSION OF EARNED INCOME  
13 FROM RENT DETERMINATION FOR FAMILIES PRE-  
14 VIOUSLY UNEMPLOYED.—Notwithstanding any other pro-  
15 vision of law, a public housing agency may provide (at the  
16 option of a public housing agency) that, for all units in  
17 public housing administered by the agency, the rent pay-  
18 able under subsection (b) for any such unit occupied by  
19 a family whose income increases as a result of employment  
20 of a member of the family who was previously unemployed  
21 for 1 or more years, may not—

22 “(A) be increased as a result of the increased  
23 income due to such employment during the period  
24 that begins upon the commencement of such employ-  
25 ment and ends upon the second annual redetermina-

1 tion of the rent for and family composition of the  
2 family occurring thereafter;

3 “(B) during any 12-month period occurring  
4 during the 36 months succeeding the expiration of  
5 the period under subparagraph (A) for the family,  
6 be increased due to the continued employment of  
7 such family member by more than one-third of the  
8 difference between (i) the rent being paid by the  
9 family upon expiration of such period, and (ii) the  
10 amount of rent that the family would pay but for  
11 the applicability of this paragraph; and

12 “(C) in any case, exceed the amount determined  
13 under paragraph (1) or (2).”.

14 (d) EXCLUSION FROM INCOME OF EARNINGS FROM  
15 JOB TRAINING AND SELF-SUFFICIENCY PROGRAMS.—  
16 Section 3 of the United States Housing Act of 1937 (42  
17 U.S.C. 1437a) is amended—

18 (1) in subsection (b)(4), by inserting before the  
19 period at the end the following: “, and except that  
20 the earnings of and benefits to any public housing  
21 resident resulting from enrollment and participation  
22 in a program providing employment training and  
23 supportive services in accordance with the Family  
24 Support Act of 1988, section 22 of this Act, the Job  
25 Training Partnership Act, Subtitle D of title IV of

1 the Cranston-Gonzalez National Affordable Housing  
2 Act, part F of title IV of the Social Security Act,  
3 or any comparable Federal, State, or local law shall  
4 not be considered as income for the purposes of de-  
5 termining a limitation on the amount of rent paid by  
6 the resident during the period that the resident en-  
7 rolls and participates in such program''; and

8 (2) by striking the undesignated paragraph at  
9 the end of subsection (c)(3) (as added by section  
10 515(b) of the Cranston-Gonzalez National Afford-  
11 able Housing Act).

12 (e) APPLICABILITY.—Notwithstanding the amend-  
13 ments made by this section, any resident of public housing  
14 participating in the program under the authority con-  
15 tained in the undesignated paragraph at the end of section  
16 3(c)(3) of the United States Housing Act of 1937 (as  
17 added by section 515(b) of the Cranston-Gonzalez Na-  
18 tional Affordable Housing Act (Public Law 101–625; 104  
19 Stat. 4199)), as such paragraph existed before the date  
20 of enactment of this Act, shall continue to be governed  
21 by such authority.

22 (f) PERFORMANCE FUNDING SYSTEM.—Section  
23 9(a)(3)(B) of the United States Housing Act of 1937 (42  
24 U.S.C. 1437g(a)(3)(B)) is amended—

25 (1) in clause (iv), by striking “and” at the end;

1           (2) in (v), by striking the period at the end and  
2           inserting a semicolon; and

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

5           “(vi) the amount of any reduced revenue result-  
6           ing from the exclusion of income of public housing  
7           residents pursuant to section 3(b)(5)(E) shall be cal-  
8           culated and included in the amount of the payment  
9           received under this section by the public housing  
10          agency administering the public housing in which  
11          such residents reside;”.

12          (g) EFFECTIVE DATE.—The amendments under this  
13          section shall take effect on the earlier of—

14               (1) date of the effectiveness of the regulations  
15               under subsection (i); or

16               (2) the expiration of the 120-day period begin-  
17               ning on the date of the enactment of this Act.

18          (h) REGULATIONS.—The Secretary shall issue any  
19          final regulations necessary to implement the amendments  
20          made by this section, which shall take effect not later than  
21          the expiration of the 120-day period beginning on the date  
22          of the enactment of this Act. The regulations shall be is-  
23          sued after notice and opportunity for public comment in  
24          accordance with the procedures under section 553 of title  
25          5, United States Code, applicable to substantive rules

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

3 **SEC. 112. SALE OF PUBLIC HOUSING TO NON-PROFIT**  
4 **INTERMEDIARIES.**

5 The first sentence of section 5(h) of the United  
6 States Housing Act of 1937 (42 U.S.C. 1437c(h)) is  
7 amended by striking “its lower income tenants” and in-  
8 serting: “low-income families residing in public housing or  
9 to non-profit organizations for resale to low-income fami-  
10 lies residing in public housing”.

11 **SEC. 113. MAJOR RECONSTRUCTION OF OBSOLETE**  
12 **PROJECTS.**

13 (a) ASSISTANCE FOR RECONSTRUCTION.—Section  
14 5(j)(2) of the United States Housing Act of 1937 (42  
15 U.S.C. 1437c(j)(2)) is amended—

16 (1) in subparagraph (A), by striking “Notwith-  
17 standing” and all that follows through “fiscal year”  
18 and inserting the following: “The Secretary may  
19 provide assistance under this paragraph”;

20 (2) in subparagraph (C), by striking “reserved”  
21 and inserting “made available for assistance”;

22 (3) in subparagraph (F)(i), by striking “re-  
23 served or”; and



1 (4) in subparagraph (G)(i), by striking “re-  
2 served under subparagraph (A)” and inserting  
3 “made available for use under this paragraph”.

4 (b) SET-ASIDE FOR DISABLED FAMILIES.—Section  
5 5(j)(2)(G)(i) of the United States Housing Act of 1937  
6 (42 U.S.C. 1437c(j)(2)(G)(i)) is amended by striking “fis-  
7 cal years 1993 and 1994” and inserting “fiscal years 1995  
8 and 1996”.

9 **SEC. 114. NEW CONSTRUCTION OF PROJECTS FOR DIS-**  
10 **ABLED FAMILIES.**

11 Section 5(j)(3)(A) of the United States Housing Act  
12 of 1937 (42 U.S.C. 1437c(j)(3)(A)) is amended by strik-  
13 ing “fiscal years 1993 and 1994” and inserting “fiscal  
14 years 1995 and 1996”.

15 **SEC. 115. RECAPTURE OF PUBLIC HOUSING DEVELOPMENT**  
16 **AMOUNTS.**

17 Section 5(k) of the United States Housing Act of  
18 1937 (42 U.S.C. 1437c(k)) is amended by adding before  
19 the period at the end of the first sentence the following:  
20 “, unless the Secretary finds that there is no feasible way  
21 for the agency to begin construction or rehabilitation, or  
22 to complete acquisition, within such period”.

1 **SEC. 116. REPEAL OF LEAST-COST LIMITATION ON PUBLIC**  
2 **HOUSING NEW CONSTRUCTION.**

3 Section 6 of the United States Housing Act of 1937  
4 (42 U.S.C. 1437d) is amended by striking subsection (h).

5 **SEC. 117. REGULATORY RELIEF AND PAPERWORK REDUC-**  
6 **TION FOR HIGH-PERFORMING PUBLIC HOUS-**  
7 **ING AGENCIES.**

8 (a) **WAIVER OF RULES AND REPORTS.**—Section 6(j)  
9 of the United States Housing Act of 1937 (42 U.S.C.  
10 1437d(j)) is amended by adding at the end the following  
11 new paragraph:

12 “(5)(A) Except as provided in subparagraph (B), the  
13 Secretary may, for public housing agencies designated  
14 pursuant to this subsection as high performing public  
15 housing agencies with respect to a fiscal year, waive (by  
16 regulation issued under subparagraph (C)) the applicabil-  
17 ity for the ensuing fiscal year of regulatory requirements  
18 otherwise applicable to public housing agencies to the ex-  
19 tent appropriate, as determined by the Secretary, to facili-  
20 tate more efficient operation of such agencies.

21 “(B) The Secretary may not waive the applicability  
22 of any provision—

23 “(i) limiting occupancy of public housing to  
24 low-income families;

25 “(ii) under section 18 requiring replacement of  
26 units in the case of demolition or disposition;

1           “(iii) under the Uniform Relocation Assistance  
2           and Real Property Acquisition Policies Act of 1970;

3           “(iv) that prohibits, or the purpose of which is  
4           to protect persons against, discrimination on the  
5           basis of race, color, religion, sex, marital status, na-  
6           tional origin, age, or handicap, or that relates to fair  
7           housing or equal opportunity; or

8           “(v) under chapter 75 of title 31, United States  
9           Code.

10          “(C) During fiscal year 1995, the Secretary shall  
11          publish in the Federal Register a proposed rule providing  
12          for the waiver of the regulations to be waived pursuant  
13          to this paragraph and identifying such regulations. The  
14          Secretary shall publish such proposed rule at a time deter-  
15          mined by the Secretary to be sufficient to provide notice  
16          and an opportunity for public comment before issuance of  
17          a final rule under this paragraph. Such final rule shall  
18          be issued not later than August 31, 1995.”.

19          (b) RETENTION BY PHA’S OF SAVINGS FROM EFFI-  
20          CIENT MANAGEMENT.—Section 6(e) of the United States  
21          Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended  
22          to read as follows:

23          “(e) TREATMENT OF SAVINGS.—

24                  “(1) IN GENERAL.—Any income generated by a  
25          high-performing public housing agency that exceeds

1 the income estimated by the agency to be generated,  
2 according to the agency’s annual operating budget,  
3 shall be excluded in subsequent years in calculating  
4 the amount of the operating subsidy provided under  
5 section 9 to the high-performing public housing  
6 agency. Such savings shall be retained by the agency  
7 for other housing purposes.

8 “(2) HIGH-PERFORMING PUBLIC HOUSING  
9 AGENCY.—For purposes of paragraph (1), the term  
10 ‘high-performing public housing agency’ means, with  
11 respect to a year, a public housing agency that has  
12 been designated pursuant to subsection (j) as a high  
13 performing public housing agency for the last fiscal  
14 year ending before the commencement of such  
15 year.”.

16 **SEC. 118. STANDARDS FOR LEASE TERMINATION AND EX-**  
17 **PEDITED GRIEVANCE PROCEDURE.**

18 Section 6 of the United States Housing Act of 1937  
19 (42 U.S.C. 1437d) is amended—

20 (1) in subsection (k), in the first sentence of  
21 the matter following paragraph (6), by striking  
22 “criminal” the first place it appears; and

23 (2) in subsection (l)(5), by striking “criminal”  
24 the first place it appears.

1 **SEC. 119. AVAILABILITY OF CRIMINAL CONVICTION INFOR-**  
2 **MATION FOR SCREENING AND EVICTIONS.**

3 Section 6 of the United States Housing Act of 1937  
4 (42 U.S.C. 1437d) is amended by adding at the end the  
5 following new subsection:

6 “(q) AVAILABILITY OF CRIMINAL RECORDS.—

7 “(1) AVAILABILITY.—Notwithstanding any  
8 other provision of Federal, State, or local law, upon  
9 the request of any public housing agency, the Na-  
10 tional Crime Information Center, police depart-  
11 ments, and any other law enforcement entities shall  
12 provide information to the agency regarding the  
13 criminal convictions of applicants for, or residents  
14 of, public housing for the purpose of applicant  
15 screening, lease enforcement, and eviction. A public  
16 housing agency may pay a reasonable fee for such  
17 information.

18 “(2) CONTENT.—The information provided  
19 under paragraph (1) shall include information re-  
20 garding convictions for any felony and convictions  
21 for certain misdemeanors, including crimes of vio-  
22 lence, destruction of property, use, sale, or distribu-  
23 tion of controlled substances, illegal possession or  
24 use of firearms, and hate crimes. Such information  
25 may not include information regarding any criminal  
26 conviction of such an applicant or resident for any

1 act (or failure to act) occurring before the applicant  
2 or resident reached 18 years of age or information  
3 regarding any criminal conviction of such an appli-  
4 cant or resident occurring more than 10 years before  
5 the request under this subsection is made by the  
6 public housing agency.

7 “(3) USE.—A public housing agency receiving  
8 information under this subsection may use such in-  
9 formation only for the purposes provided in this sub-  
10 section and such information may not be disclosed to  
11 any person who is not an officer or employee of the  
12 public housing agency. The Secretary shall, by regu-  
13 lation, establish procedures necessary to ensure that  
14 information provided to a public housing agency  
15 under this subsection is used, and confidentiality of  
16 such information is maintained, as required under  
17 this subsection.

18 “(4) PENALTY.—Any person who knowingly  
19 and willfully requests or obtains any information  
20 concerning an applicant for, or resident of, public  
21 housing pursuant to the authority under this sub-  
22 section under false pretenses, or any person who  
23 knowingly and willfully discloses any such informa-  
24 tion in any manner to any individual not entitled  
25 under any law to receive it, shall be guilty of a mis-

1       demeanor and fined not more than \$5,000. The  
2       term ‘person’ as used in this paragraph shall include  
3       an officer or employee of any public housing agency.

4           “(5) CIVIL ACTION.— Any applicant for, or  
5       resident of, public housing affected by (A) a neg-  
6       ligent or knowing disclosure of information referred  
7       to in this section about such person by an officer or  
8       employee of any public housing agency, which disclo-  
9       sure is not authorized by this subsection, or (B) any  
10      other negligent or knowing action that is inconsis-  
11      tent with this subsection, may bring a civil action for  
12      damages and such other relief as may be appropriate  
13      against any officer or employee of any public hous-  
14      ing agency responsible for such unauthorized action.  
15      The district court of the United States in the dis-  
16      trict in which the affected applicant or resident re-  
17      sides, in which such unauthorized action occurred, or  
18      in which the officer or employee alleged to be re-  
19      sponsible for any such unauthorized action resides,  
20      shall have jurisdiction in such matters. Appropriate  
21      relief that may be ordered by such district courts  
22      shall include reasonable attorney’s fees and other  
23      litigation costs.”.

1 **SEC. 120. DESIGNATED HOUSING.**

2 (a) APPLICATIONS.—Section 7(e)(1) of the United  
3 States Housing Act of 1937 (42 U.S.C. 1437e(e)(1)) is  
4 amended—

5 (1) in the first sentence, by striking “and the  
6 Secretary approves an application under this sub-  
7 section for such designation”; and

8 (2) in the second sentence, by inserting before  
9 the period at the end the following: “, which shall  
10 provide that an application for a project (or portion  
11 of a project) shall be submitted and considered for  
12 approval in conjunction with submission and ap-  
13 proval of the allocation plan for the project (or por-  
14 tion) under section 7(f)”.

15 (b) LIMITATION ON OCCUPANCY IN PUBLIC HOUSING  
16 DESIGNATED FOR ELDERLY FAMILIES.—

17 (1) IN GENERAL.—Section 7(a) of the United  
18 States Housing Act of 1937 (42 U.S.C. 1437e(a)) is  
19 amended—

20 (A) in paragraph (1), by striking “Not-  
21 withstanding any other provision of law” and  
22 inserting “Subject only to the provisions of this  
23 subsection”;

24 (B) in paragraph (4), by inserting “, ex-  
25 cept as provided in paragraph (5)” before the  
26 period at the end; and



1 (C) by adding at the end the following new  
2 paragraph:

3 “(5) LIMITATION ON OCCUPANCY IN PROJECTS  
4 FOR ELDERLY FAMILIES.—

5 “(A) OCCUPANCY LIMITATION.—Notwith-  
6 standing any other provision of law, a dwelling  
7 unit in a project (or portion of a project) that  
8 is designated under paragraph (1) for occu-  
9 pancy by only elderly families or by only elderly  
10 and disabled families shall not be occupied by—

11 “(i) any person with disabilities who  
12 is not an elderly person and whose history  
13 of use of alcohol or drugs constitutes a dis-  
14 ability; or

15 “(ii) any person who is not an elderly  
16 person and whose history of use of alcohol  
17 or drugs provides reasonable cause for the  
18 agency to believe that the occupancy by  
19 such person may interfere with the health,  
20 safety, or right to peaceful enjoyment of  
21 the premises by other tenants.

22 “(B) REQUIRED STATEMENT.—A public  
23 housing agency may not make a dwelling unit  
24 in such a project available for occupancy to any  
25 person or family who is not an elderly family,

1 unless the agency acquires from the person or  
2 family a signed statement that no person who  
3 will be occupying the unit—

4 “(i) uses (or has a history of use of)  
5 alcohol, or

6 “(ii) uses (or has a history of use of)  
7 drugs,

8 that would interfere with the health, safety, or  
9 right to peaceful enjoyment of the premises by  
10 other tenants.”.

11 (2) LEASE PROVISIONS.—Section 6(l) of the  
12 United States Housing Act of 1937 (42 U.S.C.  
13 1437d(l)) is amended—

14 (A) in paragraph (5), by striking “and” at  
15 the end;

16 (B) by redesignating paragraph (6) as  
17 paragraph (7); and

18 (C) by inserting after paragraph (5) the  
19 following new paragraph:

20 “(6) provide that any occupancy in violation of  
21 the provisions of section 7(a)(5)(A) or the furnishing  
22 of any false or misleading information pursuant to  
23 section 7(a)(5)(B) shall be cause for termination of  
24 tenancy; and”.

1 (c) EVICTION OF NONELDERLY TENANTS HAVING  
2 DRUG OR ALCOHOL USE PROBLEMS FROM PUBLIC  
3 HOUSING DESIGNATED FOR ELDERLY FAMILIES.—Sec-  
4 tion 7(c) of the United States Housing Act of 1937 is  
5 amended to read as follows:

6 “(c) STANDARDS REGARDING EVICTIONS.—

7 “(1) LIMITATION.—Except as provided in para-  
8 graph (2), any tenant who is lawfully residing in a  
9 dwelling unit in a public housing project may not be  
10 evicted or otherwise required to vacate such unit be-  
11 cause of the designation of the project (or a portion  
12 of the project) pursuant to this section or because  
13 of any action taken by the Secretary of Housing and  
14 Urban Development or any public housing agency  
15 pursuant to this section.

16 “(2) REQUIREMENT TO EVICT NONELDERLY  
17 TENANTS HAVING DRUG OR ALCOHOL USE PROB-  
18 LEMS IN HOUSING DESIGNATED FOR ELDERLY FAMI-  
19 LIES.—The public housing agency administering a  
20 project (or portion of a project) described in sub-  
21 section (a)(5)(A) shall evict any person whose occu-  
22 pancy in the project (or portion of the project) vio-  
23 lates subsection (a)(5)(A).

24 “(3) REQUIREMENT TO EVICT NONELDERLY  
25 TENANTS FOR 3 INSTANCES OF PROHIBITED ACTIV-

1       ITY INVOLVING DRUGS OR ALCOHOL.—With respect  
2       to a project (or portion of a project) described in  
3       subsection (a)(5)(A), the public housing agency ad-  
4       ministering the project shall evict any person who is  
5       not an elderly person and who, during occupancy in  
6       the project (or portion thereof), engages on 3 sepa-  
7       rate occasions (occurring after the date of the enact-  
8       ment of the Housing and Community Development  
9       Act of 1994) in any activity that threatens the  
10      health, safety, or right to peaceful enjoyment of the  
11      premises by other tenants and involves the use of al-  
12      cohol or drugs.

13           “(4) RULE OF CONSTRUCTION.—The provisions  
14      of paragraphs (2) and (3) requiring eviction of a  
15      person may not be construed to require a public  
16      housing agency to evict any other persons who oc-  
17      cupy the same dwelling unit as the person required  
18      to be evicted.”.

19   **SEC. 121. PUBLIC HOUSING OPERATING SUBSIDIES.**

20      (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
21   9(c) of the United States Housing Act of 1937 (42 U.S.C.  
22   1437g(c)) is amended—

23           (1) in paragraph (1), by striking “There” and  
24      all that follows and inserting the following new sen-  
25      tence: “There are authorized to be appropriated for

1 purposes of providing annual contributions under  
2 this section \$3,146,000,000 for fiscal year 1995 and  
3 \$3,208,000,000 for fiscal year 1996.”;

4 (2) in paragraph (2), by striking “1993 and  
5 1994” and inserting “1995 and 1996”; and

6 (3) in paragraph (3), by striking “1993 and  
7 1994” and inserting “1995 and 1996”.

8 (b) ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC  
9 HOUSING.—Section 9(a)(2) of the United States Housing  
10 Act of 1937 is amended—

11 (1) by striking “one” and inserting “that is  
12 (A)”;

13 (2) by inserting after “section 8,” the following:  
14 “or (B) assisted under section 24 or the program  
15 authorized under (i) the third paragraph of the  
16 head, HOMEOWNERSHIP AND OPPORTUNITY FOR  
17 PEOPLE EVERYWHERE GRANTS (HOPE GRANTS), of  
18 title II of the Departments of Veterans Affairs and  
19 Housing and Urban Development, and Independent  
20 Agencies Appropriations Act, 1993, or (ii) the head,  
21 SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS,  
22 of title II of the Department of Veterans Affairs and  
23 Housing and Urban Development, and Independent  
24 Agencies Appropriations Act, 1994;”.

1 (c) INCLUDED COSTS.—Section 9(a)(3)(B) of the  
2 United States Housing Act of 1937 (42 U.S.C.  
3 1437g(a)(3)(B)), as amended by the preceding provisions  
4 of this Act, is further amended by adding at the end the  
5 following new clauses:

6 “(vii) effective for fiscal year 1996 and there-  
7 after, the amount of the payment received under this  
8 section by public housing agencies shall be calculated  
9 to include—

10 “(I) benefits (including health care and  
11 pensions, annuities, and other retirement bene-  
12 fits) of employees of the agency;

13 “(II) the amount of any reduced revenue  
14 resulting from the amendments made by sub-  
15 sections (b) and (c) of section 573 of the Cran-  
16 ston-Gonzalez National Affordable Housing Act;

17 “(III) maintenance deferred;

18 “(IV) utility costs attributable to air condi-  
19 tioning; and

20 “(V) any increased costs of security for the  
21 public housing, attributable to increases in the  
22 number of incidents of vandalism and crime in  
23 the housing; and

24 “(viii) effective for fiscal year 1996 and there-  
25 after, the amount of the payment received under this

1 section by a public housing agency for a fiscal year  
2 shall be determined taking into consideration the ac-  
3 tual expenses for the agency for the preceding fiscal  
4 year.”.

5 **SEC. 122. ELIGIBLE USES OF EMERGENCY MODERNIZATION**  
6 **FUNDS.**

7 Section 14(k)(1) of the United States Housing Act  
8 of 1937 (42 U.S.C. 1437l(k)(1)) is amended—

9 (1) in the first sentence, by striking  
10 “\$75,000,000” and inserting “\$50,000,000”; and

11 (2) by adding at the end the following new sen-  
12 tence: “The Secretary shall make any amounts re-  
13 served under this paragraph for any fiscal year that  
14 remain unobligated on September 1 of such fiscal  
15 year available for modernization needs in connection  
16 with the settlement of litigation and desegregation of  
17 public housing. Of the amounts reserved each year  
18 under this paragraph, the Secretary shall make  
19 available to the Inspector General of the Department  
20 of Housing and Urban Development not more than  
21 \$5,000,000 for cost in connection with efforts to  
22 combat violent crime in public housing. Using  
23 amounts made available pursuant to the preceding  
24 sentence during fiscal years 1995 and 1996, the Sec-  
25 retary shall provide amounts in each such fiscal year

1 for the continuation of the drug elimination activi-  
2 ties under Project Nos. IA05PO98003004 and  
3 IA05DEP0980193.”.

4 **SEC. 123. USE OF MODERNIZATION FUNDS FOR REPLACE-**  
5 **MENT HOUSING.**

6 (a) IN GENERAL.—Section 14 of the United States  
7 Housing Act of 1937 (42 U.S.C. 1437l) is amended by  
8 adding at the end the following new subsection:

9 “(q) USE OF AMOUNTS FOR REPLACEMENT HOUS-  
10 ING.—

11 “(1) AUTHORITY.—A public housing agency  
12 may use assistance under this section to provide re-  
13 placement housing as required by section 18 by de-  
14 veloping additional housing under this Act, in ac-  
15 cordance with requirements applicable to the devel-  
16 opment of public housing, but only if the cost of pro-  
17 viding such housing (not including costs of demoli-  
18 tion) is more cost effective than the cost of mod-  
19 ernization of the housing proposed to be replaced.

20 “(2) LIMITATION ON AMOUNT.—In any fiscal  
21 year, a public housing agency may not use more  
22 than 50 percent of any assistance provided to the  
23 agency under this section for the fiscal year for pro-  
24 viding replacement housing pursuant to this section.



1           “(3) REQUIREMENTS.—A public housing agen-  
2           cy may use assistance under this section as provided  
3           in subsection (a) only if the replacement of units is  
4           included in the replacement plan of the agency.”.

5           (b) AVAILABLE REPLACEMENT HOUSING.—Section  
6           14(c)(1) of the United States Housing Act of 1937 is  
7           amended by inserting before the semicolon the following:  
8           “or, only in the case of assistance used as provided under  
9           subsection (q), housing or units in housing owned (or  
10          leased for a period to be determined by the Secretary) by  
11          a partnership of a public housing agency and other entity  
12          in which the agency has a controlling interest”.

13   **SEC. 124. AUTHORITY FOR PUBLIC HOUSING AGENCIES TO**  
14                   **LEVERAGE AMOUNTS FOR REPLACEMENT**  
15                   **AND MODERNIZATION.**

16          Section 14 of the United States Housing Act of 1937  
17          (42 U.S.C. 1437l) is amended by adding after subsection  
18          (q), as added by the preceding provisions of this Act, the  
19          following new subsection:

20          “(r) AUTHORITY FOR PUBLIC HOUSING AGENCIES  
21          TO LEVERAGE AMOUNTS FOR REPLACEMENT AND MOD-  
22          ERNIZATION.—

23               “(1) GENERAL AUTHORIZATION.—The Sec-  
24          retary may, upon such terms and conditions as the  
25          Secretary may prescribe, authorize a public housing

1 agency (or a partnership including a public housing  
2 agency) to use grants provided under subsection (b)  
3 to leverage amounts which shall be used for financ-  
4 ing housing to replace existing public housing dwell-  
5 ing units or for modernization of public housing, but  
6 only if the agency submits to the Secretary a plan  
7 for such leveraging that is approved by the Sec-  
8 retary.

9 “(2) REQUIREMENTS.—The Secretary may ap-  
10 prove a plan for leveraging under paragraph (1) only  
11 if the Secretary determines that—

12 “(A) the public housing agency has the  
13 ability to use the leveraged amounts effectively,  
14 directly or through contract management;

15 “(B) of any land owned by the public  
16 housing agency upon the approval of the plan  
17 that is subject to the plan, and any land to be  
18 acquired by the agency under the plan, a por-  
19 tion equivalent in area to the portion used  
20 under the plan for providing housing to replace  
21 public housing dwelling units in accordance  
22 with section 18 is subject to binding covenants  
23 or commitments sufficient to ensure that the  
24 land will be used permanently for housing re-

1 served for occupancy by low- and very low-in-  
2 come families;

3 “(C) any modernization to be carried out  
4 under the plan complies with the modernization  
5 plan submitted under this section by the public  
6 housing agency and any replacement of public  
7 housing dwelling units to be carried out under  
8 the plan complies with the requirements of sec-  
9 tion 18;

10 “(D) the plan provides permanent financ-  
11 ing commitments from a sufficient number of  
12 additional sources, which may include banks  
13 and other conventional lenders, State housing  
14 finance agencies, secondary market entities, and  
15 other financial institutions;

16 “(E) the public housing agency submitting  
17 the plan has an acceptable rate of obligation of  
18 assistance provided under this section; and

19 “(F) the plan complies with any other cri-  
20 teria that the Secretary may establish.

21 “(3) OBLIGATION LIMITS.—

22 “(A) PER PHA.—The aggregate outstand-  
23 ing principal amount leveraged under this sub-  
24 section by a public housing agency may not at  
25 any time exceed 5 times the amount of the most

1 recent grant for a fiscal year provided under  
2 this section for comprehensive modernization.

3 “(B) FOR ALL PHAS.—The aggregate out-  
4 standing principal amount leveraged under this  
5 subsection by all public housing agencies may  
6 not, in any single fiscal year, exceed  
7 \$2,000,000,000.

8 “(4) USE OF COMPREHENSIVE MODERNIZATION  
9 GRANTS AND OPERATING REVENUES.—Notwith-  
10 standing any other provision of this title, a public  
11 housing agency for which a plan is approved under  
12 this subsection may use amounts provided under this  
13 section to the agency for comprehensive moderniza-  
14 tion and amounts provided under section 9 to the  
15 agency for operating subsidies (including program  
16 income derived therefrom) for the payment of prin-  
17 cipal, interest, and fees due on any loans obtained  
18 pursuant to the plan.

19 “(5) REPORTS.—The Secretary shall submit a  
20 report to the Congress annually regarding the activi-  
21 ties under plans for leveraging approved under this  
22 subsection and the status of loans, financing, and in-  
23 vestments obtained under such plans.”.

1 **SEC. 125. DEMOLITION AND DISPOSITION OF PUBLIC**  
2 **HOUSING.**

3 Section 18 of the United States Housing Act of 1937  
4 (42 U.S.C. 1437p) is amended to read as follows:

5 “DEMOLITION AND DISPOSITION OF PUBLIC HOUSING

6 “SEC. 18. (a) CONDITION OF HOUSING.—The Sec-  
7 retary may approve an application by a public housing  
8 agency for permission to demolish or dispose of a public  
9 housing project or a portion of a public housing project  
10 only if the Secretary has determined that—

11 “(1) in the case of—

12 “(A) an application proposing demolition  
13 of a public housing project or a portion of a  
14 public housing project, the project or portion of  
15 the project is obsolete as to physical condition,  
16 location, or other factors, and it is more cost ef-  
17 fective to replace the project or portion of the  
18 project than to rehabilitate the project or por-  
19 tion of the project; or

20 “(B) an application proposing the demoli-  
21 tion of only a portion of a project, the demoli-  
22 tion will help to assure the remaining useful life  
23 of the remaining portion of the project;

24 “(2) in the case of an application proposing dis-  
25 position of real property of a public housing agency  
26 by sale or other transfer—

1           “(A)(i) the property’s retention is not in  
2           the best interests of the tenants or the public  
3           housing agency because (I) developmental  
4           changes in the area surrounding the project ad-  
5           versely affect the health or safety of the tenants  
6           or the feasible operation of the project by the  
7           public housing agency, (II) disposition will allow  
8           the acquisition, development, or rehabilitation  
9           of other properties which will be more effi-  
10          ciently or effectively operated as low-income  
11          housing and which will preserve the total  
12          amount of low-income housing stock available in  
13          the community or housing sufficient to address  
14          the needs of the community as described in the  
15          comprehensive housing affordability strategy  
16          under section 105 of the Cranston-Gonzalez  
17          National Affordable Housing Act, or (III) be-  
18          cause of other factors which the Secretary de-  
19          termines are consistent with the best interests  
20          of the tenants and public housing agency and  
21          which are not inconsistent with other provisions  
22          of this Act; and

23           “(ii) for property other than dwelling  
24          units, the property is excess to the needs of a  
25          project or the disposition is incidental to, or

1 does not interfere with, continued operation of  
2 a project; and

3 “(B) the net proceeds of the disposition  
4 will be used for (i) the payment of development  
5 costs for the replacement housing and for the  
6 retirement of outstanding obligations issued to  
7 finance original development or modernization  
8 of the project, which, in the case of scattered-  
9 site housing of a public housing agency, shall be  
10 in an amount that bears the same ratio to the  
11 total of such costs and obligations as the num-  
12 ber of units disposed of bears to the total num-  
13 ber of units of the project at the time of dis-  
14 position, and (ii) to the extent that any pro-  
15 ceeds remain after the application of proceeds  
16 in accordance with clause (i), the provision of  
17 housing assistance for low-income families  
18 through such measures as modernization of low-  
19 income housing, or the acquisition, develop-  
20 ment, or rehabilitation of other properties to  
21 operate as low-income housing; or

22 “(3) in the case of an application proposing  
23 demolition or disposition of any portion of a public  
24 housing project, assisted at any time under section  
25 5(j)(2)—

1           “(A) such assistance has not been provided  
2           for the portion of the project to be demolished  
3           or disposed within the 10-year period ending  
4           upon submission of the application; or

5           “(B) the property’s retention is not in the  
6           best interest of the tenants or the public hous-  
7           ing agency because of changes in the area sur-  
8           rounding the project or other circumstances of  
9           the project, as determined by the Secretary.

10          “(b) TENANT INVOLVEMENT AND REPLACEMENT  
11 HOUSING.—The Secretary may approve an application or  
12 furnish assistance under this section or under this Act  
13 only if the following requirements are met:

14           “(1) TENANT CONSULTATION AND EMPLOY-  
15          MENT.—The application from the public housing  
16          agency—

17           “(A) has been developed in consultation  
18           with tenants and tenant councils, if any, who  
19           will be affected by the demolition or disposition;

20           “(B) includes a plan to employ public  
21           housing tenants in construction or rehabilita-  
22           tion to the extent practicable, pursuant to sec-  
23           tion 3 of the Housing and Urban Development  
24           Act of 1968; and



1           “(C) contains a certification by appropriate  
2           local government officials that the proposed ac-  
3           tivity is consistent with the applicable com-  
4           prehensive housing affordability strategy under  
5           section 105 of the Cranston-Gonzalez National  
6           Affordable Housing Act.

7           “(2) RELOCATION ASSISTANCE.—All tenants to  
8           be relocated as a result of the demolition or dispo-  
9           sition will be provided assistance by the public housing  
10          agency and are relocated to other decent, safe, sani-  
11          tary, and affordable housing, which is, to the maxi-  
12          mum extent practicable, housing of their choice, in-  
13          cluding housing assisted under section 8 of this Act.

14          “(3) REPLACEMENT HOUSING.—The public  
15          housing agency has developed a plan that provides  
16          for additional decent, safe, sanitary, and affordable  
17          dwelling unit for each public housing dwelling unit  
18          to be demolished or disposed under such application  
19          or provides additional dwelling units sufficient to ad-  
20          dress the needs and demographic characteristics of  
21          the number of applicants on the waiting list of the  
22          agency equal to the number of units to be demol-  
23          ished or disposed of or the needs of the community  
24          as described in the comprehensive housing afford-  
25          ability strategy under section 105 of the Cranston-

1       Gonzalez National Affordable Housing Act, which  
2       plan—

3               “(A) provides for the provision of such ad-  
4       ditional dwelling units through—

5                       “(i) the acquisition or development of  
6       additional public housing dwelling units,  
7       which may be units in housing owned (or  
8       leased for a period to be determined by the  
9       Secretary) by a partnership of a public  
10      housing agency and other entity in which  
11      the agency has a controlling interest;

12                      “(ii) the use of 15-year project-based  
13      assistance under section 8;

14                      “(iii) in the case of an application  
15      proposing demolition or disposition of 200  
16      or more units, the use of tenant-based as-  
17      sistance under section 8 having a term of  
18      not less than 5 years;

19                      “(iv) units acquired or otherwise pro-  
20      vided for homeownership (including cooper-  
21      ative and condominium interests) by public  
22      housing residents under section 5(h), sub-  
23      title B or C of title IV of the Cranston-  
24      Gonzalez National Affordable Housing Act,  
25      or other programs for homeownership that

1 have program requirements substantially  
2 equivalent to the requirements established  
3 under section 605 of the Housing and  
4 Community Development Act of 1987;

5 “(v) affordable housing homeowner-  
6 ship units assisted under title II of the  
7 Cranston-Gonzalez National Affordable  
8 Housing Act and sold to public housing  
9 residents;

10 “(vi) rental units that are (I) assisted  
11 under title II of the Cranston-Gonzalez  
12 National Affordable Housing Act (notwith-  
13 standing section 212(d)(2) of such Act), or  
14 (II) assisted under a State or local rental  
15 assistance program that provides for rental  
16 assistance over a term of not less than 15  
17 years that is comparable in terms of eligi-  
18 bility and contribution to rent to assistance  
19 under section 8, except that this subclause  
20 shall only apply in cases provided under  
21 subparagraph (C);

22 “(vii) housing assisted by a tax credit  
23 under section 42 of the Internal Revenue  
24 Code;

1           “(viii) housing acquired from the Res-  
2           olution Trust Corporation or the Federal  
3           Deposit Insurance Corporation;

4           “(ix) housing acquired under section  
5           203 of the Housing and Community Devel-  
6           opment Amendments of 1978;

7           “(x) other manners approved by the  
8           Secretary; or

9           “(xi) any combination of such meth-  
10          ods;

11          “(B) in the case of an application propos-  
12          ing demolition or disposition of 200 or more  
13          units, shall provide that—

14               “(i) not less than 50 percent of such  
15               additional dwelling units shall be provided  
16               through the acquisition or development of  
17               additional dwelling units or through  
18               project-based assistance; and

19               “(ii) not more than 50 percent of such  
20               additional dwelling units shall be provided  
21               through tenant-based assistance under sec-  
22               tion 8 having a term of not less than 5  
23               years;

1           “(C) if it provides for the use of tenant-  
2 based assistance provided under section 8 or  
3 otherwise, may be approved—

4           “(i) only after a finding by the Sec-  
5 retary that replacement with project-based  
6 assistance is not feasible, and the supply of  
7 private rental housing actually available to  
8 those who would receive such assistance  
9 under the plan is sufficient for the total  
10 number of families in the community as-  
11 sisted with tenant-based assistance after  
12 implementation of the plan and that such  
13 supply is likely to remain available for the  
14 full term of the assistance; and

15           “(ii) only if such finding is based on  
16 objective information, which shall include  
17 rates of participation by landlords in the  
18 section 8 program, size, conditions and  
19 rent levels of available rental housing as  
20 compared to section 8 standards, the sup-  
21 ply of vacant existing housing meeting the  
22 section 8 housing quality standards with  
23 rents at or below the fair market rental,  
24 the number of eligible families waiting for  
25 public housing or housing assistance under

1 section 8, and the extent of discrimination  
2 against the types of individuals or families  
3 to be served by the assistance;

4 “(D) may provide that all or part of such  
5 additional dwelling units may be located outside  
6 the jurisdiction of the public housing agency (in  
7 this subparagraph referred to as the ‘original  
8 agency’) if—

9 “(i) the location is in the same hous-  
10 ing market area as the original agency, as  
11 determined by the Secretary; and

12 “(ii) the plan contains an agreement  
13 between the original agency and the public  
14 housing agency in the alternate location or  
15 other public or private entity that will be  
16 responsible for providing the additional  
17 units in the alternate location that such al-  
18 ternate agency or entity will, with respect  
19 to the dwelling units involved—

20 “(I) provide the dwelling units in  
21 accordance with subparagraph (A);

22 “(II) complete the plan on sched-  
23 ule in accordance with subparagraph  
24 (F);

1           “(III) meet the requirements of  
2           subparagraph (G) of this paragraph  
3           and the maximum rent provisions of  
4           subparagraph (H);

5           “(IV) not impose a local resi-  
6           dency preference on any resident of  
7           the jurisdiction of the original agency  
8           for purposes of admission to any such  
9           units; and

10          “(V) allow that preference for ad-  
11          mission to any such additional units  
12          may be provided to residents of the  
13          severely distressed public housing  
14          dwelling units replaced under this  
15          subparagraph pursuant to section 24;

16          “(E) includes a schedule for completing  
17          the plan within a period consistent with the size  
18          of the proposed demolition or disposition and  
19          replacement plan, which—

20                 “(i) shall not exceed 6 years, except  
21                 that the Secretary may extend the schedule  
22                 to not more than 10 years if the Secretary  
23                 determines that good cause exists to ex-  
24                 tend the implementation of the replace-  
25                 ment plan under this subsection; and

1           “(ii) the demolition or disposition  
2           under the plan can occur in phases nec-  
3           essary to provide for relocation of tenants  
4           under paragraph (2);

5           “(F) includes a method of ensuring that  
6           the same number of individuals and families  
7           will be provided housing;

8           “(G) provides for the payment of the relo-  
9           cation expenses of each tenant to be displaced  
10          and ensures that the rent paid by the tenant  
11          following relocation will not exceed the amount  
12          permitted under this Act;

13          “(H) prevents the taking of any action to  
14          demolish or dispose of any unit until the tenant  
15          of the unit is relocated to decent, safe, sanitary,  
16          and affordable housing; and

17          “(I) permits the Secretary to intervene and  
18          take any actions necessary to complete the plan  
19          if the public housing agency fails, without good  
20          cause, to carry out its obligations under the  
21          plan.

22          “(c) LIMITATION ON DEMOLITION AND EXEMP-  
23          TION.—

24                 “(1) MAXIMUM PERCENTAGE.—Notwithstand-  
25                 ing any other provision of this section, in any 5-year



1 period a public housing agency may demolish not  
2 more than the lesser of 5 dwelling units or 5 percent  
3 of the total dwelling units owned and operated by  
4 the public housing agency, without providing an ad-  
5 ditional dwelling unit for each such public housing  
6 dwelling unit to be demolished, but only if the space  
7 occupied by the demolished unit is used for meeting  
8 the service or other needs of public housing resi-  
9 dents.

10 “(2) SITE AND NEIGHBORHOOD STANDARDS  
11 EXEMPTION.—Notwithstanding any other provision  
12 of law, a replacement plan under subsection (b)(3)  
13 may provide for demolition of public housing units  
14 and replacement of such units on site or in the same  
15 neighborhood if the number of replacement units  
16 provided in the same neighborhood is fewer than the  
17 number of units demolished and the balance of re-  
18 placement units are provided elsewhere in the juris-  
19 diction or pursuant to subsection (b)(3)(D).

20 “(d) TREATMENT OF REPLACEMENT UNITS.—With  
21 respect to any dwelling units developed, acquired, or leased  
22 by a public housing agency pursuant to a replacement plan  
23 under subsection (b)(3)—

24 “(1) assistance may be provided under section  
25 9 for such units; and

1           “(2) such units shall be available for occupancy,  
2           operated and managed in the manner required for  
3           public housing, and shall be subject to the other re-  
4           quirements applicable to public housing dwelling  
5           units.

6           “(e) APPROVAL OF APPLICATIONS.—

7           “(1) IN GENERAL.—The Secretary shall notify  
8           a public housing agency submitting an application  
9           under this section for demolition or disposition and  
10          replacement of a public housing project or portion of  
11          a project of the approval or disapproval of the appli-  
12          cation not later than 60 days after receiving the ap-  
13          plication. If the Secretary does not notify the public  
14          housing agency as required under this paragraph or  
15          paragraph (2), the application shall be considered to  
16          have been approved.

17          “(2) DISAPPROVAL AND RESUBMISSION.—If the  
18          Secretary disapproves an application, the Secretary  
19          shall specify in the notice of disapproval the reasons  
20          for the disapproval and the agency may resubmit the  
21          application as amended or modified.

22          “(3) ANNUAL REPORT.—The Secretary shall  
23          submit a report to the Congress annually describing  
24          for the year the applications under this section ap-  
25          proved and disapproved, the number, general condi-

1 tion, and location of units demolished or disposed of,  
2 and the number, general condition, location and  
3 method of provision of units of replacement housing  
4 provided pursuant to this section.

5 “(f) ACTION BEFORE APPROVAL OF APPLICATION.—

6 “(1) PROHIBITED ACTION.—A public housing  
7 agency shall not take any action to demolish or dis-  
8 pose of a public housing project or a portion of a  
9 public housing project without obtaining the ap-  
10 proval of the Secretary and satisfying the conditions  
11 specified in subsections (a) and (b).

12 “(2) ALLOWABLE RELOCATION.—A public  
13 housing agency may relocate tenants of public hous-  
14 ing into other dwelling units before the approval of  
15 an application under this section for demolition or  
16 disposition or prior to implementing a plan for mod-  
17 ernization under section 14 or 24, if units to be de-  
18 molished or disposed of are not decent, safe, and  
19 sanitary, or if the units to be rehabilitated can not  
20 be maintained cost-effectively in a decent, safe, and  
21 sanitary condition.

22 “(g) ASSISTANCE FOR REPLACEMENT HOUSING.—

23 The Secretary may provide assistance under this sub-  
24 section for—

1           “(1) providing replacement public housing units  
2           pursuant to subsection (b)(3)(A) for units demol-  
3           ished or disposed of pursuant to this section; and

4           “(2) providing assistance under section 8 for  
5           replacement housing pursuant to subsection  
6           (b)(3)(A) for units demolished or disposed of pursu-  
7           ant to this section.

8           “(h) INAPPLICABILITY TO PUBLIC HOUSING HOME-  
9           OWNERSHIP PROGRAM.—The provisions of this section  
10          shall not apply to the disposition of a public housing  
11          project in accordance with an approved homeownership  
12          program under title III of this Act.

13          “(i) EXCEPTION TO REPLACEMENT RULE.—

14                 “(1) REQUIREMENTS FOR WAIVER.—The Sec-  
15                 retary shall waive the applicability of the provisions  
16                 of subsection (b)(3) with respect to any application  
17                 under this section by a public housing agency for the  
18                 demolition or disposition of public housing dwelling  
19                 units if—

20                         “(A) the Secretary determines, based on  
21                         information provided by the public housing  
22                         agency in the application and the request under  
23                         paragraph (2), that—

24                                 “(i) the requirements under sub-  
25                                 section (b)(3) are preventing or interfering

1 with the development or acquisition of new  
2 public housing dwelling units by the agen-  
3 cy;

4 “(ii) the long-term goal of the agency  
5 in requesting the waiver under this sub-  
6 section is to increase the number of habit-  
7 able public housing dwelling units of the  
8 agency;

9 “(iii) maintaining and operating the  
10 dwelling units to be demolished or disposed  
11 of is not cost effective; and

12 “(iv) sufficient financial assistance is  
13 not, and will not be, available to the public  
14 housing agency to rehabilitate or replace  
15 all or some of the units;

16 “(B) the Secretary determines that replac-  
17 ing the dwelling units to be demolished or dis-  
18 posed under the application is unnecessary be-  
19 cause other affordable housing is available in  
20 the area in which the units are located, and in  
21 making such determination the Secretary shall  
22 consider the assessment submitted by the public  
23 housing agency under paragraph (2)(C); and

1           “(C) the public housing agency requests a  
2           waiver under this subsection in accordance with  
3           the requirements under paragraph (2).

4           “(2) REQUEST FOR WAIVER.—To be eligible for  
5           a waiver under this subsection, a public housing  
6           agency shall submit to the Secretary a request for  
7           a waiver under this subsection that includes—

8                   “(A) a comprehensive plan for demolition,  
9                   disposition, and replacement that describes ad-  
10                  ditional dwelling units to be made available by  
11                  the public housing agency;

12                  “(B) an identification of the dwelling units  
13                  for which the waiver is requested; and

14                  “(C) an assessment of the need of replac-  
15                  ing such dwelling units including the unit size,  
16                  age, general condition, and length of time such  
17                  units have been vacant, the condition of the  
18                  neighborhood in which the dwelling units are lo-  
19                  cated, and the availability of dwelling units af-  
20                  fordable to low-income families within the juris-  
21                  diction in which the dwelling units are located,  
22                  during the implementation of the replacement  
23                  plan.

24           “(3) SUBMISSION TO SECRETARY.—A request  
25           for a waiver under this subsection may be submitted

1 at any time. The request shall be submitted to the  
2 Secretary by certified mail or any other equivalent  
3 means that provides notification to the public hous-  
4 ing agency making the request of the date of receipt  
5 by the Secretary.

6 “(4) NOTICE OF DISPOSITION OF REQUEST.—  
7 Except as provided in paragraph (5), the Secretary  
8 shall notify a public housing agency requesting a  
9 waiver under this section of the approval or dis-  
10 approval of the request not later than 45 days after  
11 receiving the request. If the Secretary does not no-  
12 tify the public housing agency as required under this  
13 paragraph or paragraph (5), the request for a waiver  
14 shall be considered to have been approved.

15 “(5) REQUEST FOR ADDITIONAL INFORMA-  
16 TION.—If the Secretary determines that more infor-  
17 mation is needed to make the determinations under  
18 paragraph (1) than has been provided by the public  
19 housing agency, the Secretary shall notify the agen-  
20 cy in writing not later 30 days after receiving the re-  
21 quest for the waiver that additional information is  
22 necessary. Such notice shall describe specifically the  
23 additional information required for the determina-  
24 tions and establish a deadline for the submission of  
25 the information by the agency, which shall be deter-

1 mined based on the difficulty of obtaining the infor-  
2 mation requested. If the agency submits such addi-  
3 tional information requested before the deadline es-  
4 tablished in the notice under this paragraph, the  
5 Secretary shall notify the agency requesting the  
6 waiver that the request is approved or disapproved  
7 not later than 30 days after the submission of such  
8 additional information.

9 “(6) STATEMENT OF REASONS FOR DENYING  
10 OR APPROVING REQUEST.—The Secretary shall in-  
11 clude, in each notice under paragraph (4) or (5) of  
12 the denial or approval of a request for a waiver  
13 under this subsection, the specific reasons for deny-  
14 ing or approving the request. The denial of any re-  
15 quest for a waiver for public housing dwelling units  
16 shall not prejudice the consideration of any other  
17 subsequent request for such a waiver for any of such  
18 dwelling units.”.

19 **SEC. 126. PUBLIC HOUSING RESIDENT OPPORTUNITY.**

20 Section 20 of the United States Housing Act of 1937  
21 (42 U.S.C. 1437r) is amended—

22 (1) by striking the section heading and insert-  
23 ing the following new section heading:

24 “RESIDENT OPPORTUNITY PROGRAM”;

25 (2) in the first 2 sentences of subsection (b), by  
26 striking “resident management program” each place



1 it appears and inserting “resident opportunity pro-  
2 gram”; and

3 (3) in subsection (f)—

4 (A) by striking “RESIDENT MANAGEMENT  
5 TECHNICAL ASSISTANCE AND TRAINING” and  
6 inserting “RESIDENT OPPORTUNITY ASSIST-  
7 ANCE”;

8 (B) in paragraph (1), by adding at the end  
9 the following new sentences: “In addition, the  
10 Secretary may provide financial assistance to  
11 resident management corporations or resident  
12 councils for activities sponsored by resident or-  
13 ganizations for job training, economic develop-  
14 ment, security, and other self-sufficiency activi-  
15 ties beyond those related to the management of  
16 public housing. Any resident management cor-  
17 poration or resident council may use such as-  
18 sistance to enter into agreements with any local  
19 community action agency receiving assistance  
20 under the Community Services Block Grant Act  
21 for such agency to carry out such activities.”;

22 (C) in paragraph (2), by striking  
23 “\$100,000” and inserting “\$250,000”;

24 (D) by striking paragraph (3) and insert-  
25 ing the following new paragraph:

1           “(3) FUNDING.—Of any amounts made avail-  
2           able for financial assistance under section 14, the  
3           Secretary may use to carry out this subsection  
4           \$25,000,000 for fiscal year 1995 and \$25,000,000  
5           for fiscal year 1996.”;

6                   (E) by redesignating paragraphs (2)  
7                   through (4) as paragraphs (3) through (5), re-  
8                   spectively; and

9                   (F) by inserting after paragraph (1) the  
10                  following new paragraph:

11                 “(2) OTHER USES OF ASSISTANCE.—The Sec-  
12                 retary may use amounts available to carry out this  
13                 subsection to enter into contracts with—

14                   “(A) various entities for monitoring, eval-  
15                   uation, technical assistance, and information  
16                   dissemination in connection with activities  
17                   under this subsection; and

18                   “(B) resident organizations and public or  
19                   private entities (including local community ac-  
20                   tion agencies receiving assistance under the  
21                   Community Services Block Grant Act) for ac-  
22                   tivities that support the economic development  
23                   and increased self-sufficiency of public housing  
24                   residents.

1 Eligible activities related to economic development  
2 and self-sufficiency may include programs for coun-  
3 seling, treatment for substance abuse, child care, re-  
4 medial education, job training, and development of  
5 resident businesses.”.

6 **SEC. 127. PUBLIC HOUSING FAMILY INVESTMENT CENTERS.**

7 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
8 22(k) of the United States Housing Act of 1937 (42  
9 U.S.C. 1437t(k)) is amended to read as follows:

10 “(k) AUTHORIZATION OF APPROPRIATIONS.—There  
11 are authorized to be appropriated to carry out this section  
12 \$50,000,000 for fiscal year 1995 and \$50,000,000 for fis-  
13 cal year 1996.”.

14 (b) PURPOSES.—Section 22(a) of the United States  
15 Housing Act of 1937 (42 U.S.C. 1437t(a)) is amended—

16 (1) in the matter preceding paragraph (1) by  
17 inserting before “to provide” the following: “to pro-  
18 vide job training and employment services to public  
19 housing residents in connection with public and pri-  
20 vate sector jobs generated by construction, mod-  
21 ernization, maintenance, and supportive service ac-  
22 tivities of public housing and other housing projects  
23 and programs assisted by the Department of Hous-  
24 ing and Urban Development and”;

1           (2) by redesignating paragraphs (2), (3), and  
2           (4), as paragraphs (3), (4), and (5), respectively;

3           (3) by inserting after paragraph (1) the follow-  
4           ing new paragraph:

5           “(2) operating job banks, assisting employers to  
6           develop training and apprenticeship programs, as-  
7           sisting businesses of public housing residents, and  
8           other employment-related activities;”; and

9           (4) by adding at the end the following new  
10          flush sentence:

11         “The provision of services under this section shall be con-  
12         sidered the provision of housing for purposes of section  
13         3 of the Housing and Urban Development Act of 1968.”.

14         (c) ELIMINATION OF SUPPORTIVE SERVICES CAP.—  
15         Section 22(c)(4) of the United States Housing Act of  
16         1937 is amended by striking “not more than 15 percent  
17         of”.

18         (d) ECONOMIC OPPORTUNITY ACTIVITIES.—Section  
19         22 of the United States Housing Act of 1937 is amend-  
20         ed—

21                 (1) by striking subsection (b) and inserting the  
22                 following new subsection:

23                 “(b) GRANT AUTHORITY.—The Secretary may make  
24                 grants to public housing agencies, and to local community  
25                 action agencies that are receiving assistance under the

1 Community Services Block Grant Act and are working in  
2 coordination with public housing agencies, to adapt and  
3 provide sites in or near public housing for providing serv-  
4 ices to help families residing in the public housing gain  
5 better access to educational and job opportunities to  
6 achieve self-sufficiency and independence, and to provide  
7 such services. Assistance under this section may be made  
8 available only for public housing agencies that dem-  
9 onstrate to the satisfaction of the Secretary that support-  
10 ive services (as such term is defined in subsection (j)) will  
11 be made available. Facilities assisted under this section  
12 shall be located in or near the premises of public hous-  
13 ing.”;

14 (2) in subsection (c)(3), by striking “the ren-  
15 ovation of facilities located near the premises of 1 or  
16 more public housing projects” and inserting the fol-  
17 lowing: “the acquisition of facilities located near the  
18 premises of 1 or more public housing projects, the  
19 acquisition and renovation of such facilities, or the  
20 renovation of such facilities,”; and

21 (3) in subsection (j)—

22 (A) in the first sentence, by inserting be-  
23 fore the period at the end the following: “(in-  
24 cluding opportunities under a Family Self-Suffi-  
25 ciency program under section 23 of this Act,

1 subtitle D of title IV of the Cranston-Gonzalez  
2 National Affordable Housing Act, and the Job  
3 Training Partnership Act) and to facilitating  
4 participation in such opportunities”;

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

7 (C) by redesignating paragraphs (4), (5),  
8 and (6) as paragraphs (5), (6), and (15), re-  
9 spectively; and

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

12 “(4) English language education for persons  
13 having no or limited proficiency in English;”;

14 (E) by inserting after paragraph (6) (as so  
15 redesignated) the following new paragraphs:

16 “(7) providing a job bank of available employ-  
17 ment positions;

18 “(8) assisting contractors, contractor associa-  
19 tions, and joint labor-management committees to de-  
20 velop and assist training and apprenticeship pro-  
21 grams;

22 “(9) funding start-up costs of business employ-  
23 ing, or owned by, public housing residents;

24 “(10) providing coordination with related gov-  
25 ernment and private programs;

1           “(11) carrying out job-related activities nec-  
2           essary to establish and operate a family investment  
3           center, including training, supervision of trainees,  
4           and job recruitment;

5           “(12) apprenticeship training of public housing  
6           residents in job skills used in the construction mod-  
7           ernization, maintenance, and operation of public  
8           housing and other housing assisted by the Depart-  
9           ment of Housing and Urban Development;

10          “(13) employing public housing residents in  
11          modernization, maintenance, and operation of public  
12          housing and other housing assisted by the Depart-  
13          ment of Housing and Urban Development;

14          “(14) training and employing public housing  
15          residents in jobs providing supportive services to  
16          residents participating in the program for family  
17          self-sufficiency and other economic independence;  
18          and”.

19          (e) USE OF COMMUNITY ACTION AGENCIES.—Sec-  
20          tion 22 of the United States Housing Act of 1937 is  
21          amended—

22                 (1) in subsection (c)(4), by inserting “, includ-  
23                 ing local community action agencies receiving assist-  
24                 ance under the Community Services Block Grant  
25                 Act” after “providers”; and

1           (2) in subsection (h), by striking “employ” and  
2           inserting “provide for the employment of”.

3   **SEC. 128. REVITALIZATION OF SEVERELY DISTRESSED PUB-**  
4                           **LIC HOUSING.**

5           (a) PLANNING GRANTS.—Subsection (c) of section 24  
6 of the United States Housing Act of 1937 (42 U.S.C.  
7 1437v(c)) is amended—

8           (1) in paragraph (2) by striking “\$200,000”  
9           and inserting “\$300,000”;

10          (2) in paragraph (3)—

11               (A) in subparagraph (G), by striking “de-  
12               signing a suitable replacement housing plan”  
13               and inserting “designing suitable relocation and  
14               replacement housing plans”;

15               (B) by redesignating subparagraphs (E)  
16               through (I) as subparagraphs (F) through (J),  
17               respectively; and

18               (C) by inserting after subparagraph (D)  
19               the following new subparagraph:

20                       “(E) planning for community service ac-  
21                       tivities to be carried out by residents, other  
22                       members of the community, and other persons  
23                       willing to contribute to the social, economic, or  
24                       physical improvement of the community;”;

25          (3) in paragraph (4)—



1 (A) by redesignating subparagraphs (D)  
2 and (E) as subparagraphs (E) and (F), respec-  
3 tively; and

4 (B) by inserting after subparagraph (C)  
5 the following new subparagraph:

6 “(D) to the extent the applicant is request-  
7 ing amounts for community service activities, a  
8 description of the planning activities for com-  
9 munity service to be carried out by residents,  
10 other members of the community, and other  
11 persons willing to contribute to the social, eco-  
12 nomic, or physical improvement of the commu-  
13 nity;”; and

14 (5) in paragraph (5)—

15 (A) in subparagraph (F), by inserting be-  
16 fore the semicolon at the end the following: “,  
17 taking into consideration the condition of the  
18 public housing of the public housing agency as  
19 a whole”;

20 (B) by striking subparagraph (E);

21 (C) by redesignating subparagraphs (F)  
22 and (G) as subparagraphs (E) and (F), respec-  
23 tively; and

24 (D) by adding at the end the following new  
25 flush material:

1 “In making grants under this subsection, the Sec-  
2 retary may select a lower-rated application that  
3 meets the requirements pursuant to this section in-  
4 stead of a higher-rated application to increase the  
5 national geographic diversity among applications ap-  
6 proved under this section.”.

7 (b) IMPLEMENTATION GRANTS.—Subsection (d) of  
8 section 24 of the United States Housing Act of 1937 is  
9 amended—

10 (1) in paragraph (2)—

11 (A) in subparagraph (I), by striking “ex-  
12 cept that” and all that follows and inserting the  
13 following: “except that—

14 “(i) not more than 20 percent of any  
15 grant under this subsection may be used  
16 for such purpose; and

17 “(ii) an amount equal to 15 percent of  
18 the amount of any grant under this sub-  
19 section used for such purposes shall be  
20 contributed from non-Federal sources, and  
21 may be in the form of cash, administrative  
22 costs, and the reasonable value of in-kind  
23 contributions, and may include funding  
24 under title I of the Housing and Commu-  
25 nity Development Act of 1974.”;

1 (B) by redesignating subparagraphs (E)  
2 through (I) (as so amended) as subparagraphs  
3 (G) through (K), respectively; and

4 (C) by inserting after subparagraph (D)  
5 the following new subparagraphs:

6 “(E) community service activities to be  
7 carried out by residents, other members of the  
8 community, and other persons willing to con-  
9 tribute to the social, economic, or physical im-  
10 provement of the community;

11 “(F) replacement of public housing units;”;  
12 (2) in paragraph (3)—

13 (A) by redesignating subparagraphs (D)  
14 and (E) as subparagraphs (E) and (F), respec-  
15 tively; and

16 (B) by inserting after subparagraph (C)  
17 the following new subparagraph:

18 “(D) to the extent the applicant is request-  
19 ing amounts for community service activities, a  
20 description of the community service activities  
21 to be carried out by residents, other members  
22 of the community, and other persons willing to  
23 contribute to the social, economic, or physical  
24 improvement of the community;” and

25 (3) in paragraph (4)—

1 (A) by striking subparagraph (D) and in-  
2 serting the following new subparagraph:

3 “(D) the quality of the proposed revitaliza-  
4 tion program and the suitability of the project  
5 for such a program;”;

6 (B) in subparagraph (F), by inserting be-  
7 fore the semicolon at the end the following: “,  
8 taking into consideration the condition of the  
9 public housing of the applicant as a whole”;  
10 and

11 (C) by striking subparagraph (E);

12 (D) by redesignating subparagraphs (F)  
13 and (G) as subparagraphs (E) and (F), respec-  
14 tively; and

15 (E) by adding at the end the following new  
16 flush material:

17 “In making grants under this subsection, the Sec-  
18 retary may select a lower-rated application that  
19 meets the requirements pursuant to this section in-  
20 stead of a higher-rated application to increase the  
21 national geographic diversity among applications ap-  
22 proved under this section.”.

23 (c) EXCEPTIONS TO GENERAL PROGRAM REQUIRE-  
24 MENTS.—Section 24(e) of the United States Housing Act  
25 of 1937 is amended—

1           (1) by striking the first sentence of paragraph  
2           (2) and inserting the following new sentence: “For  
3           projects revitalized under this section, a public hous-  
4           ing agency may—

5                   “(A) in lieu of selecting tenants pursuant  
6                   to the preferences specified under section  
7                   6(c)(4)(A)(i), select tenants pursuant to a local  
8                   system of preferences;

9                   “(B) in making dwelling units in such  
10                  projects available for occupancy, disregard the  
11                  order in which applications were made for resi-  
12                  dency in public housing dwelling units or any  
13                  waiting lists established for such residency to  
14                  provide for substantial variation in the incomes  
15                  of families residing in the project, subject to the  
16                  provisions of this Act relating to income eligi-  
17                  bility in public housing projects (as modified  
18                  under subparagraph (C));

19                  “(C) notwithstanding section 16 of this  
20                  Act, provide for low-income families to occupy  
21                  not more than 50 percent of the dwelling units  
22                  in a project, and

23                  “(D) establish ceiling rents under section  
24                  3(a)(2).”; and

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

3           “(3) DEMOLITION AND REPLACEMENT.—

4           “(A) IN GENERAL.—Notwithstanding any  
5 other applicable law or regulation, a revitaliza-  
6 tion plan under this section may include demoli-  
7 tion of public housing units and replacement of  
8 such units on site or in the same neighborhood  
9 if the number of replacement units provided in  
10 the same neighborhood is fewer than the num-  
11 ber of units demolished as a result of the revi-  
12 talization effort.

13           “(B) TENANT-BASED ASSISTANCE.—Not-  
14 withstanding the limitation in subparagraph (C)  
15 of section 18(b)(3), a public housing agency  
16 may replace not more than one-third of the  
17 units demolished or disposed of through a revi-  
18 talization project under this section with ten-  
19 ant-based assistance under section 8, but only  
20 if the public housing agency demonstrates to  
21 the satisfaction of the Secretary that the local  
22 housing market in which the assistance is to be  
23 used has had a vacancy rate, among units  
24 whose rent does not exceed the fair market  
25 rental for the area established under section

1 8(e), of more than 3 percent for at least 6 con-  
2 secutive months.

3 “(C) ALTERNATIVE METHODS OF RE-  
4 PLACEMENT.—A revitalization plan under this  
5 section may provide for replacement of public  
6 housing units in the manners under subpara-  
7 graph (D) of this paragraph (and not subject to  
8 the requirements of subparagraph (B) of sec-  
9 tion 18(b)(3)) if the agency or corporation en-  
10 ters into such agreements as the Secretary con-  
11 siders necessary to ensure that the replacement  
12 units will remain affordable to families eligible  
13 for residency in public housing for the remain-  
14 ing useful life of the units, as determined by the  
15 Secretary.

16 “(D) CERTIFICATE AND NEW UNIT MIX.—  
17 Each such dwelling unit demolished, disposed  
18 of, or otherwise eliminated pursuant to this  
19 paragraph shall be replaced with an additional  
20 dwelling unit through any combination of—

21 “(i) additional public housing dwelling  
22 units;

23 “(ii) units or housing described in  
24 clause (iv), (v), (vii), (viii), or (ix) of sec-  
25 tion 18(b)(3)(A);

1           “(iii) rental units that are (I) assisted  
2           under title II of the Cranston-Gonzalez  
3           National Affordable Housing Act (notwith-  
4           standing section 212(d)(2) of such Act), or  
5           (II) assisted under a State or local rental  
6           assistance program that provides for rental  
7           assistance over a term of not less than 5  
8           years that is comparable in terms of eligi-  
9           bility and contribution to rent to assistance  
10          under section 8; but this clause shall apply  
11          to a revitalization program only if the  
12          agency demonstrates to the satisfaction of  
13          the Secretary that the local housing mar-  
14          ket in which the assistance is to be used  
15          has had a vacancy rate, among units whose  
16          rent does not exceed the fair market rental  
17          for the area established under section 8(e),  
18          of more than 3 percent for at least 6 con-  
19          secutive months; or  
20          “(iv) other manners approved by the  
21          Secretary.”.

22          (d) DEFINITIONS.—Subsection (h) of section 24 of  
23          the United States Housing Act of 1937 is amended—

24                  (1) by striking paragraph (5) and inserting the  
25          following new paragraphs:



1           “(6) SEVERELY DISTRESSED PUBLIC HOUS-  
2           ING.—The term ‘severely distressed public housing’  
3           means a public housing project or building in a  
4           project that—

5                   “(A) requires major redesign, reconstruc-  
6                   tion, or redevelopment, or partial or total demo-  
7                   lition, to correct serious deficiencies in the  
8                   original design (including inappropriately high  
9                   population density), deferred maintenance,  
10                  physical deterioration or obsolescence of major  
11                  systems, and other deficiencies in the physical  
12                  plant of the project;

13                  “(B) is—

14                          “(i)(I) occupied predominantly by  
15                          families with children which have extremely  
16                          low incomes, high rates of unemployment,  
17                          and extensive dependency on various forms  
18                          of public assistance; and

19                          “(II) has high rates of vandalism and  
20                          criminal activity (including drug-related  
21                          criminal activity) in comparison to other  
22                          housing in the area; or

23                          “(ii) has a vacancy rate, as deter-  
24                          mined by the Secretary, of 50 percent or  
25                          more;

1           “(C) can not be revitalized through assist-  
2           ance under other programs, such as the pro-  
3           grams under sections 9 and 14, or through  
4           other administrative means because of the inad-  
5           equacy of available amounts; and

6           “(D) in the case of an individual building,  
7           the building is (in the determination of the Sec-  
8           retary) sufficiently separable from the remain-  
9           der of the project of which the building is part  
10          to make use of the building feasible for pur-  
11          poses of this section.

12          “(7) SUPPORT SERVICES.—The term ‘support  
13          services’ includes all activities which will promote  
14          upward mobility, self-sufficiency, and improved qual-  
15          ity of life for the residents of the public housing  
16          project involved, and shall include literacy training,  
17          job training, day care, and economic development ac-  
18          tivities. Support services may be provided to resi-  
19          dents of the neighborhood in which the public hous-  
20          ing project involved is located.”;

21          (2) by redesignating paragraphs (2) through  
22          (4) as paragraphs (3) through (5), respectively; and

23          (3) by inserting after paragraph (1) the follow-  
24          ing new paragraph:

1           “(2) COMMUNITY SERVICE.—The term ‘commu-  
2           nity service’ means services provided on a volunteer  
3           or limited stipend basis for the social, economic, or  
4           physical improvement of the community to be  
5           served, including opportunity for the upward mobil-  
6           ity of participants providing the community service,  
7           through completion of education requirements, job  
8           training, or alternative methods of developing skills  
9           and job readiness.”.

10          (e) REPORTS.—Section 24(i) of the United States  
11 Housing Act of 1937 is amended—

12           (1) by striking paragraph (2); and

13           (2) by redesignating paragraphs (3) and (4) as  
14 paragraphs (2) and (3), respectively.

15          (f) REPEAL.—Section 24 of the United States Hous-  
16 ing Act of 1937 (42 U.S.C. 1437v) is amended by striking  
17 subsection (b).

18          (g) APPLICABILITY.—Section 24 of the United States  
19 Housing Act of 1937 is amended by adding at the end  
20 the following new subsection:

21           “(j) APPLICABILITY.—Notwithstanding any provision  
22 of this Act, with respect to a public housing project that  
23 (1) has been selected for funding under this section 24  
24 or through the urban revitalization demonstration pro-  
25 gram under the Departments of Veterans Affairs and

1 Housing and Urban Development, and Independent Agen-  
2 cies Appropriations Act, 1993 (Public Law 102–389, 106  
3 Stat. 1579; 42 U.S.C. 1437l note) or the Departments of  
4 Veterans Affairs and Housing and Urban Development,  
5 and Independent Agencies Appropriations Act, 1994  
6 (Public Law 103–124, 107 Stat. 1285; 42 U.S.C. 1437l  
7 note), and (2) has an approved comprehensive plan under  
8 section 14 of this Act, the Secretary may apply any provi-  
9 sion of this section and the regulations hereunder to all  
10 activities undertaken at such projects only during revital-  
11 ization (including activities relating to demolition, mod-  
12 ernization, reconstruction, site improvement, and replace-  
13 ment housing).”.

14 (h) CONFORMING AMENDMENT.—The first sentence  
15 of section 25(m)(1) of the United States Housing Act of  
16 1937 (42 U.S.C. 1437w(m)(1)) is amended to read as fol-  
17 lows: “The term ‘eligible housing’ means a public housing  
18 project, or one or more buildings within a project, that  
19 is owned or operated by a troubled public housing agency  
20 that has been troubled for not less than 3 years and that,  
21 as determined by the Secretary, has failed to make sub-  
22 stantial progress toward effective management.”.

23 (i) APPLICABILITY TO CERTAIN PROJECT.—The  
24 amendments made by this section shall apply with respect  
25 to assistance provided before the date of the enactment

1 of this Act under section 24 of the United States Housing  
2 Act of 1937 for the Desire Housing Development, located  
3 in New Orleans, Louisiana, but only to the extent that  
4 the Housing Authority of New Orleans submits to the Sec-  
5 retary of Housing and Urban Development a description  
6 of the revitalization program for such project describing  
7 the use of such assistance under the provisions of such  
8 section 24, as amended, which is approved by the Sec-  
9 retary.

10 **SEC. 129. PROGRAM MONITORING AND TECHNICAL ASSIST-**  
11 **ANCE.**

12 (a) DEFINITION.—Section 3 of the United States  
13 Housing Act of 1937 (42 U.S.C. 1437a), as amended by  
14 adding at the end the following new subsection:

15 “(e) TECHNICAL ASSISTANCE AND SERVICES.—As  
16 used in sections 5(c)(9) and 14(k)(1)(B), the term ‘tech-  
17 nical assistance and services’ shall include any or all un-  
18 dertakings by the Secretary, directly using officials and  
19 employees of the Secretary, or indirectly under contract  
20 or otherwise, related to the inspection or oversight of  
21 project or program development or implementation, train-  
22 ing and technical assistance, public housing agency or In-  
23 dian housing authority program, project, or general man-  
24 agement, crisis management and operations, survey re-

1 search, and the preparation of reports or recommenda-  
2 tions to the Secretary.”.

3 (b) AVAILABILITY OF DEVELOPMENT AMOUNTS.—  
4 Section 5(c) of the United States Housing Act of 1937  
5 (42 U.S.C. 1437c(c)) is amended by adding at the end  
6 the following new paragraph:

7 “(9) Of any amounts appropriated pursuant to this  
8 Act in fiscal year 1995 for public housing development (in-  
9 cluding Indian housing development), the Secretary may  
10 use not more than 0.5 percent for technical assistance and  
11 services.”.

12 (c) AVAILABILITY OF MODERNIZATION AMOUNTS.—  
13 Section 14(k)(1) of the United States Housing Act of  
14 1937 (42 U.S.C. 1437l(k)(1)), as amended by the preced-  
15 ing provisions of this Act, is amended—

16 (1) by inserting “(A)” before the first sentence;  
17 and

18 (2) by adding at the end the following new sub-  
19 paragraph:

20 “(B) Of any amounts approved in appropriation Acts  
21 for grants under this section in fiscal year 1995, the Sec-  
22 retary may use not more than 1 percent for technical as-  
23 sistance and services.”.

1 **SEC. 130. APPLICABILITY OF PUBLIC HOUSING AMEND-**  
2 **MENTS TO INDIAN HOUSING.**

3 (a) AMENDMENT.—Section 201(b) of the United  
4 States Housing Act of 1937 (42 U.S.C. 1437aa(b)) is  
5 amended to read as follows:

6 “(b) APPLICABILITY OF TITLE I.—Except as other-  
7 wise provided by law, the provisions of title I shall apply  
8 to low-income housing developed or operated pursuant to  
9 a contract between the Secretary and an Indian housing  
10 authority.”.

11 (b) APPLICABILITY OF AMENDMENT.—The amend-  
12 ment made by subsection (a) shall not affect provisions  
13 of the United States Housing Act of 1937 that were made  
14 applicable to public housing developed or operated pursu-  
15 ant to a contract between the Secretary and an Indian  
16 housing authority in accordance with section 201(b)(2) of  
17 such Act, as such section existed before the effective date  
18 of this section.

19 (c) APPLICABILITY OF HOUSING AND COMMUNITY  
20 DEVELOPMENT ACT OF 1992.—The provisions of, and the  
21 amendments made by, sections 103(a)(1), 112, 114, 116,  
22 118, 903, and 927 of the Housing and Community Devel-  
23 opment Act of 1992 and sections 301, 302, 303, and 304  
24 of the Multifamily Housing Property Disposition Reform  
25 Act of 1994 shall apply to public housing developed or op-

1 erated pursuant to a contract between the Secretary and  
2 an Indian housing authority.

3 **SEC. 131. EARLY CHILDHOOD DEVELOPMENT PROGRAM.**

4 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
5 222(g) of the Housing and Urban-Rural Recovery Act of  
6 1983 (12 U.S.C. 1701z-6 note) is amended by striking  
7 the first two sentences and inserting the following new  
8 sentence: “There are authorized to be appropriated to  
9 carry out this section \$35,000,000 for fiscal year 1995  
10 and \$35,000,000 for fiscal year 1996.”.

11 (b) ELIGIBILITY FOR ASSISTANCE.—Section  
12 222(b)(1) of the Housing and Urban-Rural Recovery Act  
13 of 1983 is amended by inserting before the semicolon at  
14 the end the following: “, except that the Secretary may  
15 make a grant to provide additional assistance for an exist-  
16 ing child care center assisted under this section or to ex-  
17 pand an existing child care center regardless of whether  
18 such center was previously assisted under this section”.

19 (c) ASSISTANCE FOR HOMELESS FAMILIES.—Section  
20 222(a)(1) of the Housing and Urban-Rural Recovery Act  
21 of 1983 amended by inserting before the period at the end  
22 the following: “(including, for purposes of this section,  
23 homeless families with children, as defined by the Sec-  
24 retary)”.



1 (d) CLERICAL AMENDMENT.—The heading for sec-  
2 tion 222 of the Housing and Urban-Rural Recovery Act  
3 of 1983 is amended to read as follows: “EARLY CHILD-  
4 HOOD DEVELOPMENT PROGRAMS”.

5 **SEC. 132. INDIAN HOUSING CHILDHOOD DEVELOPMENT**  
6 **SERVICES.**

7 FUNDING.—Section 518(a) of the Cranston-Gonzalez  
8 National Affordable Housing Act (12 U.S.C. 1701z-6  
9 note) is amended by striking the first and second sen-  
10 tences and inserting the following new sentence: “There  
11 are authorized to be appropriated to carry out the dem-  
12 onstration program under this section \$6,000,000 for fis-  
13 cal year 1995 and \$6,000,000 for fiscal year 1996.”.

14 **SEC. 133. PUBLIC HOUSING ONE-STOP PERINATAL SERV-**  
15 **ICES DEMONSTRATION.**

16 Section 521(g) of the Cranston-Gonzalez National  
17 Affordable Housing Act (42 U.S.C. 1437t note) is amend-  
18 ed to read as follows:

19 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
20 are authorized to be appropriated for carrying out the  
21 demonstration program under this section such sums as  
22 may be necessary for each of fiscal years 1995 and  
23 1996.”.

1 **SEC. 134. SALE OF CERTAIN SCATTERED-SITE PUBLIC**  
2 **HOUSING.**

3 Section 131 of the Housing and Community Develop-  
4 ment Act of 1992 (Public Law 102–550; 106 Stat. 3712)  
5 is amended by adding at the end the following new sen-  
6 tence: “During the term of the annual contributions con-  
7 tract relating to the scattered-site public housing origi-  
8 nally sold under this section, any proceeds from the dis-  
9 position of replacement scattered-site dwellings purchased  
10 with (1) the proceeds from such original disposition, or  
11 (2) the proceeds from the disposition of any replacement  
12 scattered-site dwellings, shall be used to purchase addi-  
13 tional replacement scattered-site dwellings, which shall be  
14 considered public housing for the purposes of such Act and  
15 for which the Secretary shall provide annual contributions  
16 for operation, using amounts made available under section  
17 9(c) of such Act.”.

18 **SEC. 135. ELIGIBILITY OF CERTAIN PUBLIC HOUSING FOR**  
19 **DEMOLITION.**

20 Section 415 of the Department of Housing and  
21 Urban Development—Independent Agencies Appropria-  
22 tions Act, 1988 (Public Law 100–202; 101 Stat. 1329–  
23 213), is amended by striking “George Loving Place, at  
24 3320 Rupert Street, Edgar Ward Place, at 3901  
25 Holystone, Elmer Scott Place, at 2600 Morris, in Dallas,  
26 Texas, or”.

1 **SEC. 136. DEMONSTRATION PROGRAM FOR INNOVATIVE**  
2 **PUBLIC HOUSING AGENCIES AND RESIDENT**  
3 **MANAGEMENT CORPORATIONS.**

4 (a) **AUTHORITY.**—The Secretary may authorize pub-  
5 lic housing agencies and resident management corpora-  
6 tions to carry out demonstrations for public housing  
7 that—

8 (1) test the extent to which aspects of the public  
9 housing program may be exempt from certain statu-  
10 tory requirements while continuing to serve eligible  
11 families, and

12 (2) permit agencies and resident management  
13 corporations to establish policies for the operation,  
14 maintenance, management, and development (includ-  
15 ing modernization) of one or more projects, without  
16 regard to the requirements applicable to public hous-  
17 ing in the United States Housing Act of 1937.

18 In establishing such policies, public housing agencies and  
19 resident management corporations shall be subject to any  
20 applicable State or local law.

21 (b) **WAIVER OF PROVISIONS OF 1937 ACT.**—For any  
22 demonstration authorized under this section, the Secretary  
23 may waive the applicability of any requirements of the  
24 United States Housing Act of 1937 that the Secretary de-  
25 termines are not consistent with the purposes of a dem-  
26 onstration, except requirements—

1           (1) limiting occupancy of public housing to low-  
2 income families, as defined in section 3 of the Unit-  
3 ed States Housing Act of 1937;

4           (2) under section 18 of such Act requiring re-  
5 placement of units in the case of demolition or dis-  
6 position (except that the limitation on the use of  
7 tenant-based assistance to applications proposing  
8 demolition or disposition of 200 or more units may  
9 be waived); and

10          (3) relating to labor standards.

11       (c) REPLACEMENT HOUSING.—

12           (1) AUTHORITY.—In authorizing a demonstra-  
13 tion under this section, the Secretary may authorize  
14 a public housing agency to demolish or dispose of  
15 public housing units and replace such units on site  
16 or in the same neighborhood if the number of re-  
17 placement units provided in the same neighborhood  
18 is fewer than the number of units demolished under  
19 the demonstration.

20           (2) TENANT-BASED ASSISTANCE.—Notwith-  
21 standing the limitations in subparagraphs (A)(v)  
22 and (C) of section 18(b)(3), a public housing agency  
23 may replace not more than one-third of the units de-  
24 molished or disposed of under a demonstration  
25 under this section with tenant-based assistance

1 under section 8, but only if the public housing agen-  
2 cy demonstrates to the satisfaction of the Secretary  
3 that the local housing market in which the assist-  
4 ance is to be used has had a vacancy rate, among  
5 units whose rent does not exceed the fair market  
6 rental for the area established under section 8(e), of  
7 more than 3 percent for at least 6 consecutive  
8 months.

9 (3) ALTERNATIVE METHODS OF REPLACE-  
10 MENT.—In authorizing a demonstration under this  
11 section, the Secretary may authorize a public hous-  
12 ing agency to provide for replacement of public  
13 housing units in the manners under paragraph (4)  
14 of this subsection rather than in the manners speci-  
15 fied under the various clauses of section 18(b)(3)(A)  
16 (and not subject to the requirements of subpara-  
17 graph (B) of section 18(b)(3)) if the agency enters  
18 into such agreements as the Secretary considers nec-  
19 essary to ensure that the replacement units will re-  
20 main affordable to families eligible for residency in  
21 public housing for the remaining useful life of the  
22 units, as determined by the Secretary.

23 (4) CERTIFICATE AND NEW UNIT MIX.—Each  
24 such dwelling unit demolished, disposed of, or other-  
25 wise eliminated pursuant to this subsection shall be

1 replaced with an additional dwelling unit through  
2 any combination of—

3 (A) additional public housing dwelling  
4 units;

5 (B) units acquired or otherwise provided  
6 for homeownership (including cooperative and  
7 condominium interests) by public housing resi-  
8 dents under section 5(h), subtitle B or C of title  
9 IV of the Cranston-Gonzalez National Afford-  
10 able Housing Act, or other programs for home-  
11 ownership that have program requirements sub-  
12 stantially equivalent to the requirements estab-  
13 lished under section 605 of the Housing and  
14 Community Development Act of 1987;

15 (C) affordable housing homeownership  
16 units assisted under title II of the Cranston-  
17 Gonzalez National Affordable Housing Act and  
18 sold to public housing residents;

19 (D) rental units that are (i) assisted under  
20 title II of the Cranston-Gonzalez National Af-  
21 fordable Housing Act (notwithstanding section  
22 212(d)(2) of such Act), or (ii) assisted under a  
23 State or local rental assistance program that  
24 provides for rental assistance over a term of not  
25 less than 5 years that is comparable in terms

1 of eligibility and contribution to rent to assist-  
2 ance under section 8; but this subparagraph  
3 shall apply to a public housing agency only if  
4 the agency demonstrates to the satisfaction of  
5 the Secretary that the local housing market in  
6 which the assistance is to be used has had a va-  
7 cancy rate, among units whose rent does not ex-  
8 ceed the fair market rental for area established  
9 under section 8(e), of more than 3 percent for  
10 at least 6 consecutive months;

11 (E) housing assisted by a tax credit under  
12 section 42 of the Internal Revenue Code;

13 (F) housing acquired from the Resolution  
14 Trust Corporation or the Federal Deposit In-  
15 surance Corporation;

16 (G) housing acquired under section 203 of  
17 the Housing and Community Development  
18 Amendments of 1978; or

19 (H) other manners approved by the Sec-  
20 retary.

21 (d) WAIVER OF OTHER STATUTORY REQUIRE-  
22 MENTS.—For any demonstration authorized under this  
23 section, the Secretary may also waive the applicability of  
24 any provision of law that applies to the projects under the  
25 demonstration and that the Secretary determines is not

1 consistent with the purposes of a demonstration, except  
2 that the Secretary may not waive any provision of the Uni-  
3 form Relocation Assistance and Real Property Acquisition  
4 Policies Act of 1970, any provision of the Internal Reve-  
5 nue Code of 1986, or any other provision of law relating  
6 to equal opportunity, nondiscrimination, or the environ-  
7 ment.

8 (e) SELECTION OF DEMONSTRATIONS.—

9 (1) SCOPE.—The Secretary may select not  
10 more than 25 public housing agencies or resident  
11 management corporations (or a combination of both)  
12 to carry out not more than 25 demonstrations under  
13 this section. Not more than 5 of the agencies se-  
14 lected may be agencies designated pursuant to sec-  
15 tion 6(j) of the United States Housing Act of 1937  
16 as troubled or troubled with respect to the public  
17 housing modernization program under section 14 of  
18 such Act.

19 (2) CRITERIA.—The Secretary shall select agen-  
20 cies and corporations based on selection criteria es-  
21 tablished by the Secretary, which shall include the  
22 following factors:

23 (A) The need for a range of project sizes.



1 (B) The need for a range of types of public  
2 housing agencies and resident management cor-  
3 porations.

4 (C) The potential effects and benefits that  
5 the variations proposed by the agency or cor-  
6 poration could have on the public housing pro-  
7 gram if the variations were adopted for the  
8 whole program.

9 (f) REQUIREMENTS.—The Secretary may authorize a  
10 demonstration program under this section only if the Sec-  
11 retary determines that the demonstration—

12 (1) would not, over the term of the demonstra-  
13 tion, result in the Federal Government incurring  
14 greater costs than the government would otherwise  
15 incur if the demonstration were not authorized;

16 (2) is consistent with the overall purposes of  
17 the public housing program;

18 (3) is evaluated by an independent party; and

19 (4) is consistent with the Fair Housing Act,  
20 title VI of the Civil Rights Act of 1964, section 504  
21 of the Rehabilitation Act of 1973, the Age Discrimi-  
22 nation Act of 1975, and the National Environmental  
23 Policy Act of 1969.

24 (g) AUTHORITY TO ESTABLISH ADDITIONAL RE-  
25 QUIREMENTS.—In authorizing a demonstration under this

1 section, the Secretary may impose such requirements as  
2 the Secretary considers to be appropriate to further the  
3 purposes of the demonstration.

4 (h) REPORTS.—

5 (1) REPORT ON DEMONSTRATION.—For each  
6 demonstration site, the public housing agency or  
7 resident management corporation carrying out the  
8 demonstration shall submit an annual progress re-  
9 port to the Secretary. For each demonstration car-  
10 ried out under this section, the Secretary shall sub-  
11 mit a report to Congress not later than 1 year after  
12 completion of the demonstration, describing the re-  
13 sults of the demonstration and making any rec-  
14 ommendations for legislation.

15 (2) REPORT ON WAIVER FOR NEW YORK  
16 CITY.—The Secretary shall conduct a study of the  
17 advisability, practicality, and effects of exempting  
18 the New York City Housing Authority from any pro-  
19 visions of law or regulation establishing require-  
20 ments for the site on which, and neighborhood in  
21 which, public housing is developed. The Secretary  
22 shall submit a report to the Congress not later than  
23 6 months after the date of the enactment of this Act  
24 describing the results of the study and making a rec-  
25 ommendation with respect to such exemption.

1 (i) TERM OF DEMONSTRATIONS.—The authority to  
2 carry out a demonstration program under this section  
3 shall be effective only for the period specified by the Sec-  
4 retary in authorizing the demonstration program, which  
5 may not exceed 5 years.

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

8 (1) The terms “public housing agency” and  
9 “agency” mean a public housing agency, as such  
10 term is defined in section 3(b) of the United States  
11 Housing Act of 1937.

12 (2) The terms “resident management corpora-  
13 tion” and “corporation” mean a resident manage-  
14 ment corporation established in accordance with re-  
15 quirements of the Secretary under section 20 of the  
16 United States Housing Act of 1937.

17 (3) The term “Secretary” means the Secretary  
18 of Housing and Urban Development.

19 (k) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated \$1,000,000 for the evalua-  
21 tion of demonstrations under this section.

1 **SEC. 137. DEMONSTRATION PROGRAM FOR OCCUPANCY OF**  
2 **OTHERWISE VACANT PUBLIC HOUSING UNITS**  
3 **BY MODERATE-INCOME FAMILIES.**

4 (a) **AUTHORITY.**—The Secretary of Housing and  
5 Urban Development may carry out a demonstration pro-  
6 gram under which public housing agencies may lease units  
7 in public housing projects assisted under the United  
8 States Housing Act of 1937 to moderate-income families,  
9 as such term is defined by the Secretary.

10 (b) **REQUIREMENTS FOR PARTICIPATION.**—The Sec-  
11 retary may approve a request by a public housing agency  
12 to participate in the demonstration program only if the  
13 Secretary determines that—

14 (1) the units proposed for leasing to moderate-  
15 income families would otherwise remain vacant;

16 (2) the agency has demonstrated that it has ac-  
17 tively marketed the units to eligible families and that  
18 eligible families are not available to fill the units cov-  
19 ered by the application and are not expected to be  
20 available for at least 12 months; and

21 (3) the agency has agreed not to provide ten-  
22 ant-based assistance under the United States Hous-  
23 ing Act of 1937 for unit sizes available for occu-  
24 pancy under the demonstration.

25 (c) **DURATION.**—The Secretary may authorize a pub-  
26 lic housing agency to participate in the demonstration for

1 up to a 2-year term and may extend the term for addi-  
2 tional periods of up to 2 years, if the agency submits an-  
3 other application that meets the requirements of this  
4 section.

5 **SEC. 138. STUDY OF ADEQUACY OF PAYMENT IN LIEU OF**  
6 **TAXES.**

7 The Comptroller General of the United States shall  
8 conduct a study of the payments made during recent years  
9 by public housing agencies to State and local governments  
10 in lieu of taxes, pursuant to section 6(d) of the United  
11 States Housing Act of 1937, to determine whether such  
12 payments adequately compensate for the amount of taxes  
13 foregone by such governments pursuant to such section.  
14 The Comptroller General shall submit a report to the Con-  
15 gress describing the results of the study not later than  
16 the expiration of the 1-year period beginning on the date  
17 of the enactment of this Act.

18 **Subtitle C—Section 8 Assistance**

19 **SEC. 141. COMMUNITY INVESTMENT DEMONSTRATION PRO-**  
20 **GRAM.**

21 Section 6(j) of the HUD Demonstration Act of 1993  
22 (42 U.S.C. 1437f note) is amended to read as follows:

23 “(j) AUTHORIZATION OF APPROPRIATIONS.—Of any  
24 amounts appropriated for incremental assistance under  
25 section 8 of the United States Housing Act of 1937, the

1 Secretary may use not more than \$150,000,000 in fiscal  
2 year 1995 and \$200,000,000 in fiscal year 1996 to carry  
3 out this section.”.

4 **SEC. 142. MERGER OF SECTION 8 RENTAL ASSISTANCE**  
5 **PROGRAMS.**

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

9 “RENTAL HOUSING ASSISTANCE FOR LOW-INCOME  
10 FAMILIES

11 “SEC. 8. (a) AUTHORITY AND PURPOSE.—

12 “(1) IN GENERAL.—For the purposes of aiding  
13 low-income families in obtaining a decent place to  
14 live and promoting economically mixed housing, the  
15 Secretary may provide assistance payments with re-  
16 spect to existing housing in accordance with the pro-  
17 visions of this section.

18 “(2) ELDERLY HOUSING.—Notwithstanding any  
19 other provision of this Act, assistance payments  
20 under this section may be provided, in accordance  
21 with regulations prescribed by the Secretary, with  
22 respect to some or all of the units in any project ap-  
23 proved pursuant to section 202 of the Housing Act  
24 of 1959 (as in effect before October 1, 1991).

25 “(b) ANNUAL CONTRIBUTIONS CONTRACTS FOR  
26 RENTAL ASSISTANCE.—

1           “(1) IN GENERAL.—The Secretary may enter  
2 into annual contributions contracts under this sub-  
3 section with public housing agencies to provide rent-  
4 al housing assistance under this section for low-in-  
5 come families. Such annual contributions contracts  
6 shall bind the Secretary to make such authority, and  
7 any amendments increasing such authority, available  
8 to the public housing agency for a specified period.

9           “(2) SECRETARY ACTING AS PHA.—In areas  
10 where no public housing agency has been organized  
11 or where the Secretary determines that a public  
12 housing agency is unable to implement the provi-  
13 sions of this section, the Secretary may enter into  
14 such contracts and perform the other functions as-  
15 signed to a public housing agency by this section.

16           “(3) TREATMENT OF ASSISTANCE FOR SUP-  
17 PORTIVE HOUSING FOR THE DISABLED.—The Sec-  
18 retary may not consider the receipt by a public hous-  
19 ing agency of assistance under section 811(b)(1) of  
20 the Cranston-Gonzalez National Affordable Housing  
21 Act, or the amount received, in approving assistance  
22 under this section for the agency or in determining  
23 the amount of such assistance to be provided to the  
24 agency.

25           “(c) ASSISTANCE CONTRACTS.—

1           “(1) IN GENERAL.—Each public housing agen-  
2           cy that receives amounts under an annual contribu-  
3           tions contract may enter into assistance contracts to  
4           make rental assistance payments to owners of exist-  
5           ing dwelling units in accordance with the provisions  
6           of this section.

7           “(2) PHA ACTING AS OWNER.—A public hous-  
8           ing agency may contract to make rental assistance  
9           payments under this section to itself (or any agency  
10          or instrumentality thereof) as the owner of dwelling  
11          units, and the agency shall be subject to the same  
12          program requirements as are applied to other own-  
13          ers. In such cases, the Secretary may establish ini-  
14          tial rents within applicable limits.

15          “(3) INAPPLICABLE PROVISIONS.—Sections 5(e)  
16          and 6 and any other provisions of this Act that are  
17          inconsistent with the provisions of this section shall  
18          not apply to assistance contracts entered into pursu-  
19          ant to this section.

20          “(d) MAXIMUM MONTHLY RENT.—

21                 “(1) IN GENERAL.—Each assistance contract  
22                 entered into pursuant to this section shall establish  
23                 the maximum monthly rent (including utilities and  
24                 all maintenance and management charges) that the  
25                 owner is entitled to receive for each dwelling unit for



1       which rental assistance payments are to be made  
2       under the contract. Except as provided in paragraph  
3       (2), the maximum monthly rent shall not exceed by  
4       more than 10 percent the fair market rental under  
5       subsection (e) for the market area in which the  
6       dwelling unit is located. If units assisted under this  
7       section are exempt from local rent control while they  
8       are so assisted or otherwise, the maximum monthly  
9       rent for such units shall be reasonable in comparison  
10      with other units in the market area that are exempt  
11      from local rent control.

12           “(2) EXCEPTION.—The maximum monthly rent  
13      may exceed the fair market rental—

14           “(A) by more than 10 but not more than  
15      20 percent, but only if the Secretary determines  
16      that special circumstances warrant such higher  
17      maximum rent or that such higher rent is nec-  
18      essary to the implementation of a comprehen-  
19      sive housing affordability strategy under section  
20      105 of the Cranston-Gonzalez National Afford-  
21      able Housing Act; or

22           “(B) by such higher amount, only if re-  
23      quested by the low-income family assisted and  
24      approved by the public housing agency in ac-  
25      cordance with subsection (f)(2).

1           “(3) ANNUAL ADJUSTMENTS.—Each assistance  
2 contract shall provide for adjustment in the maxi-  
3 mum monthly rents for units covered by the contract  
4 not less than annually to reflect changes in the fair  
5 market rentals established under subsection (e) for  
6 the housing area for similar types and sizes of dwell-  
7 ing units or, if the Secretary determines, on the  
8 basis of a reasonable formula.

9           “(4) ADJUSTMENTS DUE TO EXPENSES.—Each  
10 assistance contract shall further provide for the Sec-  
11 retary to make additional adjustments in the maxi-  
12 mum monthly rent for units assisted under the con-  
13 tract to the extent the Secretary determines such ad-  
14 justments are necessary to reflect increases in the  
15 actual and necessary expenses of owning and main-  
16 taining the units that have resulted from substantial  
17 general increases in real property taxes, utility rates,  
18 or similar costs that are not adequately compensated  
19 for by the adjustment in the maximum monthly rent  
20 authorized by paragraph (3). The Secretary shall  
21 make additional adjustments in the maximum  
22 monthly rent for units under contract (subject to the  
23 availability of appropriations for contract amend-  
24 ments) to the extent the Secretary determines such  
25 adjustments are necessary to reflect increases in the

1 actual and necessary expenses of owning and main-  
2 taining the units that have resulted from the expira-  
3 tion of a real property tax exemption.

4 “(5) ADJUSTMENTS DUE TO CRIMINAL ACTIV-  
5 ITY.—If the Secretary determines that a project as-  
6 sisted under this section is located in a community  
7 where criminal activity is generally prevalent and the  
8 operating, maintenance, and capital repair expenses  
9 for the project have been substantially increased pri-  
10 marily as a result of the prevalence of such activity,  
11 the Secretary may (at the discretion of the Secretary  
12 and subject to the availability of appropriations for  
13 contract amendments for this purpose), on a project-  
14 by-project basis, provide adjustments to the maxi-  
15 mum monthly rents, to a level not exceeding 120  
16 percent of the project rents, to cover the costs of  
17 maintenance, security, capital repairs, and reserves  
18 required for the owner to carry out a strategy ac-  
19 ceptable to the Secretary for addressing the problem  
20 of criminal activity. The Secretary may waive the  
21 applicability of any rent comparability standard re-  
22 quired under this subsection to implement this para-  
23 graph.

24 “(6) ADJUSTMENTS DUE TO LEAD-BASED  
25 PAINT REDUCTION FOR HOUSING RECEIVING

1 PROJECT-BASED ASSISTANCE.—The Secretary may  
2 (at the discretion of the Secretary and subject to the  
3 availability of appropriations for contract amend-  
4 ments), on a project-by-project basis for projects re-  
5 ceiving project-based assistance, provide adjustments  
6 to the maximum monthly rents to cover the costs of  
7 evaluating and reducing lead-based paint hazards, as  
8 defined in section 1004 of the Residential Lead-  
9 Based Paint Hazard Reduction Act of 1992.

10 “(7) LIMITATIONS ON ADJUSTMENTS.—

11 “(A) GENERAL COMPARABILITY RULE.—

12 Adjustments in the maximum rents under para-  
13 graphs (3) through (6) shall not result in mate-  
14 rial differences between the rents charged for  
15 assisted units and unassisted units of similar  
16 quality, type, and age in the same market area,  
17 as determined by the Secretary.

18 “(B) COMPARABILITY STUDIES.—

19 “(i) To carry out subparagraph (A),  
20 the Secretary shall issue regulations to  
21 provide for conducting comparability stud-  
22 ies for projects where the Secretary has  
23 reason to believe that the application of the  
24 formula adjustments under paragraph (3)  
25 would result in such material differences.

1           The Secretary shall conduct such studies  
2           upon the request of any owner of any  
3           project, or as the Secretary determines to  
4           be appropriate by establishing, to the ex-  
5           tent practicable, a modified annual adjust-  
6           ment factor for such market area, as the  
7           Secretary shall designate, that is geo-  
8           graphically smaller than the applicable  
9           housing area used for the establishment of  
10          the annual adjustment factor under para-  
11          graph (3). The Secretary shall establish  
12          such modified annual adjustment factor on  
13          the basis of the results of a study con-  
14          ducted by the Secretary of the rents  
15          charged, and any change in such rents  
16          over the previous year, for assisted units  
17          and unassisted units of similar quality,  
18          type, and age in the smaller market area.  
19          Where the Secretary determines that such  
20          modified annual adjustment factor cannot  
21          be established or that such factor when ap-  
22          plied to a particular project would result in  
23          material differences between the rents  
24          charged for assisted units and unassisted  
25          units of similar quality, type, and age in

1 the same market area, the Secretary may  
2 apply an alternative methodology for con-  
3 ducting comparability studies in order to  
4 establish rents that are not materially dif-  
5 ferent from rents charged for comparable  
6 unassisted units.

7 “(ii) If the Secretary or appropriate  
8 State agency does not complete and submit  
9 to the project owner a comparability study  
10 not later than 60 days before the anniver-  
11 sary date of the assistance contract under  
12 this section, the automatic annual adjust-  
13 ment factor shall be applied. The Secretary  
14 may not reduce the contract rents in effect  
15 on or after April 15, 1987, for newly con-  
16 structed, substantially rehabilitated, or  
17 moderately rehabilitated projects assisted  
18 under this section (including projects as-  
19 sisted under this section as in effect prior  
20 to November 30, 1983), unless the project  
21 has been refinanced in a manner that re-  
22 duces the periodic payments of the owner.  
23 Any maximum monthly rent that has been  
24 reduced by the Secretary after April 14,  
25 1987, and prior to November 7, 1988,

1 shall be restored to the maximum monthly  
2 rent in effect on April 15, 1987.

3 “(iii) For any project which has had  
4 its maximum monthly rents reduced after  
5 April 14, 1987, the Secretary shall make  
6 assistance payments (from amounts re-  
7 served for the original contract) to the  
8 owner of such project in an amount equal  
9 to the difference between the maximum  
10 monthly rents in effect on April 15, 1987,  
11 and the reduced maximum monthly rents,  
12 multiplied by the number of months that  
13 the reduced maximum monthly rents were  
14 in effect.

15 “(e) FAIR MARKET RENTALS.—

16 “(1) IN GENERAL.—The Secretary shall estab-  
17 lish fair market rentals under this subsection peri-  
18 odically, but not less than annually, for existing  
19 rental dwelling units suitable for occupancy by low-  
20 income families assisted under this section. The Sec-  
21 retary shall establish the fair market rental by hous-  
22 ing market area for various sizes and types of dwell-  
23 ing units. For a market area, the fair market rental  
24 for any size and type of dwelling unit shall be a dol-  
25 lar amount not less than the amount that results in

1 the rents charged for 45 percent of the standard  
2 quality rental units of such size and type in the mar-  
3 ket area being less than such dollar amount. For  
4 purposes of determining the dollar amount under the  
5 preceding sentence, the Secretary shall consider only  
6 rental units occupied by recent movers and shall not  
7 consider public housing units, units for which mar-  
8 ket rents cannot be determined, and newly con-  
9 structed units.

10 “(2) EFFECTIVENESS AND ADJUSTMENT.—The  
11 Secretary shall publish proposed fair market rentals  
12 for each area in the Federal Register with reason-  
13 able time for public comment, and such fair market  
14 rentals shall become effective upon the date of publi-  
15 cation in final form in the Federal Register. Each  
16 fair market rental in effect under this subsection  
17 shall be adjusted to be effective on October 1 of each  
18 year to reflect changes, based on the most recent  
19 available data trended so the rentals will be current  
20 for the year to which they apply, of rents for exist-  
21 ing rental dwelling units, as the case may be, of var-  
22 ious sizes and types in the market area suitable for  
23 occupancy by families assisted under this section.

24 “(3) CERTAIN AREAS.—The Secretary shall es-  
25 tablish separate fair market rentals under this sub-



1 section for Westchester County in the State of New  
2 York. The Secretary shall also establish separate fair  
3 market rentals under this paragraph for Monroe  
4 County in the Commonwealth of Pennsylvania. In  
5 establishing fair market rentals for the remaining  
6 portion of the market areas in which Monroe County  
7 is located, the Secretary shall establish the fair mar-  
8 ket rentals as if such portion included Monroe  
9 County.

10 “(4) REQUIRED REVIEW.—If at any time, for  
11 any public housing agency, more than 50 percent of  
12 the families on behalf of whom assistance is provided  
13 under this section by the agency are paying as rent  
14 more than the amount specified under section 3(a)  
15 (as authorized in subsection (f)(2)), the agency shall  
16 review the fair market rentals established under this  
17 subsection for the market areas in the jurisdiction of  
18 the public housing agency.

19 “(f) AMOUNT OF MONTHLY ASSISTANCE PAYMENT  
20 AND DUE PROCESS RIGHTS.—

21 “(1) IN GENERAL.—Except as provided in para-  
22 graph (2), the amount of the monthly assistance  
23 payment under this section with respect to any  
24 dwelling unit shall be the difference between the  
25 maximum monthly rent that the contract provides

1 that the owner is to receive for the unit and the rent  
2 the family is required to pay under section 3(a).

3 “(2) INCREASED FAMILY PAYMENT.—A family  
4 on behalf of whom tenant-based assistance payments  
5 are made under this section may pay as rent for a  
6 dwelling unit assisted under this section more than  
7 the amount specified under section 3(a), but only  
8 if—

9 “(A) the family notifies the public housing  
10 agency of its interest in a unit renting for an  
11 amount that exceeds the permissible maximum  
12 monthly rent established for the market area  
13 under subsection (d);

14 “(B) such agency determines that the rent  
15 for the unit and the rental payments of the  
16 family are reasonable, after taking into account  
17 other family expenses (including child care, un-  
18 reimbursed medical expenses, transportation,  
19 and other appropriate family expenses;

20 “(C) such amount does not exceed 40 per-  
21 cent of the family’s monthly adjusted income;  
22 and

23 “(D) the public housing agency has first  
24 exercised any authority under paragraphs (1)

1           and (2)(A) of subsection (d) to increase the  
2           maximum monthly rent for the dwelling unit.

3           The amount of the monthly assistance payment  
4           under this section with respect to a dwelling unit for  
5           a family paying rent as provided in this paragraph  
6           shall be the difference between an amount based on  
7           the fair market rent and the rent the family is re-  
8           quired to pay under section 3(a).

9           “(3) INCREASES IN ASSISTANCE PAYMENTS.—

10          The Secretary shall take any action necessary, in-  
11          cluding making contracts for assistance payments in  
12          amounts exceeding the amounts required upon the  
13          initial renting of dwelling units, reserving annual  
14          contributions authority for the purpose of amending  
15          assistance contracts, or allocating a portion of new  
16          authorizations for the purpose of amending assist-  
17          ance contracts, to ensure that assistance payments  
18          are increased on a timely basis to cover increases in  
19          maximum monthly rents or decreases in family in-  
20          comes.

21          “(4) REVIEWS OF FAMILY INCOMES.—

22                 “(A) IN GENERAL.—Reviews of family in-  
23                 comes for purposes of this section shall be made  
24                 annually and shall be subject to the provisions  
25                 of section 904(e) of the Stewart B. McKinney

1 Homeless Assistance Amendments Act of 1988.  
2 For families for whom an increased rental pay-  
3 ment has been approved under paragraph (2),  
4 such review shall include determining whether  
5 the rent for the unit and the rental payments  
6 of the family continue to be reasonable, in ac-  
7 cordance with subparagraphs (B) and (C) of  
8 paragraph (2).

9 “(B) PROCEDURES.—The Secretary shall  
10 establish procedures that are appropriate and  
11 necessary to ensure that income data provided  
12 to public housing agencies and owners by fami-  
13 lies applying for or receiving assistance under  
14 this section is complete and accurate.

15 “(C) CONFIDENTIALITY.—Any income in-  
16 formation received pursuant to this paragraph  
17 shall remain confidential and shall be used only  
18 for the purpose of verifying incomes in order to  
19 determine eligibility of families for benefits (and  
20 the amount of such benefits, if any) under this  
21 section.

22 “(5) DUE PROCESS RIGHTS IN CASES OF AD-  
23 VERSE ACTION.—In the case of any action proposed  
24 to be taken by a public housing agency, any family  
25 receiving assistance under this section adversely af-

1        fected by such action shall have the right to at least  
2        the basic elements of due process with regard to  
3        such action, as follows:

4            “(A) Written notice of the intended ad-  
5            verse action and the reason for such action  
6            shall be provided to the family not less than 30  
7            days before the action is to be taken, or, in a  
8            case where the health or safety of other families  
9            is threatened, a reasonable period of time con-  
10          sidering the seriousness of the situation (but  
11          not to exceed 30 days).

12          “(B) The family shall have the right to re-  
13          quest a hearing within 30 days after receipt of  
14          the notice.

15          “(C) The family shall have the right to a  
16          hearing before an impartial hearing officer.

17          “(D) The family shall have the right to be  
18          represented at the hearing by an attorney or  
19          other advocate.

20          “(E) The family shall have the right to ex-  
21          amine the evidence supporting the action and  
22          all evidence that the public housing agency in-  
23          tends to use.

1           “(F) The family shall have the right to  
2           present testimonial and documentary evidence  
3           and to cross-examine adverse witnesses.

4           “(G) The hearing officer shall issue a writ-  
5           ten decision, which shall be based solely upon  
6           the evidence introduced at the hearing and  
7           which shall state the basis of the decision.

8           “(g) ELIGIBILITY OF UNITS FOR ASSISTANCE.—

9           “(1) OCCUPANCY STATUS.—Each assistance  
10          contract shall provide that assistance payments may  
11          be made only with respect to the following dwelling  
12          units:

13               “(A) OCCUPIED UNITS.—A dwelling unit  
14               under lease for occupancy by a family deter-  
15               mined to be a low-income family at the time it  
16               initially occupies the dwelling unit or by a fam-  
17               ily that qualifies to receive assistance under this  
18               section pursuant to section 223 or 226 of the  
19               Low-Income Housing Preservation and Resi-  
20               dent Homeownership Act of 1990.

21               “(B) UNOCCUPIED UNITS.—An unoccupied  
22               dwelling unit, but only if—

23                       “(i)(I) a family vacates the dwelling  
24                       unit before the expiration date of the lease

1           for occupancy, or (II) a good faith effort is  
2           being made to fill the unoccupied unit; and  
3           “(ii) the costs of such vacancy are not  
4           charged to or paid by the family vacating  
5           the dwelling unit.

6           Payments for units referred to in this subpara-  
7           graph may be made only for a period not ex-  
8           ceeding 60 days, except that such payments  
9           may be made, in the case of a newly con-  
10          structed or substantially rehabilitated project,  
11          after the expiration of such 60-day period in an  
12          amount equal to the debt service attributable to  
13          such an unoccupied dwelling unit for a period  
14          not to exceed one year, if a good faith effort is  
15          being made to fill the unit and the unit provides  
16          decent, safe, and sanitary housing. No such  
17          payment may be made after the expiration of  
18          such 60-day period if the Secretary determines  
19          that the dwelling unit is in a project which pro-  
20          vides the owner with revenues exceeding the  
21          costs incurred by such owner with respect to  
22          such project.

23          “(2) OWNER’S STATUS.—A public housing  
24          agency shall not approve the rental of a dwelling  
25          unit if—

1           “(A) the owner—

2                   “(i) is debarred, suspended, or subject  
3                   to limited denial of participation under  
4                   part 24 of title 24, Code of Federal Regu-  
5                   lations; or

6                   “(ii) has been convicted of drug traf-  
7                   ficking;

8           “(B) the owner owns any other dwelling  
9           unit in the same project, which is assisted  
10           under this section and at such time, such unit  
11           is not in compliance in any material respect  
12           with standards for housing quality for units so  
13           assisted, but the public housing agency shall  
14           provide an owner of any such dwelling unit a  
15           reasonable opportunity to correct the non-  
16           compliance before denying approval; or

17           “(C) the owner owns or has owned dwell-  
18           ing units in the same project, which are as-  
19           sisted under this section (or any other program  
20           of the Federal Government for housing assist-  
21           ance) and such units have repeatedly or regu-  
22           larly failed to comply with the housing quality  
23           standards applicable to such units.

24           “(h) OTHER PROVISIONS OF ASSISTANCE CON-  
25           TRACTS.—Contracts to make assistance payments entered



1 into by any public housing agency (or by the Secretary)  
2 with an owner of existing housing units shall meet the fol-  
3 lowing requirements:

4           “(1) CONTRACT TERM.—Each assistance con-  
5 tract shall have a term of not less than one month  
6 nor more than 180 months. The Secretary shall per-  
7 mit public housing agencies to enter into assistance  
8 contracts having terms of less than 12 months to the  
9 extent necessary to avoid disruption in assistance to  
10 eligible families if the annual contributions contract  
11 for the agency under subsection (b) will expire with-  
12 in 1 year.

13           “(2) PREFERENCES.—Each assistance contract  
14 shall provide that, in making assistance available  
15 pursuant to the contract—

16                   “(A) for not less than 70 percent of the  
17 families who initially receive project-based as-  
18 sistance, and

19                   “(B) for not less than 90 percent of the  
20 families who initially receive tenant-based as-  
21 sistance in any 1-year period,

22 preference shall be given to families that (i) occupy  
23 substandard housing (including families that are  
24 homeless or living in a shelter for homeless families),  
25 (ii) are paying more than 50 percent of family in-

1       come for rent, or (iii) are involuntarily displaced (in-  
2       cluding displacement because of disposition of a mul-  
3       tifamily housing project under section 203 of the  
4       Housing and Community Development Amendments  
5       of 1978) at the time they are seeking assistance  
6       under this section.

7               “(3) SECONDARY PREFERENCES.—Each assist-  
8       ance contract shall provide that, for any assistance  
9       remaining in any 1-year period after assistance is  
10      made available pursuant to paragraph (2), pref-  
11      erence for such assistance shall be given to families  
12      who qualify under a system of local preferences es-  
13      tablished by the public housing agency in writing  
14      and after public hearing to respond to local housing  
15      needs and priorities, which may include—

16               “(A) assisting very low-income families  
17              who either reside in transitional housing as-  
18              sisted under title IV of the Stewart B. McKin-  
19              ney Homeless Assistance Act or participate in  
20              a program designed to provide public assistance  
21              recipients with greater access to employment  
22              and educational opportunities;

23               “(B) assisting families in accordance with  
24              subsection (q)(1)(B);

1           “(C) assisting families identified by local  
2 public agencies involved in providing for the  
3 welfare of children as having a lack of adequate  
4 housing that is a primary factor in the immi-  
5 nent placement of a child in foster care, or in  
6 preventing the discharge of a child from foster  
7 care and reunification with his or her family;

8           “(D) assisting youth, upon discharge from  
9 foster care, in cases in which return to the fam-  
10 ily or extended family or adoption is not avail-  
11 able;

12           “(E) assisting veterans who are eligible  
13 and have applied for assistance, will use the as-  
14 sistance for a dwelling unit designed for the  
15 handicapped, and, upon discharge or eligibility  
16 for discharge from a hospital or nursing home,  
17 have physical disability which, because of the  
18 configuration of their homes, prevents them  
19 from access to or use of their homes; and

20           “(F) achieving other objectives of national  
21 housing policy as established by law.

22 A public housing agency may not establish a pref-  
23 erence for assistance that provides preference based  
24 on residency in the jurisdiction of the public housing  
25 agency.

1           “(4) TENANT SELECTION.—Each assistance  
2 contract shall provide that the selection of tenants  
3 for such dwelling units shall be the function of the  
4 owner, subject to any provisions of the annual con-  
5 tributions contract between the Secretary and the  
6 agency. The owner shall use tenant selection criteria,  
7 which shall provide as follows:

8           “(A) PROHIBITION OF PERSONS ENGAGED  
9 IN DRUG ACTIVITY.—The criteria shall prohibit  
10 any individual or family evicted from housing  
11 assisted under this Act by reason of drug-relat-  
12 ed criminal activity from having a preference  
13 under any provision of this paragraph for 3  
14 years unless the evicted tenant successfully  
15 completes a rehabilitation program approved by  
16 the agency or owner. The agency or the owner  
17 may waive the application of the preceding sen-  
18 tence under standards established by the Sec-  
19 retary, which shall provide for such waiver for  
20 any member of a family of an individual prohib-  
21 ited from tenancy under this subparagraph who  
22 the agency or owner determines clearly did not  
23 participate in and had no knowledge of such  
24 criminal activity or when circumstances leading  
25 to eviction no longer exist.

1           “(B) OTHER REQUIREMENTS FOR  
2 PROJECT-BASED ASSISTANCE.—With respect  
3 only to project-based assistance, the criteria  
4 shall—

5                   “(i) be consistent with the purpose of  
6 improving housing opportunities for very  
7 low-income families;

8                   “(ii) be reasonably related to program  
9 eligibility and an applicant’s ability to per-  
10 form the obligations of the assisted lease;

11                   “(iii) be established in writing; and

12                   “(iv) provide for the owner to prompt-  
13 ly provide to any rejected applicant (I)  
14 written notice of the grounds for the rejec-  
15 tion, and (II) an opportunity to meet with  
16 the decision maker to evaluate the validity  
17 of the reasons for rejection and rectify any  
18 erroneous decisions.

19           “(5) LEASE PROVISIONS.—Each assistance con-  
20 tract shall provide that the lease between the tenant  
21 of any unit and the owner—

22                   “(A) shall be for at least one year or the  
23 term of such assistance contract, whichever is  
24 shorter;

1           “(B) shall contain other terms and condi-  
2           tions specified by the Secretary, including provi-  
3           sions meeting the requirements of paragraphs  
4           (6), (7), and (8); and

5           “(C) shall be in a standard form which is  
6           used in the local housing market area by the  
7           owner and which applies generally to tenants in  
8           the property who are not assisted under this  
9           section, together with any addendum necessary  
10          to include in the lease the provisions required  
11          under subparagraph (B).

12          “(6) GENERAL GROUNDS FOR TERMINATION OF  
13          TENANCY.—Each assistance contract shall provide  
14          that the owner shall not terminate the tenancy of  
15          the tenant of any unit except for serious or repeated  
16          violation of the terms and conditions of the lease, for  
17          violation of applicable Federal, State, or local law, or  
18          for other good cause. The withholding of assistance  
19          payments for a dwelling unit pursuant to paragraph  
20          (10) shall not constitute good cause for termination  
21          of the tenancy of the tenant of the unit.

22          “(7) TERMINATION FOR ACTIVITY.—Each as-  
23          sistance contract shall provide that any activity that  
24          threatens the health, safety, or right to peaceful en-  
25          joyment of the premises by other tenants, any activ-

1       ity that threatens the health, safety, or right to  
2       peaceful enjoyment of their residences by persons re-  
3       siding in the immediate vicinity of the premises, or  
4       any drug-related criminal activity on or near such  
5       premises, engaged in by a tenant of any unit, any  
6       member of the tenant's household, or any guest or  
7       other person under the tenant's control, shall be  
8       cause for termination of tenancy.

9               “(8) NOTICE OF TERMINATION OF TENANCY.—  
10       Each assistance contract shall provide that before  
11       terminating the tenancy of any tenant, the owner  
12       shall provide written notice to the tenant specifying  
13       the legal and factual grounds for such action, which  
14       shall be provided in accordance with any require-  
15       ments under State or local law.

16              “(9) MAINTENANCE AND REPLACEMENT.—  
17       Each assistance contract shall provide that mainte-  
18       nance and replacement (including redecoration) shall  
19       be performed in accordance with the standard prac-  
20       tice for the building concerned as established by the  
21       owner and agreed to by the agency (or the Sec-  
22       retary). With the approval of the Secretary, the pub-  
23       lic housing agency administering a contract under  
24       this section with respect to existing housing units  
25       may exercise all management and maintenance re-

1       sponsibilities with respect to the units pursuant to a  
2       contract between such agency and the owner of such  
3       units.

4               “(10) ENFORCEMENT OF HOUSING QUALITY  
5       STANDARDS.—

6               “(A) IN GENERAL.—Each assistance con-  
7       tract shall provide for action under this para-  
8       graph if a unit assisted under this section fails  
9       to comply with the standards for housing qual-  
10      ity for units so assisted.

11              “(B) NOTIFICATION.—If the agency (or  
12      the Secretary) determines that a unit assisted  
13      under this section fails to comply in any mate-  
14      rial respect with the standards for housing  
15      quality for units so assisted, the agency (or the  
16      Secretary) shall notify the tenant and owner of  
17      the unit of the noncompliance and the possible  
18      actions under this paragraph.

19              “(C) CORRECTION OF NONCOMPLIANCE.—  
20      The agency may approve the dwelling unit for  
21      assistance under this section, on the condition  
22      that the noncompliance is corrected, if (i) the  
23      agency determines that the noncompliance is  
24      minor and can be corrected within 15 days, (ii)  
25      the agency provides notice of the conditional ap-



1           proval to the owner, (ii) the owner provides a  
2           written commitment to the agency to correct  
3           the noncompliance within the time period re-  
4           quired by the agency, not to exceed 15 days,  
5           and (iii) the conditional approval will expedite  
6           the occupancy of an eligible tenant with assist-  
7           ance under this section. The agency shall rein-  
8           spect any unit for which conditional approval is  
9           made under this subparagraph within the pe-  
10          riod referred to in clause (ii) of the preceding  
11          sentence, and if the agency determines that the  
12          noncompliance is not corrected, the agency may  
13          take action under subparagraph (D).

14                 “(D) FAILURE TO CORRECT SERIOUS NON-  
15          COMPLIANCE.—If any serious noncompliance  
16          with such standards is not corrected within a  
17          reasonable period of time after such notifica-  
18          tion, the agency (or the Secretary) shall with-  
19          hold some or all of the assistance amounts  
20          under this section with respect to the unit and  
21          promptly—

22                         “(i) use such amounts to make nec-  
23                         essary repairs or contract to have such re-  
24                         pairs made;

1           “(ii) release any withheld amounts to  
2           the owner after repairs are made by the  
3           owner, in an amount not exceeding the  
4           cost of the repairs;

5           “(iii) release any withheld amounts to  
6           the applicable State or local housing agen-  
7           cy after repairs are made by such agency,  
8           in an amount not exceeding the cost of the  
9           repairs; or

10           “(iv) upon the request of the tenant,  
11           release any withheld amounts to—

12                   “(I) the tenant to reimburse the  
13                   tenant for the reasonable cost of any  
14                   necessary repairs performed or paid  
15                   for by the tenant; or

16                   “(II) such person secured by the  
17                   tenant and approved by the agency  
18                   (or the Secretary) to make such nec-  
19                   essary repairs.

20           If an agency (or the Secretary) withholds any  
21           assistance amounts pursuant to this subpara-  
22           graph, the agency (or the Secretary) shall  
23           promptly notify the tenant of the unit for which  
24           assistance is withheld of the withholding and  
25           may not terminate the assistance contract un-

1           less and until the tenant has relocated to de-  
2           cent, safe, and sanitary housing.

3           “(11) STANDARDS AND OBLIGATIONS OF RESI-  
4           DENCY IN HOUSING RECEIVING PROJECT-BASED AS-  
5           SISTANCE.—Each assistance contract for project-  
6           based assistance under subsection (i) shall provide  
7           that the owner shall ensure and maintain compliance  
8           with subtitle C of title VI of the Housing and Com-  
9           munity Development Act of 1992 and any regula-  
10          tions issued under such subtitle.

11          “(12) SERVICE COORDINATORS.—In determin-  
12          ing the amount of assistance provided under an as-  
13          sistance contract for tenant-based assistance under  
14          this paragraph, the Secretary may increase the  
15          amount annually provided with respect to such  
16          project to provide for the costs of employing or oth-  
17          erwise retaining the services of one or more service  
18          coordinators under section 671 of the Housing and  
19          Community Development Act of 1992 to coordinate  
20          the provision of any services within the project for  
21          residents of the project who are elderly or disabled  
22          families.

23          “(13) OTHER.—Each assistance contract shall  
24          provide that the agency and the owner shall carry

1 out such other appropriate terms and conditions as  
2 may be mutually agreed to by the agency and owner.

3 “(i) PROJECT-BASED ASSISTANCE.—

4 “(1) AUTHORITY.—Pursuant to an annual con-  
5 tributions contract entered into under subsection  
6 (b), a public housing agency may enter into a assist-  
7 ance contract providing for assistance payments  
8 under this section that are attached to a structure.

9 “(2) REQUIREMENTS.—Any public housing  
10 agency may approve project-based assistance under  
11 this subsection with respect to any or all of the as-  
12 sistance provided by the public housing agency if—

13 “(A) the owner agrees to rehabilitate the  
14 structure other than with assistance under this  
15 Act and the owner otherwise complies with the  
16 requirements of this section; and

17 “(B) in the case of any newly constructed  
18 structure, the owner or prospective owner  
19 agrees to construct the structure other than  
20 with assistance under this Act and otherwise  
21 complies with the requirements of this section.

22 “(3) LONG-TERM AFFORDABILITY.—

23 “(A) IN GENERAL.—In the case of an as-  
24 sistance contract for project-based assistance  
25 under this subsection, a public housing agency

1 shall enter into a contract with an owner, con-  
2 tingent upon the future availability of appro-  
3 priations for the purpose of renewing expiring  
4 contracts for assistance payments as provided  
5 in appropriations Acts, to extend the term of  
6 the underlying assistance contract for such pe-  
7 riod or periods as the Secretary determines to  
8 be appropriate to achieve long-term afford-  
9 ability of the housing. The contract shall obli-  
10 gate the owner to have the extensions of the as-  
11 sistance contract accepted by the owner and the  
12 owner's successors in interest.

13 “(B) TERM OF ASSISTANCE FOR LOW-IN-  
14 COME HOUSING PRESERVATION.—The contract  
15 for assistance may, at the option of the public  
16 housing agency, have an initial term not exceed-  
17 ing 15 years for any assistance that is at-  
18 tached—

19 “(i) to projects assisted under a State  
20 program that permits the owner of the  
21 projects to prepay a State assisted or sub-  
22 sidized mortgage on the structure; and

23 “(ii) for the purpose of providing in-  
24 centives to owners to preserve such  
25 projects for occupancy by low- and mod-

1           erate-income families (for the period that  
2           assistance under this subparagraph is  
3           available) and assisting low-income tenants  
4           to afford any increases in rent that may be  
5           required to induce the owner to maintain  
6           occupancy in the project by low- and mod-  
7           erate-income tenants.

8           Any assistance provided to low-income tenants  
9           in the manner described in this subparagraph  
10          shall not be considered for purposes of the limi-  
11          tation under subsection (h)(2) regarding the  
12          percentage of families that may receive assist-  
13          ance under this section who do not qualify for  
14          preferences under such subsection.

15          “(4) SERVICE COORDINATORS.—In determining  
16          the amount of assistance provided under an assist-  
17          ance contract for project-based assistance under this  
18          subsection or a contract for assistance for housing  
19          constructed or substantially rehabilitated pursuant  
20          to assistance provided under section 8(b)(2) of this  
21          Act (as such section existed before October 1, 1983),  
22          the Secretary may increase the amount annually  
23          provided with respect to such project to provide for  
24          the costs of employing or otherwise retaining the  
25          services of one or more service coordinators under

1 section 671 of the Housing and Community Devel-  
2 opment Act of 1992 to coordinate the provision of  
3 any services within the project for residents of the  
4 project who are elderly or disabled families.

5 “(j) TERMINATION OF ASSISTANCE CONTRACTS.—

6 “(1) TERMINATION OF TENANT-BASED ASSIST-  
7 ANCE.—

8 “(A) NOTICE BY OWNER.—Any owner ter-  
9 minating any assistance contract under this sec-  
10 tion for tenant-based assistance shall provide  
11 written notice to the public housing agency and  
12 the tenants involved of the proposed termi-  
13 nation not less than 90 days before the termi-  
14 nation of the contract. The notice shall specify  
15 the date of the termination and the reasons for  
16 the termination, with detail sufficient to enable  
17 the agency to evaluate whether the termination  
18 is lawful.

19 “(B) REVIEW OF NOTICE BY PHA.—The  
20 public housing agency shall review the notice  
21 and issue a written finding of the legality of the  
22 termination and the reasons for the termi-  
23 nation. Within 30 days after issuance of the  
24 findings, the owner shall provide written notice  
25 to each tenant of the decision, together with the

1 written findings of the agency regarding the  
2 termination.

3 “(2) TERMINATION OF PROJECT-BASED ASSIST-  
4 ANCE CONTRACTS.—

5 “(A) NOTICE BY OWNER.—Any owner ter-  
6 minating any assistance contract under sub-  
7 section (i) for project-based assistance shall  
8 provide written notice to the Secretary and the  
9 tenants involved of the proposed termination  
10 not less than one year before the termination of  
11 the contract. The notice shall specify the date  
12 of the termination and the reasons for the ter-  
13 mination, with detail sufficient to enable the  
14 Secretary to evaluate whether the termination  
15 is lawful and whether additional actions can be  
16 taken by the Secretary to avoid the termination.  
17 The notice shall include a statement that the  
18 owner and the Secretary may agree to a re-  
19 newal of the contract, thus avoiding the termi-  
20 nation.

21 “(B) REVIEW OF NOTICE BY SEC-  
22 RETARY.—The Secretary shall review the no-  
23 tice, shall consider whether additional actions  
24 can be taken by the Secretary to avoid the ter-  
25 mination, and shall ensure a proper adjustment



1 of the contract rents for the project in compli-  
2 ance with the requirements of subsection (d)  
3 and subparagraph (C) of this subsection. The  
4 Secretary shall issue a written finding of the le-  
5 gality of the termination and the reasons for  
6 the termination, including the actions consid-  
7 ered or taken to avoid the termination. Within  
8 30 days after issuance of the findings, the  
9 owner shall provide written notice to each ten-  
10 ant of the decision, together with the written  
11 findings of the Secretary regarding the termi-  
12 nation. The Secretary and the owner shall com-  
13 plete the actions under this paragraph not later  
14 than the expiration of the 9-month period be-  
15 ginning upon the date that the owner provides  
16 written notice of termination under subpara-  
17 graph (A).

18 “(3) ADJUSTMENT OF CONTRACT RENT.—If an  
19 owner provides notice of proposed termination under  
20 paragraph (1)(A) or (2)(A) and the contract rent is  
21 less than the maximum monthly rent for units as-  
22 sisted under this section, the Secretary shall adjust  
23 the contract rent based on the maximum monthly  
24 rent for units assisted under this section and the  
25 value of the low-income housing.

1           “(4) NOTICE OF RENT INCREASES.—Each as-  
2           sistance contract for assistance under this section  
3           shall require the owner to notify tenants at least 90  
4           days before the expiration of the contract of any  
5           rent increase which may occur as a result of the ex-  
6           piration of such contract.

7           “(5) DEFINITION OF TERMINATION.—For pur-  
8           poses of this subsection, the term ‘termination’  
9           means the expiration of the assistance contract or  
10          the refusal of the owner to renew an assistance con-  
11          tract, which shall include the termination of tenancy  
12          by an owner for business reasons.

13          “(k) RENTAL ASSISTANCE FOR MANUFACTURED  
14          HOUSING.—

15                 “(1) IN GENERAL.—The Secretary may enter  
16                 into contracts to make assistance payments under  
17                 this subsection to assist low-income families by mak-  
18                 ing rental assistance payments on behalf of any such  
19                 family that utilizes a manufactured home as its prin-  
20                 cipal place of residence. In carrying out this sub-  
21                 section, the Secretary may—

22                         “(A) enter into annual contributions con-  
23                         tracts with public housing agencies pursuant to  
24                         which such agencies may enter into assistance  
25                         contracts to make such assistance payments to

1 the owners of such real property, if such owners  
2 agree to make good faith efforts to ensure that  
3 such property complies with local health and  
4 safety standards for water and sewage systems;  
5 or

6 “(B) enter into such contracts directly  
7 with the owners of such real property, if such  
8 owners agree to make good faith efforts to en-  
9 sure that such property complies with local  
10 health and safety standards for water and sew-  
11 age systems.

12 “(2) USE OF ASSISTANCE.—Rental assistance  
13 payments under this subsection may be made with  
14 respect to the rental of the real property on which  
15 is located a manufactured home that is owned by a  
16 low-income family or with respect to the rental by  
17 such a family of a manufactured home and the real  
18 property on which it is located.

19 “(3) ASSISTANCE FOR RENTAL OF MANUFAC-  
20 TURED HOME SITE.—

21 “(A) MAXIMUM MONTHLY RENT.—A con-  
22 tract entered into pursuant to this paragraph  
23 shall establish the maximum monthly rent (in-  
24 cluding maintenance and management charges)  
25 that the owner is entitled to receive for the

1 space on which a manufactured home is located  
2 and with respect to which assistance payments  
3 are to be made. The maximum monthly rent  
4 shall not exceed an amount approved or estab-  
5 lished by the Secretary.

6 “(B) AMOUNT OF MONTHLY ASSISTANCE  
7 PAYMENT.—The amount of any monthly assist-  
8 ance payment with respect to any family that  
9 rents real property that is assisted under this  
10 paragraph, and on which is located a manufac-  
11 tured home that is owned by such family shall  
12 be the difference between the rent the family is  
13 required to pay under section 3(a) and the sum  
14 of—

15 “(i) the monthly payment made by  
16 such family to amortize the cost of pur-  
17 chasing the manufactured home;

18 “(ii) the monthly utility payments  
19 made by such family, subject to reasonable  
20 limitations prescribed by the Secretary;  
21 and

22 “(iii) the maximum monthly rent per-  
23 mitted with respect to the real property  
24 which is rented by such family for the pur-  
25 pose of locating its manufactured home;

1           except that in no case may such assistance ex-  
2           ceed the total amount of such maximum month-  
3           ly rent.

4           “(4) ASSISTANCE FOR RENTAL OF MANUFAC-  
5           TURED HOME AND SITE.—

6                   “(A) MAXIMUM MONTHLY RENT.—Con-  
7           tracts entered into pursuant to this paragraph  
8           shall establish the maximum monthly rent per-  
9           mitted with respect to the manufactured home  
10          and the real property on which it is located and  
11          with respect to which assistance payments are  
12          to be made. The maximum monthly rent shall  
13          not exceed an amount approved or established  
14          by the Secretary.

15                   “(B) AMOUNT OF MONTHLY ASSISTANCE  
16          PAYMENT.—The amount of any monthly assist-  
17          ance payment with respect to any family that  
18          rents a manufactured home and the real prop-  
19          erty on which it is located and that is assisted  
20          under this paragraph shall be the difference be-  
21          tween the rent the family is required to pay  
22          under section 3(a) and the sum of—

23                           “(i) the monthly utility payments  
24                           made by such family, subject to reasonable

1 limitations prescribed by the Secretary;  
2 and

3 “(ii) the maximum monthly rent per-  
4 mitted with respect to the manufactured  
5 home and real property on which it is lo-  
6 cated.

7 “(5) ADJUSTMENT OF MAXIMUM MONTHLY  
8 RENTS.—The provisions of paragraphs (3) through  
9 (7) of subsection (d) shall apply to the adjustments  
10 of maximum monthly rents under this subsection.

11 “(6) CONTRACT TERM.—Each contract entered  
12 into under the subsection shall be for a term of not  
13 less than one month and not more than 180 months;  
14 except that in any case in which the manufactured  
15 home park is substantially rehabilitated or newly  
16 constructed, such term may not be less than 240  
17 months, nor more than the maximum term for a  
18 manufactured home loan permitted under section  
19 2(b) of the National Housing Act.

20 “(7) APPLICABILITY.—The Secretary may carry  
21 out this subsection without regard to whether the  
22 manufactured home park is existing, substantially  
23 rehabilitated, or newly constructed.

24 “(8) LIMITATION ON SUBSTANTIALLY REHA-  
25 BILITATED AND NEWLY CONSTRUCTED MANUFAC-

1 TURED HOME PARKS.—In the case of any substan-  
2 tially rehabilitated or newly constructed manufac-  
3 tured home park containing spaces with respect to  
4 which assistance is made under this subsection, the  
5 principal amount of the mortgage attributable to the  
6 rental spaces within the park may not exceed an  
7 amount established by the Secretary which is equal  
8 to or less than the limitation for manufactured home  
9 parks described in section 207(c)(3) of the National  
10 Housing Act, and the Secretary may increase such  
11 limitation in high cost areas in the manner described  
12 in such section.

13 “(9) OTHER REQUIREMENTS.—The Secretary  
14 may prescribe other terms and conditions necessary  
15 for the purpose of carrying out this subsection and  
16 that are consistent with the purposes of this sub-  
17 section.

18 “(I) SINGLE ROOM OCCUPANCY FACILITIES.—

19 “(1) AUTHORITY.—In making assistance avail-  
20 able under this section and assistance under section  
21 441 and part V of subtitle F of title IV of the Stew-  
22 art B. McKinney Homeless Assistance Act, the Sec-  
23 retary may provide assistance with respect to resi-  
24 dential properties in which some or all of the dwell-  
25 ing units do not contain bathroom or kitchen facili-

1 ties, if the unit of general local government in which  
2 the property is located and the local public housing  
3 agency certify to the Secretary that the property  
4 complies with local health and safety standards.

5 “(2) WAIVER OF LIMITATIONS ON ASSISTANCE  
6 FOR SINGLE PERSONS.—The Secretary may waive,  
7 in appropriate cases, the limitation and preference in  
8 section 3(b)(3)(A) with respect to the assistance  
9 made available under this subsection.

10 “(m) HOUSING FOR ELDERLY AND DISABLED FAMI-  
11 LIES.—

12 “(1) SHARED HOUSING.—To assist elderly fam-  
13 ilies and disabled families (as defined in section  
14 3(b)) who elect to live in a shared housing arrange-  
15 ment in which they benefit as a result of sharing the  
16 facilities of a dwelling with others in a manner that  
17 effectively and efficiently meets their housing needs  
18 and thereby reduces their costs of housing, the Sec-  
19 retary shall permit assistance provided under this  
20 section to be used by such families in such arrange-  
21 ments. In carrying out this subsection, the Secretary  
22 shall issue minimum habitability standards for the  
23 purpose of ensuring decent, safe, and sanitary hous-  
24 ing for such families while taking into account the  
25 special circumstances of shared housing.



1           “(2) PRIORITY FOR NONELDERLY DISABLED  
2 FAMILIES.—In allocating assistance under this sec-  
3 tion, a public housing agency that serves more than  
4 one unit of general local government may, at the dis-  
5 cretion of the agency, give priority to disabled fami-  
6 lies that are not elderly families.

7           “(3) AUTHORITY TO PROVIDE PREFERENCES  
8 FOR THE ELDERLY AND RESERVE UNITS FOR THE  
9 DISABLED.—Notwithstanding subsection (h)(2) or  
10 (3), an owner of a covered section 8 housing project  
11 (as such term is defined in section 659 of the Hous-  
12 ing and Community Development Act of 1992) may  
13 give preference for occupancy of dwelling units in  
14 the project, and reserve units for occupancy, in ac-  
15 cordance with subtitle D of title VI of the Housing  
16 and Community Development Act of 1992.

17           “(n) ADMINISTRATIVE FEES.—

18           “(1) BASIC FEE FOR TENANT-BASED RENTAL  
19 PROGRAM.—The Secretary shall establish a fee for  
20 the costs incurred by a public housing agency in ad-  
21 ministering the program for rental assistance under  
22 this section, which shall be, together with other fees  
23 authorized under this subsection, included in any  
24 amounts provided to the public housing agency  
25 under the annual contributions contract for the

1 agency. The amount of the fee for each month for  
2 which a dwelling unit is covered by an assistance  
3 contract shall be 8.2 percent of the fair market rent-  
4 al established under subsection (e) for a 2-bedroom  
5 existing rental dwelling unit in the market area of  
6 the public housing agency. The Secretary may in-  
7 crease the fee if necessary to reflect the higher costs  
8 of administering small programs and programs oper-  
9 ating over large geographic areas.

10 “(2) OTHER FEES.—The Secretary shall also  
11 establish reasonable fees (as determined by the Sec-  
12 retary) for—

13 “(A) the costs of preliminary expenses that  
14 a public housing agency documents it has in-  
15 curred in connection with new allocations of as-  
16 sistance under the program for rental assist-  
17 ance under this section, which shall not exceed  
18 \$275 per unit assisted;

19 “(B) the costs incurred in assisting fami-  
20 lies who experience difficulty (as determined by  
21 the Secretary) in obtaining appropriate housing  
22 under the program; and

23 “(C) extraordinary costs approved by the  
24 Secretary.

1           “(3) BUDGET COMPLIANCE.—The Secretary  
2           may establish or increase a fee in accordance with  
3           this subsection only to such extent or in such  
4           amounts as are provided in appropriation Acts.

5           “(4) FEES FOR 1995 AND 1996.—Notwithstand-  
6           ing any other provision of this subsection, the basic  
7           fee for the costs incurred by a public housing agency  
8           in administering the program for rental assistance  
9           under this section during fiscal years 1995 and 1996  
10          shall be equal to the fee determined for fiscal year  
11          1993 under section 11(a) of the HUD Demonstra-  
12          tion Act of 1993.

13          “(o) PORTABILITY OF ASSISTANCE.—

14                 “(1) AUTHORITY.—Except as provided in para-  
15                 graphs (3) and (4), any family on behalf of whom  
16                 is provided tenant-based rental assistance under this  
17                 section and who moves to an eligible dwelling unit  
18                 located within the same State, or the same or a con-  
19                 tiguous metropolitan statistical area, as the metro-  
20                 politan statistical area within which is located the  
21                 area of jurisdiction of the public housing agency ap-  
22                 proving the assistance for the family, may use such  
23                 assistance to rent such eligible dwelling unit.

24                 “(2) ADMINISTRATION.—The public housing  
25                 agency having authority with respect to the dwelling

1 unit to which a family moves under this subsection  
2 shall have the responsibility of carrying out the pro-  
3 visions of this section with respect to the family. If  
4 no public housing agency has authority with respect  
5 to the dwelling unit to which a family moves under  
6 this subsection, the public housing agency approving  
7 the assistance shall have such responsibility.

8 “(3) LOCAL OPTION TO ENSURE MINIMUM AREA  
9 RESIDENCY.—At the discretion of a public housing  
10 agency, the agency may provide that a family not  
11 living within the jurisdiction of a public housing  
12 agency at the time such family applies for or re-  
13 ceives assistance from the agency may use tenant-  
14 based rental assistance under this section to rent an  
15 eligible dwelling unit that is not located within the  
16 area of jurisdiction of the agency approving the as-  
17 sistance only if, before such use, the family has  
18 rented and occupied an eligible dwelling unit within  
19 such original jurisdiction for not less than 12 con-  
20 secutive months using assistance provided by such  
21 agency.

22 “(4) PROHIBITION OF PORTABILITY IN CASES  
23 OF LEASE VIOLATION.—A family may not use ten-  
24 ant-based rental assistance as provided in paragraph

1 (1) if the family has moved from a dwelling unit in  
2 violation of the lease for the dwelling unit.

3 “(5) ALLOCATIONS DUE TO PORTABILITY.—In  
4 determining the amount of rental assistance pro-  
5 vided under an annual contributions contract for any  
6 fiscal year, the Secretary shall consider any reduc-  
7 tion in the number of resident families incurred by  
8 a public housing agency in the preceding fiscal year  
9 as a result of the provisions of this subsection.

10 “(6) PROVISION OF RENTAL ASSISTANCE FOR  
11 PORTABILITY PURPOSES.—

12 “(A) AMOUNT.—To the extent amounts for  
13 assistance under this section that are reserved  
14 under section 213(d)(4) of the Housing and  
15 Community Development Act of 1974 are avail-  
16 able in a fiscal year, the Secretary shall provide  
17 rental assistance under this section in accord-  
18 ance with this paragraph.

19 “(B) USE.—Amounts provided for use  
20 under this paragraph shall be used only to pro-  
21 vide a public housing agency with additional  
22 amounts (as determined under subparagraph  
23 (C)) to provide assistance for families on behalf  
24 of whom assistance is provided under this sec-  
25 tion by another public housing agency and who

1           move into an eligible dwelling unit located with-  
2           in the area of jurisdiction of the agency to re-  
3           ceive assistance under this paragraph.

4           “(C) REQUIREMENT.—Amounts provided  
5           for use under this paragraph may be made  
6           available to a public housing agency in a fiscal  
7           year only if, during such fiscal year, the agency  
8           has provided assistance pursuant to the first  
9           sentence of paragraph (2) on behalf of families  
10          who have moved into eligible dwelling units lo-  
11          cated within the area of jurisdiction of the  
12          agency in an amount not less than the lesser of  
13          (i) 5 percent of total amount received by the  
14          agency for assistance under this section for the  
15          fiscal year, or (ii) the amount necessary to as-  
16          sist 25 percent of average annual number of  
17          families previously assisted by the agency who  
18          relinquish such assistance in a year (based on  
19          the preceding 3 calendar years).

20          “(p) PROHIBITION OF DISCRIMINATION.—In select-  
21          ing families for the provision of assistance under this sec-  
22          tion, a public housing agency may not exclude or penalize  
23          a family solely because the family resides in a public hous-  
24          ing project.

25          “(q) SPECIAL USES OF RENTAL ASSISTANCE.—

1           “(1) ASSISTANCE FOR RESIDENTS OF REHA-  
2           BILITATED PROJECTS.—In the case of low-income  
3           families living in rental projects rehabilitated under  
4           section 17 of this Act or section 533 of the Housing  
5           Act of 1949 before rehabilitation—

6                   “(A) tenant-based rental assistance under  
7                   this section shall be provided for families who  
8                   are required to move out of their dwelling units  
9                   because of the physical rehabilitation activities  
10                  or because of overcrowding;

11                  “(B) at the discretion of each public hous-  
12                  ing agency, tenant-based rental assistance  
13                  under this section may be provided for families  
14                  who would have to pay more than 30 percent of  
15                  their adjusted income for rent after rehabilita-  
16                  tion whether they choose to remain in, or to  
17                  move from, the project; and

18                  “(C) the Secretary shall allocate tenant-  
19                  based rental assistance provided under this sec-  
20                  tion to ensure that sufficient resources are  
21                  available to address the physical or economic  
22                  displacement, or potential economic displace-  
23                  ment, of existing tenants pursuant to subpara-  
24                  graphs (A) and (B).

25           “(2) LOAN MANAGEMENT ASSISTANCE.—

1           “(A) IN GENERAL.—The Secretary may  
2 provide assistance under this section through a  
3 loan management program to assist financially  
4 troubled multifamily residential housing  
5 projects (i) subject to mortgages that are in-  
6 sured under the National Housing Act or mort-  
7 gages that have been assigned to the Secretary,  
8 (ii) that were held by the Secretary and have  
9 been sold, and (iii) that were assisted under  
10 section 202 of the Housing Act of 1959.

11           “(B) ELIGIBILITY.—The eligibility of a  
12 multifamily residential project for loan manage-  
13 ment assistance under this paragraph shall be  
14 determined without regard to whether the  
15 project is subsidized or unsubsidized.

16           “(C) EXTENSION OF CONTRACT.—The  
17 Secretary shall extend any expiring contract en-  
18 tered into under this section for loan manage-  
19 ment assistance or execute a new contract for  
20 project-based loan management assistance, if  
21 the owner agrees to continue providing housing  
22 for low-income families during the term of the  
23 contract.

24           “(3) ASSISTANCE FOR FAMILY UNIFICATION.—



1           “(A) IN GENERAL.—The Secretary may  
2 provide assistance under this section to be used  
3 only in connection with tenant-based assistance  
4 under this section on behalf of any family (i)  
5 who is otherwise eligible for such assistance,  
6 and (ii) who the public child welfare agency for  
7 the jurisdiction has certified is a family for  
8 whom the lack of adequate housing is a primary  
9 factor in the imminent placement of the fami-  
10 ly’s child or children in out-of-home care or the  
11 delayed discharge of a child or children to the  
12 family from out-of-home care.

13           “(B) ALLOCATION.—Any amounts made  
14 available under this paragraph shall be allo-  
15 cated by the Secretary through a national com-  
16 petition among applicants based on dem-  
17 onstrated need for assistance under this para-  
18 graph. To be considered for assistance, an ap-  
19 plicant shall submit to the Secretary a written  
20 proposal containing a report from the public  
21 child welfare agency serving the jurisdiction of  
22 the applicant that describes how a lack of ade-  
23 quate housing in the jurisdiction is resulting in  
24 the initial or prolonged separation of children  
25 from their families, and how the applicant will

1 coordinate with the public child welfare agency  
2 to identify eligible families and provide the fam-  
3 ilies with assistance under this paragraph.

4 “(C) DEFINITIONS.—For purposes of this  
5 paragraph:

6 “(i) APPLICANT.—The term ‘appli-  
7 cant’ means a public housing agency.

8 “(ii) PUBLIC CHILD WELFARE AGEN-  
9 CY.—The term ‘public child welfare agen-  
10 cy’ means the public agency responsible  
11 under applicable State law for determining  
12 that a child is at imminent risk of place-  
13 ment in out-of-home care or that a child in  
14 out-of-home care under the supervision of  
15 the public agency may be returned to his  
16 or her family.

17 “(D) REPORT.—The Secretary shall in-  
18 clude in each annual report of the Secretary  
19 under section 8 of the Department of Housing  
20 and Urban Development Act information speci-  
21 fying the number of families assisted pursuant  
22 to this paragraph during the preceding 2-year  
23 period and the number of communities in which  
24 such assistance was used, describing the extent  
25 of cooperation between public housing agencies

1 and public child welfare agencies in timely iden-  
2 tifying families for which such assistance is ap-  
3 propriate and in providing such assistance, and  
4 describing any impediments to providing such  
5 assistance.

6 “(4) NEIGHBORHOOD CRIME FIGHTERS ASSIST-  
7 ANCE.—

8 “(A) ASSISTANCE.—To the extent amounts  
9 for assistance under this section are reserved  
10 under section 213(d)(4)(A) of the Housing and  
11 Community Development Act of 1974 for use  
12 under this paragraph, the Secretary may pro-  
13 vide such amounts to any public housing agency  
14 approved under subparagraph (C) to make as-  
15 sistance payments under this paragraph on be-  
16 half of any family described under subpara-  
17 graph (B) for the rental of a dwelling unit for  
18 the family that, in the determination of the  
19 public housing agency (after consultation with  
20 law enforcement agency concerned) provides for  
21 the protection of the family.

22 “(B) ELIGIBLE FAMILIES.—A family re-  
23 ferred to in subparagraph (A) shall be any fam-  
24 ily that—

1           “(i) contains a member that has pro-  
2           vided information to any Federal, State, or  
3           local law enforcement agency that such law  
4           enforcement agency determines substan-  
5           tially contributes to the arrest, criminal  
6           prosecution, or conviction of any person for  
7           any criminal activity in or near the area or  
8           neighborhood in which the person provid-  
9           ing the information resides;

10           “(ii) is likely, in the determination of  
11           such law enforcement agency, to be subject  
12           to a crime of violence directed at the fam-  
13           ily on account of providing the information  
14           referred to in clause (i);

15           “(iii) is legally residing, at the time  
16           such information is provided to the law en-  
17           forcement agency, in a dwelling unit in a  
18           public housing project administered by a  
19           public housing agency meeting the require-  
20           ments of subparagraph (C) or in a dwell-  
21           ing unit assisted under this section by such  
22           a public housing agency; and

23           “(iv) is not protected or assisted, or to  
24           be protected or assisted, under chapter 224  
25           of title 18, United States Code.

1           “(C) ELIGIBLE PHA’S.—The Secretary  
2           may provide amounts reserved for use under  
3           this paragraph only to public housing agencies  
4           approved by the Secretary under this subpara-  
5           graph. The Secretary may approve only agen-  
6           cies that the Secretary determines have—

7                   “(i) established sufficient cooperation  
8                   with local law enforcement agencies to  
9                   make determinations to provide assistance  
10                  under this paragraph; and

11                  “(ii) coordinated with local law en-  
12                  forcement agencies to promptly inform the  
13                  public housing agency and the Secretary of  
14                  any determination that assistance under  
15                  this paragraph is appropriate for a family,  
16                  except that such coordination shall be sub-  
17                  ject to the procedures established under  
18                  subparagraph (F)(iii) to ensure confiden-  
19                  tiality.

20           “(D) GUIDELINES.—

21                   “(i) DETERMINATION OF NEED AND  
22                   COORDINATION.—The Secretary shall es-  
23                   tablish guidelines jointly with the Attorney  
24                   General that—

1           “(I) describe the types of situa-  
2           tions under clauses (i) and (ii) of sub-  
3           paragraph (B) in which assistance  
4           may be provided under this para-  
5           graph, which shall include situations  
6           in which the information referred to  
7           in subparagraph (B)(i) is information  
8           regarding any crime that is detrimen-  
9           tal to the health, safety, peace, or se-  
10          curity of the area or neighborhood in  
11          which the family providing the infor-  
12          mation resides; and

13           “(II) describe elements of suffi-  
14          cient cooperation between public hous-  
15          ing agencies and law enforcement  
16          agencies for purposes of subparagraph  
17          (C)(i).

18           “(ii) PROCEDURES.—The Secretary  
19          shall establish procedures for public hous-  
20          ing agencies approved under subparagraph  
21          (C)—

22           “(I) to apply for, obtain, and ad-  
23          minister amounts reserved for provid-  
24          ing assistance under this paragraph

1 on behalf of families eligible under  
2 subparagraph (B); and

3 “(II) to provide for the termi-  
4 nation of the tenancy of any family  
5 assisted under this paragraph from  
6 the dwelling unit in which the family  
7 is residing so that such assistance  
8 may be utilized.

9 “(E) PHA ACTIONS.—Each public housing  
10 agency approved by the Secretary under sub-  
11 paragraph (C) shall—

12 “(i) periodically notify Federal, State,  
13 and local law enforcement agencies in the  
14 area of jurisdiction of the public housing  
15 agency of the availability of assistance  
16 under this paragraph;

17 “(ii) take such actions as may be ap-  
18 propriate to inform residents of public  
19 housing projects administered by the agen-  
20 cy and dwelling units assisted under this  
21 section by the agency of the availability of  
22 such assistance; and

23 “(iii) coordinate with such law en-  
24 forcement agencies to promptly inform the  
25 public housing agency and the Secretary of

1 any determination that assistance under  
2 this paragraph is appropriate for a family,  
3 except that such coordination shall be sub-  
4 ject to the procedures established under  
5 subparagraph (F)(iii) to ensure confiden-  
6 tiality.

7 “(F) NOTICE AND CONFIDENTIALITY.—

8 The Secretary shall—

9 “(i) periodically notify public housing  
10 agencies of the availability of assistance  
11 under this paragraph;

12 “(ii) encourage public housing agen-  
13 cies to cooperate and coordinate with law  
14 enforcement agencies to encourage resi-  
15 dents of public housing projects and dwell-  
16 ing units assisted under this section to  
17 provide information to law enforcement  
18 agencies regarding criminal activity; and

19 “(iii) develop and implement proce-  
20 dures to ensure the confidentiality of the  
21 identity and new location of any family as-  
22 sisted under this paragraph.

23 “(G) OTHER ASSISTANCE.—A public hous-  
24 ing agency that provides assistance under sub-  
25 paragraph (A) for a family and the law enforce-



1           ment agency involved shall ensure that the fam-  
2           ily is provided access to other assistance and  
3           services appropriate to ensure that the reloca-  
4           tion of the family to the dwelling unit assisted  
5           under subparagraph (A) and the neighborhood  
6           of such dwelling unit occurs with the minimum  
7           possible amount of disruption to the life of the  
8           family.

9           “(H) LIABILITY.—The United States, and  
10          its officers and employees, shall not be subject  
11          to any civil liability on account of any decision  
12          to provide or not to provide protection under  
13          this paragraph.

14          “(r) RENEWAL OF EXPIRING CONTRACTS.—

15                 “(1) 5-YEAR PLAN.—Not later than 30 days  
16          after the beginning of each fiscal year, the Secretary  
17          shall publish in the Federal Register a plan for re-  
18          ducing, to the extent feasible, year-to-year fluctua-  
19          tions in the levels of budget authority that will be  
20          required over the succeeding 5-year period to renew  
21          expiring assistance contracts entered into under this  
22          section after the enactment of the Housing and  
23          Community Development Act of 1974. To the extent  
24          necessary to carry out such plan and to the extent  
25          approved in appropriations Acts, the Secretary is au-

1       thorized to enter into annual contributions contracts  
2       with terms of less than 60 months.

3           “(2) NEW CONSTRUCTION AND SUBSTANTIAL  
4       REHABILITATION PROJECTS.—Subject only to the  
5       availability of budget authority to carry out this  
6       paragraph and to the absence of owners agreeing to  
7       enter into new contracts, the Secretary shall enter  
8       into new contracts under subtitle D of title I of the  
9       Housing and Community Development Act of 1994  
10      to provide project-based assistance for qualified  
11      housing (as such term is defined in section 163 of  
12      such subtitle) to owners of such housing.

13      “(s) GENERAL PROVISIONS.—

14           “(1) PLEDGING ASSISTANCE CONTRACTS AS SE-  
15      CURITY.—An owner may pledge, or offer as security  
16      for any loan or obligation, an assistance contract en-  
17      tered into pursuant to this section, but only if such  
18      security is in connection with a project constructed  
19      or rehabilitated pursuant to authority under this  
20      section and the terms of the financing or any refi-  
21      nancing have been approved by the Secretary.

22           “(2) HOUSING COUNSELING FOR RENTAL  
23      CHOICE.—Each public housing agency that provides  
24      rental housing assistance under this section on be-  
25      half of low-income families shall notify such assisted

1 families of the availability of any entity in the juris-  
2 diction of the agency providing rental housing coun-  
3 seling under section 106(a)(4) of the Housing and  
4 Urban Development Act of 1968.

5 “(t) HOMEOWNERSHIP OPTION.—A public housing  
6 agency providing assistance under this section may, at the  
7 option of the agency, provide assistance for homeowner-  
8 ship under this subsection as follows:

9 “(1) USE OF ASSISTANCE FOR HOMEOWNER-  
10 SHIP.—A family receiving tenant-based assistance  
11 under this section may receive assistance for occu-  
12 pancy of a dwelling owned by one or more members  
13 of the family if the family—

14 “(A) is a first-time homeowner;

15 “(B)(i) participates in the family self-suffi-  
16 ciency program under section 23 of the public  
17 housing agency providing the assistance; or

18 “(ii) demonstrates that the family has in-  
19 come from employment or other sources (other  
20 than public assistance), as determined in ac-  
21 cordance with requirements of the Secretary,  
22 that is not less than twice the fair market rent-  
23 al for the area established under subsection  
24 (e)(1) (or such other amount as may be estab-  
25 lished by the Secretary);

1           “(C) except as provided by the Secretary,  
2 demonstrates at the time the family initially re-  
3 ceives tenant-based assistance under this sub-  
4 section that one or more adult members of the  
5 family have achieved employment for the period  
6 as the Secretary shall require;

7           “(D) participates in a homeownership and  
8 housing counseling program provided by the  
9 agency; and

10           “(E) meets any other initial or continuing  
11 requirements established by the public housing  
12 agency in accordance with requirements estab-  
13 lished by the Secretary.

14           “(2) MONTHLY ASSISTANCE PAYMENT.—

15           “(A) IN GENERAL.—Notwithstanding any  
16 other provisions of this section governing deter-  
17 mination of the amount of assistance payments  
18 under this section on behalf of a family, the  
19 monthly assistance payment for any family as-  
20 sisted under this subsection shall be the amount  
21 by which the fair market rental for the area es-  
22 tablished under subsection (e)(1) exceeds 30  
23 percent of the family’s monthly adjusted in-  
24 come; except that the monthly assistance pay-  
25 ment shall not exceed the amount by which the

1           monthly homeownership expenses, as deter-  
2           mined in accordance with requirements estab-  
3           lished by the Secretary, exceeds 10 percent of  
4           the family's monthly income.

5           “(B) EXCLUSION OF EQUITY FROM IN-  
6           COME.—For purposes of determining the  
7           monthly assistance payment for a family, the  
8           Secretary shall not include in family income an  
9           amount imputed from the equity of the family  
10          in a dwelling occupied by the family with assist-  
11          ance under this subsection.

12          “(3) RECAPTURE OF CERTAIN AMOUNTS.—  
13          Upon sale of the dwelling by the family, the Sec-  
14          retary shall recapture from any net proceeds the  
15          amount of additional assistance (as determined in  
16          accordance with requirements established by the  
17          Secretary) paid to or on behalf of the eligible family  
18          as a result of paragraph (2)(B).

19          “(4) DOWNPAYMENT REQUIREMENT.—Each  
20          public housing agency providing assistance under  
21          this subsection shall ensure that each family assisted  
22          shall provide from its own resources not less than 80  
23          percent of any downpayment in connection with a  
24          loan made for the purchase of a dwelling. Such re-  
25          sources may include amounts from any escrow ac-

1 count for the family established under section 23(d).  
2 Not more than 20 percent of the downpayment may  
3 be provided from other sources, such as from non-  
4 profit entities and programs of States and units of  
5 general local government.

6 “(5) INELIGIBILITY UNDER OTHER PRO-  
7 GRAMS.—A family may not receive assistance under  
8 this subsection during any period when assistance is  
9 being provided for the family under other Federal  
10 homeownership assistance programs, as determined  
11 by the Secretary, which shall include assistance  
12 under the HOME Investment Partnerships Act, the  
13 Homeownership and Opportunity Through HOPE  
14 Act, title II of the Housing and Community Devel-  
15 opment Act of 1987, and section 502 of the Housing  
16 Act of 1949.

17 “(6) INAPPLICABILITY OF CERTAIN PROVI-  
18 SIONS.—Assistance under this subsection shall not  
19 be subject to the requirements of the following provi-  
20 sions:

21 “(A) Subsection (h)(5) of this section.

22 “(B) Any other provisions of this section  
23 governing maximum amounts payable to owners  
24 and amounts payable by assisted families.

1           “(C) Any other provisions of this section  
2 concerning contracts between public housing  
3 agencies and owners.

4           “(D) Any other provisions of this Act  
5 that are inconsistent with the provisions of this  
6 subsection.

7           “(7) REVERSION TO RENTAL STATUS.—

8           “(A) FHA-INSURED MORTGAGES.—If a  
9 family receiving assistance under this sub-  
10 section for occupancy of a dwelling defaults  
11 under a mortgage for the dwelling insured by  
12 the Secretary under the National Housing Act,  
13 the family may not continue to receive rental  
14 assistance under this section unless the family  
15 (i) transfers to the Secretary marketable title to  
16 the dwelling, (ii) moves from the dwelling with-  
17 in the period established or approved by the  
18 Secretary, and (iii) agrees that any amounts  
19 the family is required to pay to reimburse the  
20 escrow account under section 23(d)(3) may be  
21 deducted by the public housing agency from the  
22 assistance payment otherwise payable on behalf  
23 of the family.

24           “(B) OTHER MORTGAGES.—If a family re-  
25 ceiving assistance under this subsection defaults

1 under a mortgage not insured under the Na-  
2 tional Housing Act, the family may not con-  
3 tinue to receive rental assistance under this sec-  
4 tion unless it complies with requirements estab-  
5 lished by the Secretary.

6 “(C) ALL MORTGAGES.—A family receiving  
7 assistance under this subsection that defaults  
8 under a mortgage may not receive assistance  
9 under this subsection for occupancy of another  
10 dwelling owned by one or more members of the  
11 family.

12 “(8) DEFINITION OF FIRST-TIME HOME-  
13 OWNER.—For purposes of this subsection, the term  
14 ‘first-time homeowner’ means—

15 “(A) a family, no member of which has  
16 had a present ownership interest in a principal  
17 residence during the 3 years preceding the date  
18 on which the family initially receives assistance  
19 for homeownership under this subsection; and

20 “(B) any other family, as the Secretary  
21 may prescribe.

22 “(u) DEFINITIONS.—For purposes of this section:

23 “(1) ANNUAL CONTRIBUTIONS CONTRACT.—  
24 The term ‘annual contributions contract’ means a  
25 contract under subsection (b) between the Secretary



1 and a public housing agency to provide amounts for  
2 rental assistance payments under this section to the  
3 public housing agency.

4 “(2) ASSISTANCE CONTRACT.—The term ‘as-  
5 sistance contract’ means a contract under subsection  
6 (c) between a public housing agency (or the Sec-  
7 retary) and an owner to make rental assistance pay-  
8 ments under this section to the owner.

9 “(3) DEBT SERVICE.—The term ‘debt service’  
10 means the required payments for principal and in-  
11 terest made with respect to a mortgage secured by  
12 housing assisted under this Act.

13 “(4) DRUG-RELATED CRIMINAL ACTIVITY.—The  
14 term ‘drug-related criminal activity’ means the ille-  
15 gal manufacture, sale, distribution, use, or posses-  
16 sion with intent to manufacture, sell, distribute, or  
17 use, of a controlled substance (as such term is de-  
18 fined in section 102 of the Controlled Substances  
19 Act).

20 “(5) OWNER.—The term ‘owner’ means any  
21 private person or entity, including a cooperative, an  
22 agency of the Federal Government, or a public hous-  
23 ing agency, having the legal right to lease or sub-  
24 lease dwelling units, and such term shall include any  
25 principals, general partners, primary shareholders,

1 and other similar participants in any entity owning  
2 a multifamily housing project (as such term is de-  
3 fined in subsection (p)(3)), as well as the entity  
4 itself.

5 “(6) PARTICIPATING JURISDICTION.—The term  
6 ‘participating jurisdiction’ means a State or unit of  
7 general local government designated by the Sec-  
8 retary to be a participating jurisdiction under title  
9 II of the Cranston-Gonzalez National Affordable  
10 Housing Act.

11 “(7) PROJECT-BASED ASSISTANCE.—The term  
12 ‘project-based assistance’ means rental assistance  
13 under this section that is attached to a structure  
14 pursuant to subsection (i).

15 “(8) RENT.—The terms ‘rent’ and ‘rental’ in-  
16 clude, with respect to members of a cooperative, the  
17 charges under the occupancy agreements between  
18 such members and the cooperative.

19 “(9) RENTAL ASSISTANCE.—The term ‘rental  
20 assistance’ means assistance provided under this sec-  
21 tion on behalf of low-income families for the rental  
22 of a dwelling unit.

23 “(10) TENANT-BASED ASSISTANCE.—The term  
24 ‘tenant-based assistance’ means rental assistance

1 under this section that is not project-based assist-  
2 ance.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) UNITED STATES HOUSING ACT OF 1937.—  
5 The United States Housing Act of 1937 is amend-  
6 ed—

7 (A) in section 3(a)(1) (42 U.S.C.  
8 1437a(a)(1)), by striking “(other than a family  
9 assisted under section 8(o) or (y) or paying rent  
10 under section 8(c)(3)(B))” and inserting  
11 “(other than a family assisted under section  
12 8(t) or paying rent under section 8(f)(2))”;

13 (B) in section 5 (42 U.S.C. 1437c)—

14 (i) in subsection (c)(7)(C), by striking  
15 “section 8(b)(1)” each place it appears and  
16 inserting “section 8”;

17 (ii) in subsection (j)(1)(B)(i), by strik-  
18 ing “section 8(o)(6)” and inserting “sec-  
19 tion 8”; and

20 (iii) in subsection (j)(1)(D), by strik-  
21 ing “subsection (b) or (o) of”;

22 (C) in section 6(p)(1)(B) (42 U.S.C.  
23 1437d(p)(1)(B)), by striking “holding certifi-  
24 cates and vouchers” and inserting “eligible and  
25 approved for assistance”;

1 (D) in section 21(b)(3)—

2 (i) by striking “a certificate under  
3 section 8(b)(1) or a housing voucher under  
4 section 8(o)” and inserting “tenant-based  
5 assistance under section 8”; and

6 (ii) by striking “such certificate” and  
7 inserting “such assistance”;

8 (E) in section 23—

9 (i) in subsection (a), by striking “as-  
10 sistance under the certificate and voucher  
11 programs” and inserting “tenant-based as-  
12 sistance”;

13 (ii) in subsection (b)—

14 (I) in paragraph (1), by striking  
15 “assistance under subsection (b) or  
16 (o) of” and inserting “tenant-based  
17 assistance under”; and

18 (II) in paragraph (4), by striking  
19 “Assistance under the certificate or  
20 voucher programs” and inserting  
21 “Tenant-based assistance”;

22 (iii) in subsection (c)(1), by striking  
23 “assistance under the certificate and  
24 voucher programs of” and inserting “ten-  
25 ant-based assistance from”;

1 (iv) in subsection (d)(3) (as added by  
2 section 185(b) of the Housing and Com-  
3 munity Development Act of 1992 (Public  
4 Law 102–550; 106 Stat. 3747)), by strik-  
5 ing “section 8(y)” and inserting “section  
6 8(t)”;

7 (v) in subsection (h)(1)—

8 (I) by striking “section 8(q) for  
9 the costs incurred in administering  
10 the provision of certificate and vouch-  
11 er” and inserting “section 8(n) for the  
12 costs incurred in administering the  
13 provision of tenant-based”;

14 (II) by striking “section  
15 8(q)(2)(A)(i)” and inserting “section  
16 8(n)(2)(A)”;

17 (G) in section 304(g)(3) (42 U.S.C.  
18 1437aaa–3(g)(3)), by striking “section 8(b)(2)  
19 and section 8(o)(9)” and inserting “section 8”.

20 (2) ALLOCATION OF ASSISTED HOUSING  
21 FUNDS.—Section 213 of the Housing and Commu-  
22 nity Development Act of 1974 (42 U.S.C. 1439) is  
23 amended—

24 (A) in subsection (d)—

1 (i) in paragraph (1)(A)(ii), by striking  
2 “section 8(b)(1)” each place it appears and  
3 inserting “section 8”; and

4 (ii) in paragraph (2), by striking “sec-  
5 tion 8(d)” and inserting “section 8(i)”;

6 (B) in subsection (e), by striking “section  
7 8(b)(1)” and inserting “section 8”.

8 (3) SUPPORTIVE HOUSING FOR ELDERLY FAMI-  
9 LIES.—Section 801(d)(1)(B) of the Cranston-Gon-  
10 zalez National Affordable Housing Act (12 U.S.C.  
11 1701q note) is amended by striking “section  
12 8(c)(1)” and inserting “section 8(e)”.

13 (4) ELDERLY INDEPENDENCE.—Section 803 of  
14 the Cranston-Gonzalez National Affordable Housing  
15 Act (42 U.S.C. 8012) is amended—

16 (A) in subsection (a), by striking “housing  
17 certificates and vouchers” and inserting “assist-  
18 ance under section 8 of the United States  
19 Housing Act of 1937”; and

20 (B) in subsection (b)—

21 (i) in the 1st sentence, by striking  
22 “not more than 1,500 incremental vouch-  
23 ers and certificates under sections 8(b) and  
24 8(o) of the United States Housing Act of  
25 1937” and inserting “incremental assist-

1           ance under section 8 of the United States  
2           Housing Act of 1937 on behalf of not more  
3           than 1,500 frail elderly persons”;

4           (ii) in the 3rd sentence, by striking  
5           “the housing certificate or voucher pro-  
6           gram of the agency” and inserting “the  
7           agency’s program for assistance under  
8           such section 8”; and

9           (iii) in the last sentence, by striking  
10          “sections 8(b) and 8(o)” and inserting  
11          “section 8”.

12          (5) REVISED CONGREGATE HOUSING SERV-  
13          ICES.—Section 802(k)(6)(B) of the Cranston-Gon-  
14          zalez National Affordable Housing Act (42 U.S.C.  
15          8011(k)(6)(B)) is amended by striking “subsection  
16          (d)(2)” and inserting “subsection (i)”.

17          (6) HOUSING FOR PERSONS WITH AIDS.—Sub-  
18          title D of title VIII of the Cranston-Gonzalez Na-  
19          tional Affordable Housing Act is amended—

20                (A) in section 859(a)(2) (42 U.S.C.  
21                12908(a)(2)) by striking “section 8(p)” each  
22                place it appears and inserting “section  
23                8(m)(1)”; and

1 (B) in section 860(a) (42 U.S.C.  
2 12909(a)), by striking “section 8(n)” and in-  
3 serting “section 8(l)”.

4 (7) MCKINNEY ACT.—Section 441(b) of the  
5 Stewart B. McKinney Homeless Assistance Act (42  
6 U.S.C. 11401(b)) is amended—

7 (A) by striking “section 8(n)” and insert-  
8 ing “section 8(l)”;

9 (B) by adding at the end the following new  
10 sentence: “Moderate rehabilitation under this  
11 section shall be carried out in the manner pro-  
12 vided under the provisions of section 8(e) of the  
13 United States Housing Act of 1937, as such  
14 section was in effect (pursuant to section  
15 289(b)(2) of the Cranston-Gonzalez National  
16 Affordable Housing Act) immediately before the  
17 enactment of the Housing and Community De-  
18 velopment Act of 1994.”.

19 (8) FLEXIBLE SUBSIDY PROGRAM.—Section  
20 201 of the Housing and Community Development  
21 Amendments of 1978 (12 U.S.C. 1715z–1a) is  
22 amended—

23 (A) in subsection (m)(2)(A), by striking  
24 “section 8(b)(1)” and inserting “section 8”;  
25 and



1 (B) in subsection (o), by striking “section  
2 8(v)” and inserting “section 8(q)(2)”.

3 (9) HUD-OWNED PROJECTS.—Section 203 of  
4 the Housing and Community Development Amend-  
5 ments of 1978 (12 U.S.C. 1701z–11) is amended—

6 (A) in subsection (e)(1)(D)—

7 (i) in clause (i)(IV), by inserting be-  
8 fore the semicolon the following: “, as such  
9 section was in effect (pursuant to section  
10 289(b)(2) of the Cranston-Gonzalez Na-  
11 tional Affordable Housing Act) imme-  
12 diately before the enactment of the Hous-  
13 ing and Community Development Act of  
14 1994”; and

15 (ii) in clause (ii), by striking “section  
16 8(b)” and inserting “section 8”;

17 (B) in subsection (g)(2), by striking “,  
18 8(d)(1)(A)(i), and 8(o)(3)(B)” and inserting “  
19 and 8(h)(2)(iii)”;

20 (C) in subsection (h)(2), by striking “sec-  
21 tion 8(c)” and inserting “section 8(e)”.

22 (10) HOUSING ACCESS.—Section 204 of the  
23 Housing and Community Development Amendments  
24 of 1978 (12 U.S.C. 1701z–12) is amended by strik-  
25 ing “to a holder of a certificate of eligibility under

1 that section solely because of such prospective ten-  
2 ant's status as a certificate holder'' and inserting  
3 ''to a family that is approved for assistance under  
4 such section solely because of such the family's sta-  
5 tus as assisted under such section''.

6 (11) ELIHPA OF 1987.—The references in sec-  
7 tions 225(b)(3)(D), 226(a)(3), and 228(a)(4) of the  
8 Emergency Low Income Housing Preservation Act  
9 of 1987 (as in effect immediately before the enact-  
10 ment of the Cranston-Gonzalez National Affordable  
11 Housing Act) to section 8(b) of the United States  
12 Housing Act of 1937 shall be considered to refer to  
13 section 8(e) of the United States Housing Act of  
14 1937 (as amended by the Housing and Community  
15 Development Act of 1994).

16 (12) LIHPRHA OF 1990.—Title II of the Hous-  
17 ing and Community Development Act of 1987 (42  
18 U.S.C. 4101 et seq.) is amended—

19 (A) in section 215(a)—

20 (i) in paragraph (1), by striking ''sec-  
21 tion 8(c)'' and inserting ''section 8(e)'';  
22 and

23 (ii) in paragraph (2), by striking ''sec-  
24 tion 8(c)(1)'' and inserting ''section  
25 8(e)(1)'';

1 (B) in section 220(d)(3)(B), by striking  
2 “section 8(c)” and inserting “section 8(e)”;

3 (C) in section 222—

4 (i) in subsection (a)(2)(D), by striking  
5 “section 8(c)” and inserting “section  
6 8(e)”; and

7 (ii) in subsection (d)(2)(C)(i), by  
8 striking “sections 8(b) and 8(o) of the  
9 United States Housing Act of 1937 (other  
10 than project-based assistance attached to  
11 the housing)” and inserting “tenant-based  
12 assistance under section 8 of the United  
13 States Housing Act of 1937”;

14 (D) in section 223(a), by striking “the cer-  
15 tificate and voucher programs under sections  
16 8(b) and 8(o)” and inserting “section 8”; and

17 (E) in section 226(b)(6)(B), by striking  
18 “sections 8(d)(1)(A) and 8(o)(3)” and inserting  
19 “section 8(h)(2)”.

20 (13) DISASTER RELIEF.—

21 (A) TENANT-BASED ASSISTANCE.—Section  
22 931 of the Cranston-Gonzalez National Afford-  
23 able Housing Act (42 U.S.C. 1437c note) is  
24 amended—

1 (i) in the section heading, by striking  
2 “**CERTIFICATES AND VOUCHERS**” and  
3 inserting “**TENANT-BASED ASSIST-**  
4 **ANCE**”; and

5 (ii) by striking “assistance under the  
6 certificate and voucher programs under  
7 sections 8 (b) and (o)” and inserting “ten-  
8 ant-based assistance under section 8”.

9 (B) MODERATE REHABILITATION ASSIST-  
10 ANCE.—Section 932 of the Cranston-Gonzalez  
11 National Affordable Housing Act (42 U.S.C.  
12 1437c note) is amended by inserting after  
13 “such Act” the following: “, as such section was  
14 in effect (pursuant to section 289(b)(2) of the  
15 Cranston-Gonzalez National Affordable Hous-  
16 ing Act) immediately before the enactment of  
17 the Housing and Community Development Act  
18 of 1994,”.

19 (14) PUBLIC HOUSING MINCS DEMONSTRA-  
20 TION.—Section 522(f)(6)(B) of the Cranston-Gon-  
21 zalez National Affordable Housing Act (42 U.S.C.  
22 1437f note) is amended—

23 (A) by striking “assistance under section  
24 8(b)” and inserting “tenant-based assistance  
25 under section 8”; and

1 (B) by striking “section 8(d)(1)(A)(i)” and  
2 inserting “section 8(h)(2)”.

3 (15) PUBLIC HOUSING NEW CONSTRUCTION IN-  
4 COME ELIGIBILITY.—Section 545(c)(2) of the Cran-  
5 ston-Gonzalez National Affordable Housing Act (42  
6 U.S.C. 1437f note) is amended by striking “section  
7 8(d)(1)(A)(ii)” and inserting “section 8(h)(3)”.

8 (16) SECTION 8 EXCESSIVE RENT BURDEN  
9 DATA.—Section 550(b) of the Cranston-Gonzalez  
10 National Affordable Housing Act (42 U.S.C. 1437f  
11 note) is amended—

12 (A) in paragraph (1), by striking “under  
13 the certificate and voucher programs estab-  
14 lished” and inserting “with tenant-based assist-  
15 ance”;

16 (B) in the first sentence of paragraph (2),  
17 by striking “, for each” and all that follows  
18 through “participating in the program” and in-  
19 serting “the percentage of families receiving  
20 tenant-based assistance”; and

21 (C) in paragraph (3), by striking “assist-  
22 ance under the certificate or voucher program”  
23 and inserting “tenant-based assistance under  
24 section 8 of the United States Housing Act of  
25 1937”.

1           (17) RURAL HOUSING PRESERVATION  
2 GRANTS.—Section 533(a) of the Housing Act of  
3 1949 (42 U.S.C. 1490m) is amended by striking  
4 “assistance payments as provided by section 8(o)”  
5 and inserting “tenant-based assistance payments  
6 under section 8 (including assistance in accordance  
7 with section 8(f)(2))”.

8           (18) FEDERALLY ASSISTED HOUSING OCCU-  
9 PANCY STANDARDS.—Section 643(b)(2) of the Hous-  
10 ing and Community Development Act of 1992 (42  
11 U.S.C. 13603(b)(2)) is amended by striking “section  
12 8(d)(1)” and inserting “section 8(h)”.

13           (19) RESERVATION OF SECTION 8 UNITS FOR  
14 DISABLED FAMILIES.—Section 655 of the Housing  
15 and Community Development Act of 1992 (42  
16 U.S.C. 13615) is amended by striking “section  
17 8(d)(1)(A)(i) of the United States Housing Act of  
18 1937 and the first sentence of section 8(o)(3)(B) of  
19 such Act” and inserting “section 8(h)(2) of the  
20 United States Housing Act of 1937”.

21           (20) GAO REPORT ON LEAD EXPOSURE.—Sec-  
22 tion 1056(a) of the Housing and Community Devel-  
23 opment Act of 1992 (42 U.S.C. 4855) is amended  
24 by striking “subsections (b) and (o) of”.

1           (21) NATIONAL HOUSING ACT.—The National  
2       Housing Act is amended—

3           (A) in section 203(v) (12 U.S.C. 1709(v)),  
4           as added by section 185(c)(1)(B) of the Hous-  
5           ing and Community Development Act of 1992,  
6           by striking “section 8(y)” and inserting “sec-  
7           tion 8(t)”;

8           (B) in section 236(f)(5)(A)(i) (12 U.S.C.  
9           1715z-1(f)(5)(A)(i)), by striking “section 8(c)”  
10          and inserting “section 8(e)”.

11       (c) APPLICABILITY.—The amendments under this  
12       section are made on the date of the enactment of this Act,  
13       but shall apply on and after October 1, 1995, only to as-  
14       sistance under section 8 of the United States Housing Act  
15       of 1937 provided pursuant to an assistance contract en-  
16       tered into or renewed on or after such date. Any such as-  
17       sistance provided pursuant to an assistance contract en-  
18       tered into before such date shall be subject to the provi-  
19       sions of such section 8 as in effect immediately before the  
20       enactment of this Act or otherwise applicable to such as-  
21       sistance.

22       (d) TRANSITION.—

23           (1) CONVERSION.—The Secretary may provide  
24       for the conversion of assistance under the certificate  
25       and voucher programs, as such programs existed be-

1 fore the date of the enactment of this Act, to the  
2 certificate program established under the amend-  
3 ments under this section.

4 (2) CONTINUATION OF ASSISTANCE.—The Sec-  
5 retary of Housing and Urban Development shall  
6 take any action necessary to ensure that the provi-  
7 sion of assistance under section 8 of the United  
8 States Housing Act of 1937 to families receiving as-  
9 sistance under such section on the date of the enact-  
10 ment of this Act is not interrupted because of the  
11 amendments under this section.

12 (e) REGULATIONS.—The Secretary shall implement  
13 the amendments under this section by regulation issued  
14 after notice and opportunity for public comment.

15 **SEC. 143. INCENTIVES TO REFINANCE HIGH INTEREST**  
16 **MORTGAGES FOR SECTION 8 PROJECTS.**

17 Section 8 of the United States Housing Act of 1937  
18 (42 U.S.C. 1437f), as amended by the preceding provi-  
19 sions of this Act, is further amended by adding at the end  
20 the following new subsection:

21 “(v) REFINANCING INCENTIVE.—For a project that  
22 (1) was constructed, substantially rehabilitated, or mod-  
23 erately rehabilitated under this section, (2) is subject to  
24 an assistance contract under this section, and (3) was sub-  
25 ject to a mortgage that has been refinanced under section



1 223(a)(7) or section 223(f) of the National Housing Act  
2 to lower the periodic debt service payments of the owner,  
3 the Secretary may pay the owner the amount of the up  
4 front costs to the owner of refinancing. The Secretary may  
5 make such payments only from savings in the amount of  
6 assistance payments, as determined by the Secretary on  
7 a project-by-project basis and after application of amounts  
8 in accordance with section 1012 of the Stewart B. McKin-  
9 ney Homeless Assistance Amendments Act of 1988, that  
10 result from the refinancing during the first year after the  
11 refinancing.”.

12 **SEC. 144. DEMONSTRATION PROGRAM FOR USE OF EXCESS**  
13 **RESIDUAL RECEIPTS.**

14 (a) IN GENERAL.—The Secretary of Housing and  
15 Urban Development shall carry out a demonstration pro-  
16 gram, in conjunction with State housing agencies, under  
17 which the Secretary, at the request of owners of qualified  
18 projects, makes amounts in the account for residual re-  
19 ceipts or excess amounts for the qualified projects avail-  
20 able for use under model programs to expand the supply  
21 of affordable housing.

22 (b) LIMITATION.—The Secretary may not make any  
23 amounts available for use under the demonstration pro-  
24 gram under this section from the account of a qualified  
25 project for residual receipts or excess amounts unless the

1 amount remaining in the account, together with replace-  
2 ment reserves for the project, is sufficient (in the deter-  
3 mination of the Secretary) to maintain, manage, and pre-  
4 serve the project as affordable housing.

5 (c) QUALIFIED PROJECTS.—For purposes of this sec-  
6 tion, the term “qualified project” means a housing  
7 project—

8 (1) assisted with project-based assistance under  
9 section 8 of the United States Housing Act of 1937;  
10 or

11 (2) constructed or substantially rehabilitated  
12 pursuant to assistance provided under section  
13 8(b)(2) of the United States Housing Act of 1937,  
14 as such section existed before November 30, 1983.

15 **SEC. 145. TREATMENT OF CERTAIN PROJECTS.**

16 (a) CONVERSION OF SECTION 23 PROJECT.—From  
17 amounts available for the conversion of the Tamaqua  
18 Highrise project in the Borough of Tamaqua, Pennsylva-  
19 nia, from a leased housing contract under section 23 of  
20 the United States Housing Act of 1937 to tenant-based  
21 assistance under section 8 of such Act, the Secretary of  
22 Housing and Urban Development shall, to the extent such  
23 amounts are made available in appropriation Acts, enter  
24 into an obligation for the conversion of the project to a  
25 project-based rental assistance contract under section 8 of

1 such Act, notwithstanding the requirement for rehabilita-  
2 tion or the percentage limitations under section 8(d)(2)  
3 of such Act (as in effect before the date of the enactment  
4 of this Act) and subparagraph (A) of section 8(i)(2) of  
5 such Act (as amended by section 143 of this Act).

6 (b) COMPLIANCE WITH REHABILITATION REQUIRE-  
7 MENT.—Rehabilitation activities undertaken by E.T.C.  
8 Enterprises in connection with 16 scattered-site dwelling  
9 units that were rehabilitated to provide housing for low-  
10 income families and are located in Perth Amboy, New Jer-  
11 sey, and rehabilitation activities undertaken by Penrose  
12 Properties in connection with 40 dwelling units for senior  
13 citizens in the Providence Square development located in  
14 New Brunswick, New Jersey, are hereby deemed to have  
15 been conducted pursuant to the approval of and an agree-  
16 ment with the Secretary of Housing and Urban Develop-  
17 ment under clauses (i) and (ii) of the third sentence of  
18 section 8(d)(2)(A) of the United States Housing Act of  
19 1937 (as in effect before the date of the enactment of this  
20 Act) and subparagraph (A) of section 8(i)(2) of such Act  
21 (as amended by section 143 of this Act).

1 **SEC. 146. STUDY OF EXTENT OF NONPARTICIPATION OF**  
2 **OWNERS AND LANDLORDS IN SECTION 8**  
3 **RENTAL ASSISTANCE PROGRAM.**

4 The Secretary of Housing and Urban Development  
5 shall conduct a study—

6 (1) to determine the extent to which the re-  
7 quirements of section 8(p)(2) of the United States  
8 Housing Act of 1937 (as amended by this Act) and  
9 section 8(t) of such Act (as in effect before the en-  
10 actment of this Act) cause owners of multifamily  
11 rental housing to abstain from entering into con-  
12 tracts for housing assistance payments under such  
13 section; and

14 (2) to identify other factors causing owners of  
15 such housing to abstain from entering into such con-  
16 tracts.

17 In conducting the study, the Secretary shall consult a sig-  
18 nificant number of owners in a wide range of areas. The  
19 Secretary shall submit a report to the Congress describing  
20 the results of the study not later than February 1, 1996.

21 **SEC. 147. STUDY OF SECTION 8 HOUSING QUALITY STAND-**  
22 **ARDS.**

23 The Secretary of Housing and Urban Development  
24 shall conduct a study of the existing standards for housing  
25 quality for dwelling units assisted under the program for

1 rental assistance under section 8 of the United States  
2 Housing Act of 1937. The study shall determine—

3 (1) whether the standards are effective in en-  
4 suring decent, safe, and sanitary housing;

5 (2) how, and the extent to which, the standards  
6 are enforced; and

7 (3) how the standards or the enforcement of the  
8 standards may be improved.

9 The Secretary shall submit a report to the Congress  
10 not later than 2 years after the date of the enactment of  
11 this Act describing the results of the study and containing  
12 any recommendations of the Secretary to carry out para-  
13 graph (3).

14 **Subtitle D—Renewal of Expiring**  
15 **Contracts for Section 8 New**  
16 **Construction and Substantial**  
17 **Rehabilitation Projects**

18 **SEC. 151. FINDINGS AND PURPOSE.**

19 (a) CONGRESSIONAL FINDINGS.—The Congress finds  
20 that—

21 (1) housing built or substantially rehabilitated  
22 pursuant to section 8 of the United States Housing  
23 Act of 1937 is an important national resource that  
24 has provided decent, safe, and affordable housing to  
25 hundreds of thousands of low-income families who

1 otherwise would not have obtained affordable hous-  
2 ing;

3 (2) the Federal Government is the steward of  
4 this assisted housing stock and has an affirmative  
5 obligation to preserve it as housing for low-income  
6 families, consistent with considerations of fairness to  
7 all interested parties, including owners, residents,  
8 property managers, the community in which the  
9 housing is located, and taxpayers;

10 (3) because section 8(e)(1) of the United States  
11 Housing Act of 1937 (as in effect prior to November  
12 30, 1983) provided, for the most part, that contracts  
13 to make assistance payments to owners of newly  
14 constructed or substantially rehabilitated housing fi-  
15 nanced with assistance of a loan made by, or in-  
16 sured, guaranteed or intended for purchase by the  
17 Federal Government, other than pursuant to section  
18 244 of the National Housing Act, could not exceed  
19 20 years and because such housing was constructed  
20 or substantially rehabilitated during the period from  
21 1975 to 1985, a substantial number of contracts  
22 that provide for such assistance will soon expire  
23 (with other housing constructed or substantially re-  
24 habilitated pursuant to such section of law sup-

1 ported through housing assistance contracts of  
2 longer duration, which will expire at a later time);

3 (4) failure to enter into new housing assistance  
4 contracts under equitable and financially sound  
5 terms and conditions will reduce the supply of de-  
6 cent, safe, and affordable housing for low-income  
7 Americans, while the demonstrated need for such  
8 housing remains great;

9 (5) in order for the urban and rural population  
10 centers of the United States to regain their viability,  
11 the housing stock in such population centers must  
12 be preserved, which includes preserving housing built  
13 or substantially rehabilitated under section 8 of the  
14 United States Housing Act of 1937;

15 (6) assisted housing projects located in areas of  
16 relative affluence can promote racial, social, and eco-  
17 nomic integration, and such projects should be main-  
18 tained as part of the affordable housing inventory to  
19 the maximum extent practicable;

20 (7) the number of units of housing currently re-  
21 ceiving project-based section 8 assistance should not  
22 be reduced as a result of the expiration of any cur-  
23 rent contracts; and

24 (8) the number of households currently assisted  
25 by reason of residence in housing projects receiving

1 project-based section 8 assistance should not be re-  
2 duced as a result of the expiration of any current  
3 contracts to provide project-based assistance, though  
4 some of the specific families currently living in such  
5 housing may either receive such assistance in an-  
6 other location or become recipients of tenant-based  
7 assistance under appropriate circumstances (with  
8 the preference, as a matter of public policy, to the  
9 continued assistance of such households through  
10 project-based assistance).

11 (b) PURPOSE.—It is the purpose of this subtitle to  
12 provide for the preservation of affordable housing con-  
13 structed or substantially rehabilitated pursuant to section  
14 8 of the United States Housing Act of 1937, and to pro-  
15 vide affordable housing opportunities for at least the same  
16 number of families as are provided such housing by reason  
17 of their residence in housing projects receiving project-  
18 based assistance under such section, in a manner that is  
19 administratively efficient, cost-effective, and fair to all in-  
20 terested parties, including owners, residents, property  
21 managers and the communities in which the housing is  
22 located.



1 **SEC. 152. NOTICES OF CONTRACT EXPIRATION AND INTEN-**  
2 **TION TO RENEW.**

3 (a) NOTICE TO OWNER.—Not later than 27 months  
4 before the date of expiration of an expiring contract (or,  
5 in the case of a qualified project subject to an expiring  
6 contract for which the date of expiration occurs less than  
7 27 months after the date of the enactment of this Act,  
8 not later than 6 months after the date of enactment of  
9 this Act), the Secretary shall notify the owner of the quali-  
10 fied project, in writing, that the owner has an affirmative  
11 obligation pursuant to subsection (b).

12 (b) NOTICE BY OWNER TO SECRETARY.—Not later  
13 than 24 months before the date of expiration of an expir-  
14 ing contract (or, in the case of a qualified project subject  
15 to an expiring contract for which the date of expiration  
16 occurs less than 27 months after the date of the enact-  
17 ment of this Act, not later than 9 months after the date  
18 of enactment of this Act), the owner of the qualified  
19 project shall simultaneously—

20 (1) submit to the Secretary written notice stat-  
21 ing whether or not the owner intends to enter into  
22 a new contract pursuant to this subtitle for project-  
23 based assistance for the qualified project; and

24 (2) submit a copy of the notice to the chief ex-  
25 ecutive officer of the State or unit of general local  
26 government for the jurisdiction within which the

1 project is located, any mortgagee of the project, the  
2 tenants of the project (including any resident council  
3 for the project), and such other individuals or enti-  
4 ties as the Secretary may require.

5 (c) SUBMISSION OF PROPOSAL TO ENTER INTO NEW  
6 CONTRACT.—If in the notice required by subsection (b)  
7 the owner indicates an intention to enter into a new con-  
8 tract for assistance for the qualified project, not later than  
9 3 months after submitting such notice to the Secretary,  
10 the owner shall simultaneously—

11 (1) submit to the Secretary a proposal specify-  
12 ing terms and conditions for the new contract, which  
13 shall comply with the requirements for new contracts  
14 under this subtitle; and

15 (2) submit a copy of the notice to the chief ex-  
16 ecutive officer of the State or unit of general local  
17 government for the jurisdiction within which the  
18 project is located, any mortgagee of the project, the  
19 tenants of the project (including any resident council  
20 for the project), and such other individuals or enti-  
21 ties as the Secretary may require.

22 (d) CAPITAL NEEDS ASSESSMENT.—

23 (1) REQUIREMENT.—Within a reasonable pe-  
24 riod of time after receiving a proposal under sub-  
25 section (c) to enter into a new contract for a quali-

1       fied project, the Secretary shall conduct a com-  
2       prehensive assessment of the needs of the project to  
3       determine the rehabilitation needs and replacement  
4       reserves necessary to preserve the project during the  
5       ensuing 10-year period.

6           (2) CONTENT.—The assessment shall obtain  
7       the same information regarding the qualified project  
8       that is required to be contained in a comprehensive  
9       needs assessment under section 403 of the Housing  
10      and Community Development Act of 1992 for a cov-  
11      ered multifamily housing property subject to title IV  
12      of such Act, shall assess the management perform-  
13      ance for the project, and shall obtain any other in-  
14      formation as the Secretary considers appropriate for  
15      purposes of this subtitle regarding the project, ten-  
16      ants, and market area in which the project is lo-  
17      cated.

18      (e) TENANT AND COMMUNITY PARTICIPATION.—

19           (1) ESTABLISHMENT OF PROCEDURES.—The  
20      Secretary shall establish procedures that provide an  
21      opportunity for tenants of a qualified project (in-  
22      cluding any resident council) and other affected par-  
23      ties to participate effectively in the process estab-  
24      lished under this section and section 153 to deter-  
25      mine whether and under what terms and conditions

1 a new contract will be provided for the project or  
2 other assistance will be made available.

3 (2) CONTENT OF PROCEDURES.—The proce-  
4 dures established under this subsection shall include  
5 providing timely and adequate written notice of the  
6 proposed decisions of the owner and the Secretary  
7 regarding the qualified project, timely access to all  
8 relevant information (not including information de-  
9 termined to be proprietary under standards estab-  
10 lished by the Secretary), an adequate period to ana-  
11 lyze such information and submit comments to the  
12 Secretary (which the Secretary shall take into con-  
13 sideration in carrying out this subtitle), and, if re-  
14 quested, arranging meetings with representatives of  
15 the Secretary and the owner.

16 (3) APPLICABILITY.—The procedures estab-  
17 lished under this subsection shall provide for the  
18 participation of tenants of a qualified project and  
19 other affected parties in at least the following ac-  
20 tions:

21 (A) Physical inspection of the qualified  
22 property under section 155(b) and determina-  
23 tion of capital needs of a property pursuant to  
24 subsection (d).

1 (B) Any determination under section 154  
2 regarding the owner of the project.

3 (C) Review of notice and any proposal sub-  
4 mitted by the owner under subsections (b) and  
5 (c) of this section.

6 (D) Determination of the response of the  
7 Secretary under section 153.

8 (E) Determination of the terms of any new  
9 contract for the project.

10 (F) Establishing and carrying out any plan  
11 for sale of the project under section 157(c)(1).

12 (G) Establishing and carrying out of any  
13 plan to provide assistance under subsection (d)  
14 or (e) of section 157.

15 (4) MINIMUM PERIOD FOR TENANT NOTIFICA-  
16 TION.—The Secretary shall notify tenants of a quali-  
17 fied project of any agreement to enter into a new  
18 contract for the project or of the failure to enter into  
19 a new contract for the project, as the case may be,  
20 not less than 12 months before the expiration of ex-  
21 piring contract. If, in the case of a failure to enter  
22 into a new contract for a qualified project, the Sec-  
23 retary fails to comply with the requirement under  
24 the preceding sentence, the Secretary shall (subject  
25 only to the availability of budget authority) provide

1 such additional assistance as may be necessary to  
2 extend the contract for such 12-month period.

3 **SEC. 153. SECRETARY'S RESPONSE TO OWNER'S PROPOSAL.**

4 (a) REQUIREMENT.—Except in the case of an owner  
5 who submits a notice under section 152(b) stating an in-  
6 tention not to enter into a new contract and in the case  
7 of rejection of an owner's proposal under subsection (c),  
8 not later than 90 days after an owner submits a proposal  
9 under section 152(c) for a qualified project (or not later  
10 than 30 days after the expiration of the period under sec-  
11 tion 152(b), in the case of an owner failing to provide no-  
12 tice under such subsection), the Secretary shall take action  
13 under subsection (b) to enter into a new contract.

14 (b) RESPONSE TO OWNER'S PROPOSAL.—Subject  
15 only to the availability of budget authority, the Secretary  
16 shall take the following actions:

17 (1) STATUS QUO CONTRACTS.—In the case of a  
18 qualified project for which the maximum monthly  
19 rents for units in the project that are assisted under  
20 the expiring contract do not (24 months before the  
21 date of the expiration of the contract) exceed 110  
22 percent of the fair market rentals for dwelling units  
23 of the applicable sizes and types of dwelling units in  
24 the relevant metropolitan market area and a quali-  
25 fied project for which the owner agrees to reduce the

1 maximum monthly rents so that the rents do not ex-  
2 ceed 110 percent of such fair market rentals—

3 (A) if the owner's proposal under section  
4 152(c) provides for establishing maximum  
5 monthly rents under the contract for dwelling  
6 units in the project pursuant to the procedure  
7 under section 156(a) and otherwise complies  
8 with the requirements of this subtitle, the Sec-  
9 retary shall agree to the owner's proposal and  
10 shall enter into a new contract for the project;  
11 and

12 (B) if the owner's proposal under section  
13 152(c) does not provide for establishing maxi-  
14 mum monthly rents under the contract for  
15 dwelling units in the project pursuant to the  
16 procedure under section 156(a) or otherwise  
17 fails to comply with the requirements of this  
18 title, or the owner has failed to submit a pro-  
19 posal, the Secretary shall make an offer to  
20 enter into a new contract for the project (by  
21 modifying the owner's proposal under section  
22 152(c), if the owner has submitted a proposal)  
23 and, if the owner accepts, the Secretary shall  
24 enter into such a new contract for the project.

1 The Secretary may not offer or agree to enter into  
2 a new contract for a qualified project, or enter into  
3 such a contract, that establishes maximum monthly  
4 rents under the contract for dwelling units in the  
5 project pursuant to the procedure under section  
6 156(a) unless the maximum monthly rents under the  
7 expiring contract for the project meet the require-  
8 ments of the matter in this paragraph preceding  
9 subparagraph (A).

10 (2) BUDGET-BASED CONTRACTS.—In the case  
11 of a qualified project for which the maximum month-  
12 ly rents for units in the project that are assisted  
13 under the expiring contract (24 months before the  
14 date of the expiration of the contract) exceed 110  
15 percent of the fair market rentals for dwelling units  
16 of the applicable sizes and types of dwelling units in  
17 the relevant metropolitan market area—

18 (A) if the owner's proposal under section  
19 152(c) provides for establishing maximum  
20 monthly rents under the contract for dwelling  
21 units in the project pursuant to the procedure  
22 under section 156(b) and otherwise complies  
23 with the requirements of this subtitle, the Sec-  
24 retary shall agree to the owner's proposal under



1 section 152(c) and shall enter into a new con-  
2 tract for the project; and

3 (B) if the owner's proposal under section  
4 152(c) does not provide for establishing maxi-  
5 mum monthly rents under the contract for  
6 dwelling units in the project pursuant to the  
7 procedure under section 156(b) or otherwise  
8 fails to comply with the requirements of this  
9 title, or the owner has failed to submit a pro-  
10 posal, the Secretary shall make an offer to  
11 enter into a new contract for the project (by  
12 modifying the owner's proposal under section  
13 152(c), if the owner has submitted a proposal)  
14 and, if the owner accepts, the Secretary shall  
15 enter into such a new contract for the project.

16 (3) MARKET RENT CONTRACTS FOR HIGH-COST  
17 AREAS.—Notwithstanding paragraphs (1) and (2),  
18 in the case of a qualified project for which the Sec-  
19 retary determines that the maximum monthly rents  
20 for units in the project offered (or to be offered) by  
21 the Secretary under paragraph (1) or (2), as appli-  
22 cable, are less than the monthly rents for com-  
23 parable units in comparable unassisted housing  
24 projects in the relevant metropolitan market area,  
25 the Secretary may offer to enter into a new contract

1 for the qualified project that provides for the estab-  
2 lishment of the maximum monthly rents at amounts  
3 not exceeding the monthly rents for such comparable  
4 units. Each new contract entered into under this  
5 paragraph shall provide that the maximum monthly  
6 rents for the qualified project shall be adjusted an-  
7 nually by applying the annual adjustment factor es-  
8 tablished by the Secretary under section 156(a)(2)  
9 to the entire amount of the maximum monthly rents.

10 (4) CONTRACTS FOR PARTIALLY ASSISTED  
11 PROJECTS.—Notwithstanding paragraphs (1) and  
12 (2), in the case of a qualified project for which as-  
13 sistance is provided under an expiring contract for  
14 some, but not all, of the dwelling units in the  
15 project, the Secretary may offer to enter into a new  
16 contract for the qualified project that provides for  
17 the establishment of the maximum monthly rents for  
18 units in the project assisted under the expiring con-  
19 tract at amounts not exceeding the sum of (A) the  
20 monthly rents for comparable unassisted units in the  
21 project, and (B) an allowance for unique costs as de-  
22 termined under section 156(b)(1)(G). Each new con-  
23 tract entered into under this paragraph shall provide  
24 that the maximum monthly rents for the qualified  
25 project shall be adjusted annually by applying the

1 annual adjustment factor established by the Sec-  
2 retary under section 156(a)(2) to the entire amount  
3 of the maximum monthly rents.

4 (5) AVOIDING OVERCONCENTRATION OF LOW-  
5 INCOME HOUSING.—Notwithstanding paragraphs (1)  
6 and (2), with respect to a qualified project for which  
7 the Secretary is to provide a new contract under ei-  
8 ther such paragraph, the Secretary may reduce the  
9 number of dwelling units otherwise required to be  
10 assisted under the new contract (pursuant to section  
11 155(a)(3)) if—

12 (A) the Secretary determines that the  
13 project is located in a market area in which  
14 there is a high concentration of dwelling units  
15 occupied by or affordable to very low-income  
16 families;

17 (B) the Secretary consults with the owner  
18 of the project, the tenants of the project (in-  
19 cluding any resident council), and representa-  
20 tives of the community in which the project is  
21 located regarding such reduction and action  
22 under subparagraph (D);

23 (C) the owner and affected tenants consent  
24 to the reduction and action under subparagraph  
25 (D);

1 (D) the Secretary provides project-based  
2 assistance for a number of dwelling units that  
3 is not less than the difference between the num-  
4 ber of units otherwise required to be assisted  
5 under the new contract and the number actu-  
6 ally assisted under the new contract; and

7 (E) the dwelling units assisted under sub-  
8 paragraph (D) are located in market areas  
9 other than the area in which the qualified  
10 project is located and such areas do not have a  
11 high concentration of dwelling units occupied by  
12 or affordable to very low-income families.

13 The Secretary shall determine the maximum month-  
14 ly rents for dwelling units assisted under subpara-  
15 graph (D) using the procedures under paragraph (2)  
16 of this subsection and section 156. In determining  
17 the maximum monthly rents under the new contract  
18 for any dwelling units in the qualified project, the al-  
19 lowance under section 156(b)(1)(G) may be in-  
20 creased to reflect higher costs per unit assisted at-  
21 tributable to assisting less units.

22 (c) REJECTION OF OWNER'S PROPOSAL.—The Sec-  
23 retary may reject a proposal submitted pursuant to section  
24 152(c) only for a reason contained in the regulations is-  
25 sued under section 154.

1 (d) NOTICE OF SECRETARY'S ACTION.—The Sec-  
2 retary shall simultaneously—

3 (1) submit written notice of any action under  
4 subsection (b) or (c) to the owner of the qualified  
5 project for which such action is taken; and

6 (2) submit a copy of the notice to the chief ex-  
7 ecutive officer of the appropriate State or unit of  
8 general local government for the jurisdiction within  
9 which the project is located, any mortgagee of the  
10 project, the tenants of the project (including any  
11 resident council for the project), and such other indi-  
12 viduals or entities as the Secretary may require.

13 Notice under this subsection shall be submitted not later  
14 than the expiration of the period for the qualified project  
15 referred to in subsection (a). If the Secretary does not pro-  
16 vide notice to the owner as required under this subsection,  
17 the proposal of the owner shall be considered to have been  
18 accepted without modification. Any notice rejecting a pro-  
19 posal by the owner shall clearly state the reason for reject-  
20 ing the proposal.

21 (e) MODIFICATIONS TO OWNER'S PROPOSAL.—The  
22 Secretary may propose modifications to an owner's pro-  
23 posal submitted pursuant to section 152(c) only to the ex-  
24 tent necessary to make the proposal comply with the re-

1 requirements under this subtitle for acceptance by the Sec-  
2 retary.

3 (f) LIMITATION ON SECRETARY'S AUTHORITY TO RE-  
4 JECT OR MODIFY.—The Secretary may not reject or pro-  
5 pose modifications to a proposal submitted pursuant to  
6 section 152(c) because an enforcement action is pending  
7 against the owner. Notwithstanding any other provision  
8 of this subtitle, in such event, the Secretary shall, subject  
9 only to the availability of budget authority, extend the ap-  
10 plicable expiring contract for the period until the enforce-  
11 ment action is concluded.

12 **SEC. 154. LIMITATION ON NEW CONTRACTS.**

13 (a) IN GENERAL.—The Secretary may refuse to enter  
14 into a new contract with the owner of a qualified project  
15 if the Secretary determines that the owner of the project  
16 submitting the proposal has committed—

17 (1) violations of laws, regulations, regulatory  
18 agreements, or other agreements for which the Sec-  
19 retary may impose suspension, debarment, civil  
20 money penalties, and such other major forms of en-  
21 forcement action available to the Secretary under  
22 law; or

23 (2) other substantial and repeated violations of  
24 laws, regulations, regulatory agreements or other  
25 agreements that have not been cured within a rea-

1       sonable period of time after notice was provided to  
2       the owner.

3       (b) REGULATIONS.—Not later than 45 days after the  
4       date of enactment of this Act, the Secretary shall publish  
5       for comment proposed regulations identifying the viola-  
6       tions that, under subsection (a), prohibit the Secretary  
7       from entering into a new contract.

8       **SEC. 155. REQUIRED TERMS OF NEW CONTRACTS.**

9       (a) IN GENERAL.—The Secretary may accept the  
10      proposal of an owner (made under section 152(c) or nego-  
11      tiations pursuant to such a proposal), and may propose  
12      modifications to such a proposal and make an offer to  
13      enter into a new contract for qualified housing, only if the  
14      agreement provides for a new contract for the qualified  
15      housing that complies with the following requirements:

16           (1) RENEWAL FOR REMAINING USEFUL LIFE OF  
17      PROPERTY.—A new contract shall contain binding  
18      commitments necessary to ensure that—

19           (A) the contract shall be renewed as pro-  
20      vided in paragraph (5) upon expiration for the  
21      entire remaining useful life of the qualified  
22      project subject to the contract, subject only to  
23      the availability of budget authority, the provi-  
24      sions of this subtitle, and the provisions of the

1 contract or law regarding termination of the  
2 contract for cause; and

3 (B) renewal of the contract under para-  
4 graph (5) shall not alter or affect the terms of  
5 the contract.

6 (2) PROJECT-BASED ASSISTANCE.—A new con-  
7 tract shall provide that the Secretary shall provide  
8 project-based assistance under this subtitle for dwell-  
9 ing units in the qualified project subject to the con-  
10 tract based upon maximum monthly rents (including  
11 utilities and all maintenance and management  
12 charges) that the owner may receive for the dwelling  
13 units.

14 (3) LOW-INCOME OCCUPANCY.—A new contract  
15 shall provide that, during the term of the contract,  
16 the owner shall make available for occupancy only by  
17 families that (at the time of their initial occupancy)  
18 are low-income families or very low-income families  
19 (as the contract shall provide) the number of dwell-  
20 ing units in the qualified project subject to the con-  
21 tract for which assistance is provided under the ex-  
22 piring contract.

23 (4) MAINTENANCE OF HOUSING.—The new con-  
24 tract shall—



1 (A) require the owner of the qualified  
2 project to maintain the housing in compliance  
3 with housing quality standards established by  
4 the Secretary for housing assisted under section  
5 8 of the United States Housing Act of 1937;

6 (B) provide that the provisions of section  
7 8(h)(10) of such Act shall apply to the qualified  
8 project, except that in the case of a qualified  
9 project—

10 (i) any reference in such section to a  
11 public housing agency shall be construed to  
12 refer also to the Secretary; and

13 (ii) any reference in such section to  
14 assistance under section 8 shall be con-  
15 strued to refer to assistance under a new  
16 contract; and

17 (C) provide that upon a request by the  
18 owner, the Secretary shall provide for a review  
19 of any determination of a serious noncompli-  
20 ance of the project with such housing quality  
21 standards, which review shall—

22 (i) determine whether (I) a serious  
23 noncompliance has occurred, (II) the  
24 owner was permitted a reasonable period  
25 of time to correct the noncompliance, and

1 (III) the owner has the responsibility to  
2 correct the noncompliance;

3 (ii) be conducted by an officer or em-  
4 ployee of the Department of Housing and  
5 Urban Development who is not the officer  
6 or employee who made the initial deter-  
7 mination of the noncompliance and is not  
8 subject to the supervision of such officer or  
9 employee; and

10 (iii) include a written decision of the  
11 finding pursuant to the review.

12 (5) CONTRACT TERM.—A new contract shall  
13 have a term of 60 months and shall be renewable for  
14 additional 60-month terms without limitation.

15 (6) SECTION 8 REQUIREMENTS.—A new con-  
16 tract shall provide that the qualified project subject  
17 to the contract shall be subject to the requirements  
18 applicable to housing assisted under section 8(i) of  
19 the United States Housing Act of 1937.

20 (7) CAPITAL NEEDS.—A new contract shall  
21 contain such terms as the Secretary and the owner  
22 agree to regarding conducting rehabilitation and re-  
23 placement activities for the project and may provide  
24 amounts to the owner for meeting immediate reha-  
25 bilitation and replacement needs of the qualified

1 project if the Secretary determines that providing  
2 such amounts would be more cost effective to the  
3 Secretary than financing such activities through in-  
4 creased project debt.

5 (8) MAXIMUM MONTHLY RENTS.—A new con-  
6 tract shall provide that the maximum monthly rents  
7 for the project under the contract shall be the  
8 amount determined under section 156 (or, in the  
9 case of a new contract entered into under paragraph  
10 (3) or (4) of section 153(b), the amount determined  
11 under such paragraph) upon entering into the con-  
12 tract, and shall be adjusted annually as provided  
13 under such section (or paragraph (3) or (4) of sec-  
14 tion 153(b), if applicable), except that—

15 (A) the maximum monthly rents shall be  
16 redetermined in the manner provided under sec-  
17 tions 153(b) and 156 upon each renewal of the  
18 contract;

19 (B) the owner of the project may, at any  
20 time, submit a written request to the Secretary  
21 for a redetermination of the maximum monthly  
22 rents for the project using the procedure under  
23 section 156(b) and, after such request, the  
24 rents shall be determined using such method for  
25 the remainder of the term of the contract; and

1           (C) in the case of a project that is subject  
2 to a mortgage insured by the Secretary and for  
3 which the maximum monthly rents under the  
4 new contract are determined and adjusted  
5 under section 156(a), if at any time the Sec-  
6 retary determines that such rents are not suffi-  
7 cient to provide for the sound operation of the  
8 project while maintaining payment of debt serv-  
9 ice for the project, the Secretary may require  
10 redetermination of the maximum monthly rents  
11 for the project using the procedure under sec-  
12 tion 156(b) and, after such request, the rents  
13 shall be determined using such method for the  
14 remainder of the term of the contract and the  
15 provisions of section 159(b) shall apply to the  
16 project.

17           (9) CONSIDERATION OF TENANT CONCERNS.—  
18 A new contract shall provide that the owner of the  
19 qualified housing shall—

20           (A) establish and, in good faith, carry out  
21 a procedure, acceptable to the tenants (includ-  
22 ing any resident council) of the project, for ten-  
23 ants to submit to the owner comments, ques-  
24 tions, and requests regarding any issues con-  
25 cerning the project (including the condition,

1 management, and ownership of the project);  
2 and

3 (B) make a good faith effort to respond to  
4 such comments, questions, and requests within  
5 a reasonable period of time.

6 (b) PROPERTY INSPECTIONS AND MANAGEMENT RE-  
7 VIEWS REQUIRED BY SECRETARY.—The Secretary shall  
8 conduct an inspection of the physical condition of each  
9 qualified project for which a new contract is entered into  
10 under this subtitle and shall conduct a review of the man-  
11 agement of each such qualified project, not less than once  
12 every 3 years. The Secretary shall also conduct such an  
13 inspection or review of a project when requested by the  
14 unit of general local government for the jurisdiction in  
15 which the project is located or by a petition signed by not  
16 less than 10 percent of the tenants of occupied units in  
17 the project.

18 **SEC. 156. MAXIMUM MONTHLY RENT UNDER NEW CON-**  
19 **TRACTS.**

20 (a) STATUS QUO RENT DETERMINATION.—

21 (1) PROCEDURE.—If the maximum monthly  
22 rents under a new contract for a qualified project  
23 are to be established under this subsection, the rents  
24 shall be established at the amount equal to the maxi-  
25 mum monthly rents under the expiring contract ex-

1       isting at the time 24 months before the date of the  
2       expiration of the contract (or an amount mutually  
3       agreed to by the Secretary and the owner that is less  
4       than such amount).

5           (2) RENT ADJUSTMENTS.—

6           (A) IN GENERAL.—The maximum monthly  
7       rents for any qualified project for which the  
8       rents under a new contract are to be deter-  
9       mined under this subsection shall be adjusted  
10      annually by applying the annual adjustment  
11      factor established by the Secretary under sub-  
12      paragraph (B) to the entire amount of the max-  
13      imum monthly rents.

14          (B) ANNUAL ADJUSTMENT FACTOR.—The  
15      annual adjustment factor shall—

16           (i) measure the annual change for a  
17      market area in the prevailing unsubsidized  
18      market rents for various sizes and types of  
19      dwelling units and shall be based solely on  
20      such measure;

21           (ii) provide for decreases and in-  
22      creases in the maximum monthly rents;  
23      and

24           (iii) not provide for adjustment in the  
25      maximum monthly rents based on any fac-

1           tor other than the factor described in  
2           clause (i).

3           The Secretary shall establish market areas for  
4           purposes of establishing annual adjustment fac-  
5           tors under this paragraph.

6           (3) SERVICE COORDINATORS.—Notwithstanding  
7           paragraph (1), the maximum monthly rents estab-  
8           lished (and adjusted) under this subsection for a  
9           qualified project shall be increased to the extent nec-  
10          essary to provide for the total costs of a service coor-  
11          dinator under section 161 for the project.

12          (b) BUDGET-BASED RENT DETERMINATION.—

13           (1) PROCEDURE.—If the maximum monthly  
14           rents under a new contract for a qualified project  
15           are to be established under this subsection, the rents  
16           shall be established at such a level or levels that  
17           would provide income sufficient to cover the sum of  
18           the following actual and projected costs of operating  
19           the project:

20           (A) DEBT SERVICE.—The debt service on  
21           any federally-insured or assisted loans for the  
22           qualified project or any other loans for the  
23           project approved by the Secretary at the time  
24           the loans were entered into or subsequently, ex-

1           cept that the Secretary may provide that such  
2           debt service shall not include—

3                   (i) any debt service attributable to  
4                   any equity loan insured under section  
5                   241(f) of the National Housing Act or any  
6                   similar loan made for the purposes of liq-  
7                   uidating the equity of the owner in the  
8                   qualified project; and

9                   (ii) if the Secretary requires refinanc-  
10                  ing of debt under section 159 and the  
11                  owner does not refinance as provided in  
12                  such section, any debt service relating to  
13                  such debt in excess of the amount that the  
14                  Secretary determines is appropriate under  
15                  prevailing market conditions at the time  
16                  such refinancing was required to occur.

17           (B) OPERATING EXPENSES.—The operat-  
18           ing expenses for the qualified project, including  
19           costs of measures to reduce or control crime,  
20           and the total costs of a service coordinator  
21           under section 161 for the project.

22           (C) RESERVES.—An amount for adequate  
23           reserves for the qualified project, as determined  
24           pursuant to a comprehensive needs assessment  
25           for the project prepared and approved in ac-



1 cordance with title IV of the Housing and Com-  
2 munity Development Act of 1992 or in such  
3 other manner as the Secretary may require.

4 (D) ALLOWANCE FOR LOSSES.—An allow-  
5 ance for potential operating losses of the quali-  
6 fied project caused by vacancies and failure to  
7 collect rents, which shall be an amount equal to  
8 5 percent of any rental income from the project  
9 (including any amounts paid in rent for utili-  
10 ties).

11 (E) DISTRIBUTION TO OWNER.—An allow-  
12 ance for a distribution to the owner of the  
13 qualified project, which shall be an amount for  
14 each dwelling unit in the project equal to the  
15 higher of—

16 (i) \$350 per year; or

17 (ii) 6 percent of the fair market rental  
18 for dwelling units of the applicable size  
19 and type in the relevant metropolitan mar-  
20 ket area.

21 (F) TENANT ORGANIZATION.—An amount  
22 for technical assistance to the resident council  
23 (if any) of the qualified project or for technical  
24 assistance in organizing or operating a resident  
25 council, which shall be an amount equal to \$20

1 per dwelling unit in the project per year. The  
2 Secretary shall provide that such amounts shall  
3 not be made available to the owner but shall be  
4 accessible only by resident councils or by ten-  
5 ants for establishment or operation of resident  
6 councils.

7 (G) ALLOWANCE FOR UNIQUE COSTS.—An  
8 allowance for unique costs specific to and char-  
9 acteristic of qualified housing or other housing  
10 for low-income families receiving project-based  
11 assistance from the Secretary, in the amount  
12 agreed to by the Secretary and the owner.

13 (H) ALLOWANCE FOR HIGH-RENT  
14 AREAS.—If the Secretary determines that the  
15 prevailing rents in the market area in which a  
16 qualified project is located exceed the fair mar-  
17 ket rentals for dwelling units of the applicable  
18 sizes and types of dwelling units in the relevant  
19 metropolitan market area—

20 (i) an allowance may be provided (at  
21 the discretion of the Secretary) in an  
22 amount necessary to provide maximum  
23 monthly rents under this subsection in an  
24 amount equal to the prevailing market  
25 rents in the area; and

1           (ii) an allowance in the amount re-  
2           ferred to in clause (i) shall be provided if  
3           the Secretary determines that there is a  
4           lack of sufficient housing in the market  
5           area in which the project is located that is  
6           affordable to low-income families.

7           (2) RENT ADJUSTMENTS.—

8           (A) IN GENERAL.—The maximum monthly  
9           rents for any qualified project for which the  
10          rents under a new contract are to be deter-  
11          mined under this subsection shall be adjusted  
12          annually by applying the operating cost adjust-  
13          ment factor established by the Secretary under  
14          subparagraph (B) to the entire amount of the  
15          maximum monthly rents.

16          (B) OPERATING COST ADJUSTMENT FAC-  
17          TOR.—The operating cost adjustment factor for  
18          any 12-month period shall be equal to—

19               (i) the percent increase or decrease, if  
20               any, in the Consumer Price Index pub-  
21               lished for the 6th month preceding the be-  
22               ginning of such period over such index  
23               published for the 18th month preceding  
24               such period, adjusted to the nearest  $\frac{1}{10}$  of  
25               1 percent; or

1                   (ii) any other equivalent measure of  
2                   change in operating costs determined by  
3                   the Secretary.

4                   For purposes of this subparagraph, the term  
5                   “Consumer Price Index” means the Consumer  
6                   Price Index for All Urban Consumers, United  
7                   States City Average, Housing Component, pre-  
8                   pared by the Bureau of Labor Statistics of the  
9                   Department of Labor.

10                   (C) EXCESSIVE ADJUSTMENTS.—The Sec-  
11                   retary may require the owner of a qualified  
12                   project for which a new contract has been pro-  
13                   vided to submit a proposal in the manner pro-  
14                   vided under paragraph (3) for redetermination  
15                   of maximum monthly rents for the project if—

16                               (i) not less than 2 rent adjustments  
17                               have been made pursuant to subparagraph  
18                               (A) for the project;

19                               (ii) an intervening redetermination of  
20                               maximum monthly rents for the project  
21                               pursuant to paragraph (1) has not oc-  
22                               curred; and

23                               (iii) the Secretary determines that the  
24                               rents resulting from the rent adjustments  
25                               are materially in excess of the rents nec-

1            necessary to support the costs for the project  
2            described in paragraph (1).

3            If pursuant to such a redetermination the Sec-  
4            retary determines that the rents for the project  
5            are greater than the amount described in clause  
6            (iii), the Secretary may reduce the maximum  
7            monthly rents for the project to the amount de-  
8            scribed in clause (iii), effective on the first day  
9            of the month following written notification by  
10          the Secretary to the owner of such new rents.

11          (3) TIMING.—If the Secretary requests an  
12          owner of a qualified project or a project for which  
13          a new contract is to be provided to submit a pro-  
14          posal for maximum monthly rents based on costs de-  
15          scribed in paragraph (1) and the owner fails to sub-  
16          mit such a proposal during the 90-day period begin-  
17          ning upon receipt of such request, the Secretary may  
18          establish the maximum monthly rents for the project  
19          based on such information as is available to the Sec-  
20          retary from the owner's most recent audited finan-  
21          cial statements, without the agreement of the owner.

22          (4) ADDITIONAL INFORMATION FROM  
23          OWNER.—The owner of a qualified project (including  
24          a project for which a new contract has been pro-  
25          vided) may, at any time, submit to the Secretary in-

1 formation regarding prevailing rent levels for com-  
2 parable dwelling units in the relevant metropolitan  
3 market area and the Secretary shall consider such  
4 information in making any determinations or agree-  
5 ments under this subsection regarding the project.

6 **SEC. 157. ACTIONS IN CASES OF FAILURE TO ENTER INTO**  
7 **NEW CONTRACT.**

8 (a) NOTICE.—If—

9 (1) the owner of a qualified project indicates, in  
10 the notice required under section 152(b), an inten-  
11 tion not to enter into a new contract,

12 (2) the Secretary and the owner fail to agree to  
13 enter into a new contract after a reasonable period  
14 of negotiation, or

15 (3) the Secretary refuses to enter into a new  
16 contract with the owner pursuant to section 154,

17 the Secretary shall provide notice containing the informa-  
18 tion under subsection (b) to the owner, the chief executive  
19 officer of the State or unit of general local government  
20 for the jurisdiction within which the project is located, any  
21 mortgagee of the project, the tenants of the project (in-  
22 cluding any resident council for the project), and such  
23 other individuals or entities as the Secretary considers ap-  
24 propriate.

1 (b) CONTENTS OF NOTICE.—Notice under subsection  
2 (a) shall identify the qualified project, state the intention  
3 of the Secretary to enter into a new contract for the  
4 project with an owner of the project acceptable to the Sec-  
5 retary, state that the Secretary may take either of the ac-  
6 tions authorized under subsection (c) with respect to the  
7 project, and propose maximum monthly rents for the  
8 project subject to the requirements of sections 153(b) and  
9 156.

10 (c) ATTEMPTED SALE OF PROJECT.—After providing  
11 notice under subsection (b) for a qualified project—

12 (1) the Secretary shall negotiate with the owner  
13 and other interested parties to develop a plan for  
14 sale of the project in a timely manner to a new  
15 owner who agrees to enter into a new contract with  
16 the Secretary and who may be a nonprofit or for-  
17 profit entity, a State or local governmental entity, a  
18 tenant (or group of tenants) or a resident council;  
19 a new contract under this paragraph may be pro-  
20 vided pursuant to the loan management program  
21 under section 8(q)(2) of the United States Housing  
22 Act of 1937 or a contract through a public housing  
23 agency for project-based assistance under section  
24 8(i) of such Act; and

1           (2) notwithstanding paragraph (1), the Sec-  
2           retary may acquire the qualified project by con-  
3           demnation, under judicial process, pursuant to the  
4           first section of the Act of August 1, 1888 (Chapter  
5           728, 25 Stat. 357; 40 U.S.C. 257).

6           (d) FAILURE TO SELL PROJECT.—

7           (1) TRANSFER OF PROJECT-BASED ASSISTANCE  
8           TO OTHER HOUSING.—If, after providing notice  
9           under subsection (b) for a qualified project and  
10          making reasonable efforts under subsection (c)(1)  
11          the Secretary fails to enter into a new contract for  
12          the project (and determines that action under sub-  
13          section (c)(2) is not appropriate), the Secretary  
14          shall, subject only to the availability of budget au-  
15          thority and the absence of qualified requests for  
16          such assistance, provide project-based rental assist-  
17          ance for at least the same number of dwelling units  
18          in housing located within the same market area as  
19          the qualified project as were assisted under the ex-  
20          piring contract for the project. Tenants of the quali-  
21          fied project shall be offered initial occupancy in  
22          dwelling units assisted pursuant to this paragraph.

23          (2) CONSULTATION.—In providing project-  
24          based assistance under this subsection, the Secretary  
25          shall consult with nonprofit and for-profit entities,



1 State and local governmental entities, and tenants  
2 and any resident council of the project, regarding  
3 acquisition and operation of housing to be assisted  
4 under this subsection.

5 (e) ASSISTANCE FOR PROJECT TENANTS.—

6 (1) RIGHT TO RECEIVE ASSISTANCE.—If, in the  
7 notice required by section 152(b), the owner indi-  
8 cates a preference not to enter into a new contract  
9 or the Secretary fails to enter into a new contract  
10 for the project, the Secretary shall provide assist-  
11 ance under paragraphs (2) and (3), subject only to  
12 the availability of budget authority, for each family  
13 who on the date occurring 12 months before the ex-  
14 piration of the expiring contract resides in a dwell-  
15 ing unit in the project that is assisted under the ex-  
16 piring contract.

17 (2) TYPE OF ASSISTANCE.—Assistance required  
18 under this paragraph shall be provided, as deter-  
19 mined by the Secretary, in one of the following  
20 forms:

21 (A) TENANT-BASED ASSISTANCE.—Assist-  
22 ance may be provided as tenant-based rental as-  
23 sistance under the provisions of section 8(b) of  
24 the United States Housing Act of 1937, as in  
25 effect on June 1, 1994, except that in providing

1           such assistance the Secretary shall increase the  
2           maximum monthly rental amount to the extent  
3           necessary to permit families remain in the  
4           dwelling unit they occupy in the qualified  
5           project or to obtain a comparable dwelling unit  
6           in the same market area.

7           (B) OCCUPANCY IN A UNIT RECEIVING  
8           PROJECT-BASED ASSISTANCE.—The family may  
9           be offered occupancy of an available dwelling  
10          unit that is assisted under a contract pursuant  
11          to subsection (c)(1) or (d).

12          (3) RELOCATION ASSISTANCE.—Assistance re-  
13          quired under this section is assistance to the tenant  
14          of a qualified project in the amount of the total cost  
15          of relocating to a unit assisted under paragraph (2).

16 **SEC. 158. CONTRACT EXTENSION.**

17          Subject to the availability of budget authority, the  
18          Secretary may extend any expiring contract in force on  
19          the date of enactment of this Act, under identical terms  
20          and conditions, for not more than 24 months if the Sec-  
21          retary determines that such extension is necessary to pro-  
22          tect tenants of the qualified project subject to the contract  
23          or the General Insurance Fund established under section  
24          519 of the National Housing Act, except that—

1           (1) the authority under this section may be ex-  
2           ercised only once for any contract or qualified  
3           project; and

4           (2) such authority may not be exercised for a  
5           qualified project for which the owner has provided  
6           timely notification under section 152(b) indicating  
7           an intention not to enter into a new contract for the  
8           project, unless the owner expressly agrees to the ex-  
9           tension or the Secretary is taking action pursuant to  
10          section 152(e)(5) or 153(f).

11 **SEC. 159. FINANCING AND RESTRUCTURING UNDERLYING**  
12                   **DEBT AND TREATMENT OF RESIDUAL RE-**  
13                   **CEIPTS.**

14          (a) IN GENERAL.—Before entering into a new con-  
15          tract with a present or future owner of a qualified project,  
16          the Secretary shall encourage and, subject to the excep-  
17          tions in subsection (d), may require—

18               (1) the restructuring of debt if the costs to the  
19               Federal Government of such restructuring are less  
20               than the costs incurred by the Federal Government  
21               under a contract for assistance under section 8 of  
22               the United States Housing Act of 1937 at the  
23               project's current debt level; and

1           (2) the refinancing of all debt that is financed  
2           at a rate 250 basis points in excess of prevailing  
3           market rates for debt with a similar maturity.

4 Any project refinancing or debt restructuring shall be ac-  
5 companied by a corresponding reduction in the maximum  
6 monthly rents for the project. The authority of the Sec-  
7 retary under this section to restructure or refinance mort-  
8 gages shall be effective for any fiscal year only to such  
9 extent or in such amounts as are or have been provided  
10 for such costs in appropriation Acts for such fiscal year.

11       (b) FHA-INSURED PROJECTS.—Subject to the excep-  
12 tions set forth in subsection (d), the Secretary shall re-  
13 quire an owner of a project subject to a mortgage insured  
14 by the Secretary which is to be assisted under a new con-  
15 tract to certify that any debt that, in the determination  
16 of the Secretary, meets the conditions of paragraph (1)  
17 or (2) of subsection (a) will be restructured or refinanced,  
18 as applicable.

19       (c) STATE-FINANCED PROJECTS.—The Secretary  
20 shall establish procedures to inform State agencies that  
21 insure or finance mortgages of the provisions of this sub-  
22 title, and shall encourage such agencies to refinance or  
23 otherwise restructure debt which meets the conditions of  
24 paragraph (1) or (2) of subsection (a).

1 (d) EXCEPTIONS.—The Secretary shall not require  
2 the refinancing or debt restructuring of any project, if—

3 (1) the project was financed through obligations  
4 issued by a State or local housing agency or the  
5 Government National Mortgage Association and  
6 such refinancing or debt restructuring is inconsistent  
7 with applicable law or agreements governing such fi-  
8 nancing; and

9 (2) in the Secretary's determination, the refi-  
10 nancing will not result in significant savings to the  
11 Department of Housing and Urban Development or  
12 to the mortgagor.

13 (e) DISCRETIONARY ASSISTANCE.—To facilitate re-  
14 newal consistent with this section and section 156(b), the  
15 Secretary may, from amounts appropriated under this  
16 subtitle—

17 (1) pay the owner's nonmortgageable trans-  
18 action costs;

19 (2) provide the State insuring agency or the  
20 mortgagee with an equitable share of the savings re-  
21 captured from the refinancing;

22 (3) apply a share of the savings recaptured  
23 from the refinancing to the project's reserves or cap-  
24 ital expenses;

1           (4) bifurcate the note to leave a first note serv-  
2           iceable within rents reflective of the local market;  
3           and

4           (5) assist in financing a project's rehabilitation  
5           needs through the provision of up-front grants  
6           from—

7                   (A) residual receipts distributed to the Sec-  
8                   retary;

9                   (B) the budget authority provided for in-  
10                  creases in new contracts to pay for rehabilita-  
11                  tion, if the Secretary determines that the provi-  
12                  sion of such grants in addition to rental assist-  
13                  ance under section 8 of the United States  
14                  Housing Act of 1937 would be cost-effective;  
15                  and

16                  (C) savings resulting from refinancing or  
17                  otherwise restructuring the debt.

18           (f) RESIDUAL RECEIPTS.—

19                   (1) IN GENERAL.—Residual receipts distributed  
20                  to the Secretary shall be retained by the Secretary  
21                  for use under this subtitle.

22                   (2) EXPEDITED ACQUISITION.—The Secretary  
23                  may expedite the acquisition of residual receipts for  
24                  a qualified project by entering into an agreement  
25                  with the owner of the project that provides—

1 (A) for the owner to retain a portion of  
2 any residual receipts accumulated for the  
3 project, which shall not to exceed 15 percent of  
4 such accumulated receipts;

5 (B) for the Secretary to acquire the por-  
6 tion of the accumulated residual receipts for the  
7 project not retained by the owner not less than  
8 12 months before the expiration of the expiring  
9 contract for the project, unless the Secretary  
10 provides otherwise; and

11 (C) for any residual receipts accumulated  
12 for the project after the date of the acquisition  
13 under subparagraph (B) to be distributed to the  
14 owner and the Secretary, and to be acquired pe-  
15 riodically by the Secretary, in the same percent-  
16 ages as the residual receipts for the project are  
17 distributed pursuant to subparagraphs (A) and  
18 (B).

19 **SEC. 160. RETENTION OF PROGRAM SAVINGS BY SEC-**  
20 **RETARY.**

21 Any savings achieved through implementation of the  
22 provisions of this Act, except for such savings made avail-  
23 able to State or local housing agencies pursuant to section  
24 159, shall be retained by the Secretary to increase afford-  
25 able housing opportunities, in such manner as may be de-

1 terminated by statute, or as may be determined by the Sec-  
2 retary.

3 **SEC. 161. SUPPORTIVE SERVICES AND TECHNICAL ASSIST-**  
4 **ANCE.**

5 (a) PROVISION OF SERVICE COORDINATOR.—

6 (1) REQUIREMENT.—Each owner of a qualified  
7 project or a project for which a new contract has  
8 been provided shall provide, to the extent amounts  
9 are available pursuant to paragraph (2) or another  
10 provision of this subtitle, that the project is served  
11 (on a full- or part-time basis in a manner approved  
12 by the Secretary) by a service coordinator under sec-  
13 tion 671 of the Housing and Community Develop-  
14 ment Act of 1992. The preceding sentence shall  
15 apply only after the expiration of the 270-day period  
16 beginning on the date of the enactment of this Act.

17 (2) PAYMENT OF COSTS.—Notwithstanding any  
18 other provision of law, the salary and other costs as-  
19 sociated with employing a service coordinator shall  
20 be considered an eligible project expense for a quali-  
21 fied project which may be fully funded under the ex-  
22 piring contract, as provided by the Secretary.

23 (b) TECHNICAL ASSISTANCE.—

24 (1) REQUIRED ASSISTANCE.—Using a portion  
25 of any amounts in an account for residual receipts



1 established for a qualified project and any amounts  
2 made available for new contracts under this subtitle,  
3 the Secretary shall (subject to the availability of  
4 such amounts) provide for technical assistance for  
5 tenants of the project (including any resident coun-  
6 cils), nonprofit organizations, nonprofit developers of  
7 affordable housing, and State and local govern-  
8 mental agencies to the extent necessary to—

9 (A) develop the capacity and ability of such  
10 entities to carry out activities pursuant to this  
11 subtitle; and

12 (B) assist such entities in preparing sub-  
13 missions, proposals, and such other documents  
14 and entering into contracts, agreements, and  
15 other arrangements involved in such activities.

16 (2) USE OF EXISTING PROGRAM FOR DELIV-  
17 ERY.—The Secretary may provide technical assist-  
18 ance under this subsection with respect to qualified  
19 projects through the program and procedures estab-  
20 lished under subtitle C of the Low-Income Housing  
21 Preservation and Resident Homeownership Act of  
22 1990 (as added by section 312 of the Housing and  
23 Community Development Act of 1992) for technical  
24 assistance with respect to eligible low-income hous-  
25 ing.

1 **SEC. 162. DELEGATION OF AUTHORITY.**

2 The Secretary may delegate the authority of the Sec-  
3 retary under this subtitle, as the Secretary considers ap-  
4 propriate, to officials of States and units of general local  
5 government, who may also act as contract administrators  
6 under applicable law.

7 **SEC. 163. DEFINITIONS.**

8 For purposes of this subtitle—

9 (1) the term “expiring contract” means any  
10 contract for assistance under section 8 of the United  
11 States Housing Act of 1937 pursuant to the author-  
12 ity referred to in paragraph (7)(A) of this sub-  
13 section;

14 (2) the term “fair market rental” means the  
15 fair market rental established pursuant to the au-  
16 thority under—

17 (A) section 8(c)(1) of the United States  
18 Housing Act of 1937, as such section existed  
19 before the date of the enactment of this Act; or

20 (B) section 8(e) of the United States  
21 Housing Act of 1937, as in effect after the date  
22 of the enactment of this Act;

23 (3) the terms “low-income family” and “very  
24 low-income family” have the meanings given the  
25 terms in section 3 of the United States Housing Act  
26 of 1937;

1           (4) the term “maximum monthly rents” means,  
2 with respect to a new contract for a qualified  
3 project, the maximum monthly rent that the owner  
4 is entitled to receive for dwelling units in the project  
5 assisted under the new contract;

6           (5) the term “new contract” means—

7                 (A) a contract pursuant to this subtitle to  
8 provide project-based assistance for a qualified  
9 project; and

10                (B) a contract pursuant to the provisions  
11 of subsection (d) or (e)(2)(B) of section 157 or  
12 section 153(b)(5);

13           (6) the term “owner” includes the current or  
14 subsequent owner or owners of a qualified project;

15           (7) the terms “qualified project” and “project”  
16 mean a multifamily housing project that—

17                 (A) was constructed or substantially reha-  
18 bilitated pursuant to assistance provided under  
19 section 8(b)(2) of the United States Housing  
20 Act of 1937, as such section existed before No-  
21 vember 30, 1983; and

22                 (B) is assisted under an expiring contract;

23           (8) the term “relevant metropolitan market  
24 area” means, with respect to a qualified project, a  
25 standard metropolitan area established by the Direc-

1       tor of the Office of Management and Budget or a  
2       portion of such an area determined appropriate by  
3       the Secretary for purposes of this subtitle, in which  
4       a project is located or, in the case of a project not  
5       located in a standard metropolitan area, which is the  
6       nearest such area to the project;

7               (9) the term “remaining useful life” means,  
8       with respect to a qualified project, the period during  
9       which the physical characteristics of the project re-  
10      main in a condition suitable for occupancy, assuming  
11      normal maintenance and repairs are made and  
12      major systems and capital components are replaced  
13      as becomes necessary, as determined on the record  
14      after opportunity for a hearing, in accordance with  
15      standards for determining when the useful life of an  
16      eligible low-income housing project has expired that  
17      are established by the Secretary by rule under sec-  
18      tion 553 of title 5, United States Code;

19              (10) the term “resident council” means any  
20      democratically operated organization of tenants of a  
21      qualified project; and

22              (11) the term “Secretary” means the Secretary  
23      of Housing and Urban Development.

1 **SEC. 164. REGULATIONS.**

2 The Secretary shall issue any final regulations nec-  
3 essary to carry out this subtitle, which shall take effect  
4 not later than 6 months after the date of the enactment  
5 of this Act. The regulations shall be issued after notice  
6 and opportunity for public comment in accordance with  
7 the procedure under section 553 of title 5, United States  
8 Code, applicable to substantive rules (notwithstanding  
9 subsections (a)(2), (b)(B), and (d)(3) of such section).

10 **SEC. 165. AUTHORIZATION OF APPROPRIATIONS.**

11 There are authorized to be appropriated such sums  
12 as may be necessary to carry out the provisions of this  
13 subtitle for which amounts are not provided under section  
14 5(c) of the United States Housing Act of 1937.

15 **Subtitle E—Homeownership**  
16 **Programs**

17 **SEC. 171. HOPE HOMEOWNERSHIP PROGRAMS.**

18 (a) AUTHORIZATION OF APPROPRIATIONS AND  
19 TECHNICAL ASSISTANCE.—

20 (1) IN GENERAL.—Section 402 of the Cran-  
21 ston-Gonzalez National Affordable Housing Act (42  
22 U.S.C. 12870) is amended by striking subsections  
23 (a) and (b) and inserting the following new sub-  
24 section:

25 “(a) HOMEOWNERSHIP PROGRAMS.—There are au-  
26 thorized to be appropriated for grants under this title

1 \$100,000,000 for fiscal year 1995 and \$100,000,000 for  
2 fiscal year 1996, which shall be available for activities au-  
3 thorized under subtitles B and C. Such amounts shall also  
4 be available for implementation grants under title III of  
5 the United States Housing Act of 1937, except that not  
6 more than \$25,000,000 may be used for the purpose  
7 under this sentence and such amounts may only be used  
8 for implementation grants to applicants who have success-  
9 fully completed planning grants under such title. Any  
10 amounts appropriated pursuant to this subsection shall re-  
11 main available until expended.”.

12 (b) HOPE II MATCHING REQUIREMENTS.—Section  
13 423(c)(1) of the Cranston-Gonzalez National Affordable  
14 Housing Act (42 U.S.C. 12873(c)) is amended by striking  
15 “33 percent” and inserting “25 percent”.

16 (c) ELIGIBILITY UNDER HOPE III OF HOMES ON  
17 LEASED LAND OWNED BY COMMUNITY LAND TRUSTS.—  
18 Section 446(4) of the Cranston-Gonzalez National Afford-  
19 able Housing Act (42 U.S.C. 12896(4)) is amended—

20 (1) by inserting “(A)” before “owned”; and

21 (2) by inserting before the period at the end the  
22 following: “, or (B) located on leased land owned by  
23 a community land trust (as such term is defined in  
24 section 233 of the HOME Investment Partnerships  
25 Act)”.

1 **SEC. 172. NATIONAL HOMEOWNERSHIP FUND.**

2 Subtitle A of title III of the Cranston-Gonzalez Na-  
3 tional Affordable Housing Act (42 U.S.C. 12701 note) is  
4 amended to read as follows:

5 **“Subtitle A—National**  
6 **Homeownership Fund**

7 **“SEC. 301. SHORT TITLE.**

8 “This subtitle may be cited as the ‘National Home-  
9 ownership Fund Act’.

10 **“SEC. 302. AUTHORITY.**

11 “The Secretary of Housing and Urban Development  
12 may make grants under this subtitle to States (including  
13 State housing finance agencies), local housing finance  
14 agencies, and nonprofit housing intermediaries to provide  
15 assistance, in accordance with the provisions of this sub-  
16 title, for the acquisition of principal residences for first-  
17 time homebuyers (including homebuyers buying shares in  
18 limited equity cooperatives).

19 **“SEC. 303. ELIGIBLE ASSISTANCE.**

20 “A grantee may use amounts received under this sub-  
21 title only to provide assistance to first-time homebuyers  
22 in the following manners:

23 “(1) **DOWNPAYMENT ASSISTANCE.**—Assistance  
24 payments to provide amounts for the downpayment  
25 (including closing costs and other costs payable at

1 the time of closing) on a mortgage for the home-  
2 buyer.

3 “(2) SECOND MORTGAGE ASSISTANCE.—Assist-  
4 ance payments to provide loans that have such terms  
5 for payment of interest and principal as may be de-  
6 termined by the grantee.

7 “(3) CAPITALIZATION OF REVOLVING LOAN  
8 FUNDS.—To establish revolving loan funds (or to  
9 make grants to public organizations or agencies to  
10 establish such funds) to provide homeownership as-  
11 sistance to eligible first-time homebuyers in accord-  
12 ance with the provisions of this subtitle. Any grantee  
13 under this subtitle (and any subgrantee of such a  
14 grantee) shall provide an equal amount of local in-  
15 vestment for such revolving loan fund and any pro-  
16 ceeds or repayments from loans made under this  
17 paragraph shall be returned to the revolving loan  
18 fund established under this paragraph to be used for  
19 purposes related to this section.

20 “(4) INTEREST RATE BUYDOWNS.—Assistance  
21 payments so that the rate of interest payable on a  
22 mortgage by the homebuyer does not exceed 6 per-  
23 cent.



1 **“SEC. 304. ELIGIBILITY REQUIREMENTS.**

2 “(a) HOMEBUYER.—Assistance may be provided only  
3 to homebuyers meeting the following requirements:

4 “(1) FIRST-TIME HOMEBUYER.—The home-  
5 buyer is an individual who—

6 “(A)(i) (and whose spouse) has had no  
7 ownership in a principal residence during the 3-  
8 year period ending on the date of purchase of  
9 the property with respect to which assistance  
10 payments are made under this subtitle;

11 “(ii) is a displaced homemaker who, except  
12 for owning a home with his or her spouse or re-  
13 siding in a home owned by the spouse, meets  
14 the requirements of clause (i); or

15 “(iii) is a single parent who, except for  
16 owning a home with his or her spouse or resid-  
17 ing in a home owned by the spouse while mar-  
18 ried, meets the requirements of clause (i); and

19 “(B) meets the requirements of subpara-  
20 graph (A)(i), (ii), or (iii), except for owning, as  
21 a principal residence, a dwelling unit whose  
22 structure is not permanently affixed to a per-  
23 manent foundation in accordance with local or  
24 other applicable regulations.

25 “(2) MAXIMUM INCOME OF HOMEBUYER.—The  
26 aggregate annual income of the homebuyer and the

1 members of the family of the homebuyer residing  
2 with the homebuyer, for the 12-month period preced-  
3 ing the date of the application of the homebuyer for  
4 assistance under this subtitle, does not exceed 115  
5 percent of the median income for a family of 4 per-  
6 sons (adjusted by family size) in the applicable met-  
7 ropolitan statistical area (or such other area that the  
8 Secretary determines for areas outside of metropoli-  
9 tan statistical areas). The Secretary shall provide for  
10 certification of such income for purposes of initial  
11 eligibility for assistance payments under this sub-  
12 title.

13 “(b) MORTGAGE.—Assistance may be provided only  
14 for mortgages meeting the following requirements:

15 “(1) PRINCIPAL RESIDENCE.—The property  
16 subject to the mortgage is a single-family residence  
17 or unit in a cooperative (including any manufactured  
18 home park owned by residents or owned by nonprofit  
19 organizations for future ownership by residents) or  
20 condominium, or a single family residence located on  
21 leased land owned by a community land trust, and  
22 is the principal residence of the homebuyer.

23 “(2) MAXIMUM MORTGAGE AMOUNT.—The  
24 principal obligation of the first mortgage and any  
25 second mortgage assistance provided under this sub-

1 title does not exceed the principal amount that could  
2 be insured under section 203(b) of the National  
3 Housing Act with respect to a property having the  
4 same number of dwelling units.

5 “(c) MINIMUM DOWNPAYMENT.—For first-time  
6 homebuyers to receive downpayment assistance under sec-  
7 tion 303(a)(1), the homebuyer shall have paid not less  
8 than 1 percent of the cost of acquisition of the property  
9 (excluding any mortgage insurance premiums paid at the  
10 time the mortgage is insured), as such cost is estimated  
11 by the Secretary.

12 **“SEC. 305. COUNSELING REQUIREMENTS.**

13 “Each grantee under this subtitle shall ensure that  
14 each homebuyer receiving assistance under this subtitle  
15 from the grantee (or any subgrantee of such grantee) shall  
16 be provided prepurchase and postpurchase homeownership  
17 counseling from individuals certified by the Secretary  
18 under section 106(e) of the Housing and Urban Develop-  
19 ment Act of 1968.

20 **“SEC. 306. ALLOCATION OF GRANT AMOUNTS.**

21 “(a) IN GENERAL.—The Secretary may make a grant  
22 under this subtitle only to a State (including a State hous-  
23 ing finance agency), local housing finance agency, or non-  
24 profit housing intermediary that submits to the Secretary  
25 an application under this section that is approved by the

1 Secretary. Applications shall be made in such form and  
2 in accordance with such procedures as the Secretary shall  
3 establish.

4 “(b) MINIMUM REQUIREMENTS.—An application  
5 under this section shall contain a plan that describes how  
6 the applicant will achieve the objectives of this subtitle.

7 The application shall include—

8 “(1) a description of the geographic area, in-  
9 cluding the revitalization area included, to be cov-  
10 ered by the program to provide assistance under this  
11 subtitle;

12 “(2) the characteristics of the households to be  
13 served by the program;

14 “(3) a description and evidence of the commit-  
15 ment of other public and private resources to be  
16 made available in the revitalization area and other  
17 areas in which homebuyers receive assistance under  
18 this subtitle;

19 “(4) a description of any secondary market and  
20 private mortgage insurance involvement and commit-  
21 ment in connection with assistance under this sub-  
22 title;

23 “(5) a description of how prepurchase and  
24 postpurchase counseling will be provided to home-  
25 buyers assisted under this subtitle;

1           “(6) a description of any restrictions on resale  
2           and profits;

3           “(7) a description of existing affordable housing  
4           programs and resources available to undertake reha-  
5           bilitation of properties when needed;

6           “(8) a description of the process for award and  
7           disbursement of assistance to homebuyers; and

8           “(9) a description of the history of the appli-  
9           cant in undertaking similar projects.

10          “(c) SELECTION.—The Secretary shall allocate  
11          amounts available in any fiscal year for assistance under  
12          this subtitle to States (including State housing finance  
13          agencies), local housing finance agencies, or nonprofit  
14          housing intermediaries for homebuyers through a national  
15          competition in accordance with criteria established by the  
16          Secretary. The criteria shall include the extent to which  
17          the applicant has experience in providing homeownership  
18          opportunities for low- and moderate-income households.

19          “(d) TARGETING FOR REVITALIZATION AREAS.—  
20          Each grantee under this subtitle shall use not more than  
21          50 percent of any amounts received under this subtitle for  
22          assistance under section 303(a) for homebuyers purchas-  
23          ing residences in revitalization areas using mortgages in-  
24          sured under section 203(b) of the National Housing Act.

1 **“SEC. 307. REPORT.**

2 “Not later than 18 months after the date of the issu-  
3 ance of final regulations pursuant to section 310, the Sec-  
4 retary shall submit to the Congress a report stating the  
5 amount of loans made in revitalization areas and in other  
6 areas, the amount of loans insured under the National  
7 Housing Act made in connection with assistance under  
8 this section and the amount of privately insured loans  
9 made in connection with such assistance, and an analysis  
10 of the effectiveness of such assistance in assisting first-  
11 time homebuyers.

12 **“SEC. 308. DEFINITIONS.**

13 “For purposes of this subtitle:

14 “(1) ASSISTANCE.—The term ‘assistance’  
15 means—

16 “(A) any downpayment assistance provided  
17 under section 303(1);

18 “(B) any second mortgage loan provided  
19 under section 303(2);

20 “(C) any loan provided from a revolving  
21 fund established under section 303(3); and

22 “(D) any payment for buydown of an in-  
23 terest rate provided under section 303(4).

24 “(2) COMMUNITY LAND TRUST.—The term  
25 ‘community land trust’ has the meaning given the

1 term in section 233 of the Cranston-Gonzalez Na-  
2 tional Affordable Housing Act.

3 “(3) DISPLACED HOMEMAKER.—The term ‘dis-  
4 placed homemaker’ means an individual who—

5 “(A) is an adult;

6 “(B) has not worked full-time, full-year in  
7 the labor force for a number of years, but has  
8 during such years, worked primarily without re-  
9 munerated to care for the home and family;  
10 and

11 “(C) is unemployed or underemployed and  
12 is experiencing difficulty in obtaining or up-  
13 grading employment.

14 “(4) REVITALIZATION AREA.—The term ‘revi-  
15 talization area’ means—

16 “(A) an empowerment zone or enterprise  
17 community approved under Subchapter U of  
18 Chapter 1 of the Internal Revenue Code of  
19 1986, or an equivalent State-approved enter-  
20 prise zone; and

21 “(B) a neighborhood that, in the deter-  
22 mination of the Secretary, is targeted by a unit  
23 of general local government for revitalization  
24 using coordinated affordable housing programs  
25 and enhanced supportive services.

1           “(5) NONPROFIT HOUSING INTERMEDIARY.—  
2           The term ‘nonprofit housing intermediary’ means a  
3           nonprofit organization that the Secretary determines  
4           has among its principal purposes activities described  
5           in clauses (1) and (2) of section 802(a) of the Hous-  
6           ing and Community Development Act of 1974.

7           “(6) SINGLE PARENT.—The term ‘single par-  
8           ent’ means an individual who—

9                   “(A) is unmarried or legally separated  
10                  from a spouse; and

11                   “(B)(i) has 1 or more minor children for  
12                  whom the individual has custody or joint cus-  
13                  tody; or

14                   “(ii) is pregnant.

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

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

23           “(9) STATE HOUSING FINANCE AGENCY.—The  
24           term ‘State housing finance agency’ has the meaning



1 given the term in section 802(b) of the Housing and  
2 Community Development Act of 1974.

3 “(10) LOCAL HOUSING FINANCE AGENCY.—The  
4 term ‘local housing finance agency’ means a housing  
5 finance agency of any city, county, town, township,  
6 parish, village, or other general purpose subdivision  
7 of a State, or of any combination of such political  
8 subdivisions recognized by the Secretary, or any  
9 other agency or instrumentality of such an entity  
10 that carries out activities described in section 303.

11 **“SEC. 309. AUTHORIZATION OF APPROPRIATIONS.**

12 “There are authorized to be appropriated for assist-  
13 ance under this subtitle \$115,000,000 for fiscal year 1995  
14 and \$215,000,000 for fiscal year 1996. Any amount ap-  
15 propriated under this section shall remain available until  
16 expended.

17 **“SEC. 310. REGULATIONS.**

18 “Not later than 10 days after the date of the enact-  
19 ment of the Housing and Community Development Act  
20 of 1994, the Secretary shall issue an interim rule to imple-  
21 ment this subtitle. The Secretary shall issue final regula-  
22 tions necessary to implement this subtitle not later than  
23 90 days after issuance of such interim rule.”.

1 **SEC. 173. SECTION 235 MORTGAGE REFINANCING.**

2 Section 235(r) of the National Housing Act (12  
3 U.S.C. 1715z(r)) is amended—

4 (1) in paragraph (2)(C), by inserting after “re-  
5 financed” the following: “, plus the costs incurred in  
6 connection with the refinancing as described in para-  
7 graph (4)(B) to the extent that the amount for those  
8 costs is not otherwise included in the interest rate  
9 as permitted by subparagraph (E) or paid by the  
10 Secretary as authorized by paragraph (4)(B)”;

11 (2) in paragraph (4)—

12 (A) in the matter preceding subparagraph  
13 (A), by inserting after “otherwise)” the follow-  
14 ing: “and the mortgagee (with respect to the  
15 amount described in subparagraph (A))”; and

16 (B) in subparagraph (A), by inserting after  
17 “mortgagor” the following: “and the mortga-  
18 gee”; and

19 (3) by amending paragraph (5) to read as fol-  
20 lows:

21 “(5) The Secretary shall use amounts of budget au-  
22 thority recaptured from assistance payments contracts re-  
23 lating to mortgages that are being refinanced for assist-  
24 ance payments contracts with respect to mortgages in-  
25 sured under this subsection. The Secretary may also make  
26 such recaptured amounts available for incentives under

1 paragraph (4)(A) and the costs incurred in connection  
2 with the refinancing under paragraph (4)(B). For pur-  
3 poses of subsection (c)(3)(A), the amount of recaptured  
4 budget authority that the Secretary commits for assist-  
5 ance payments contracts relating to mortgages insured  
6 under this subsection and for amounts paid under para-  
7 graph (4) shall not be construed as unused.”.

8 **SEC. 174. HOUSING COUNSELING FOR HOMEOWNERSHIP**  
9 **AND RENTAL HOUSING CHOICE.**

10 (a) EXTENSIONS OF PROGRAMS.—

11 (1) EMERGENCY HOMEOWNERSHIP COUNSEL-  
12 ING.—Section 106(c)(9) of the Housing and Urban  
13 Development Act of 1968 (12 U.S.C. 1701x(c)(9)) is  
14 amended by striking “September 30, 1994” and in-  
15 serting “September 30, 1996”.

16 (2) PREPURCHASE AND FORECLOSURE-PREVEN-  
17 TION COUNSELING DEMONSTRATION.—Section  
18 106(d)(13) of the Housing and Urban Development  
19 Act of 1968 (12 U.S.C. 1701x(d)(13)) is amended  
20 by striking “fiscal year 1994” and inserting “fiscal  
21 year 1996”.

22 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
23 106 of the Housing and Urban Development Act of 1968  
24 (12 U.S.C. 1701x) is amended—

25 (1) in subsection (a), by striking paragraph (3);

1 (2) in subsection (c)—

2 (A) by striking paragraph (8); and

3 (B) by redesignating paragraph (9) (as  
4 amended by subsection (a)) as paragraph (8);

5 (3) in subsection (d)—

6 (A) by striking paragraph (12); and

7 (B) by redesignating paragraph (13) (as  
8 amended by subsection (a)) as paragraph (12);

9 (4) in subsection (f), by striking paragraph (7);

10 and

11 (5) by adding at the end the following new sub-  
12 section:

13 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
14 are authorized to be appropriated to carry out this section  
15 \$62,000,000 for fiscal year 1995 and \$65,000,000 for fis-  
16 cal year 1996, of which amounts \$30,000,000 shall be  
17 available in each such fiscal year to carry out subsection  
18 (c). Any amounts appropriated pursuant to this subsection  
19 shall remain available until expended.”.

20 (c) OUTREACH.—Section 106(a) of the Housing and  
21 Urban Development Act of 1968 (12 U.S.C. 1701x(a)) is  
22 amended—

23 (1) in paragraph (1)—

24 (A) by striking “The” and inserting “Ac-  
25 TIVITIES.—The”;

1 (B) in the matter preceding clause (i), by  
2 inserting “or consortia of organizations” after  
3 “organizations”;

4 (C) in clause (iii), by striking “and” at the  
5 end;

6 (D) in clause (iv), by striking the period at  
7 the end and inserting a semicolon; and

8 (E) by inserting at the end the following  
9 new clauses:

10 “(v) the provision of outreach activities de-  
11 signed to improve the access of low- and moderate-  
12 income households to homeownership and sources of  
13 mortgage credit;

14 “(vi) the provision of counseling to applicants  
15 for and recipients of tenant-based assistance to en-  
16 able such families to move to areas of mixed in-  
17 comes; and

18 “(vii) counseling and advice to tenants and  
19 homeowners regarding understanding financial prac-  
20 tices, matters, and transactions commonly engaged  
21 in by, or involving, tenants and homeowners, includ-  
22 ing activities and services provided by banks and  
23 other financial institutions, extension of credit,  
24 standard lending practices, checking accounts and  
25 check cashing, and savings accounts, which shall be

1 made available in such manners and languages ap-  
2 propriate for low-income and disadvantaged families  
3 residing in the area in which the entity providing the  
4 counseling and advice is located.”;

5 (2) in paragraph (2)—

6 (A) by striking “The” and inserting “ELI-  
7 GIBLE HOMEOWNERS.—The”; and

8 (B) in the second sentence, by inserting  
9 “or consortia of organizations” after “organiza-  
10 tions”; and

11 (3) by inserting after paragraph (2) the follow-  
12 ing new paragraphs:

13 “(3) HOMEOWNERSHIP COUNSELING.—The Sec-  
14 retary of Housing and Urban Development may contract  
15 with national, State, or community-based entities (includ-  
16 ing local community action agencies receiving assistance  
17 under the Community Services Block Grant Act), and con-  
18 sortia of such entities, and local public or private organiza-  
19 tions (including public housing agencies), to carry out ac-  
20 tivities under paragraph (1)(v). Contractors shall be se-  
21 lected on a competitive basis, in accordance with selection  
22 criteria determined by the Secretary. The contractors shall  
23 carry out activities prescribed by the Secretary, including  
24 activities such as—

1           “(A) assisting homebuyers by working with  
2 mortgage lending entities to make mortgage credit  
3 available to low- and moderate-income homebuyers;

4           “(B) leveraging Federal funds with other  
5 sources of funding to support activities under its  
6 counseling program, including leveraging private,  
7 community-based resources for the purpose of assist-  
8 ing prospective mortgagors achieve homeownership;

9           “(C) conducting outreach and marketing to  
10 prospective homebuyers, particularly homebuyers in  
11 targeted neighborhoods with a high proportion of  
12 low- and moderate-income and minority renter  
13 households;

14           “(D) coordinating a prepurchase homeowner-  
15 ship strategy that includes linking other counseling  
16 providers and community-based organizations ap-  
17 proved by the Secretary, assisting prospective home-  
18 buyers to repair credit, educating potential home-  
19 buyers on the requirements of homeownership, pro-  
20 viding technical assistance, assisting in the packag-  
21 ing of mortgage loan applications, and matching a  
22 family’s resources with appropriate government and  
23 private sector homeownership assistance programs;  
24 and

1           “(E) creating post-purchase counseling pro-  
2           grams that include default-prevention counseling to  
3           assist homebuyers to retain their homes.

4           “(4) RENTAL COUNSELING.—The Secretary of Hous-  
5           ing and Urban Development may contract with national,  
6           State, or community-based entities (including local com-  
7           munity action agencies receiving assistance under the  
8           Community Services Block Grant Act), and consortia of  
9           such entities, and local public or private organizations (in-  
10          cluding public housing agencies), to carry out activities  
11          under paragraph (1)(vi). Contractors shall be selected on  
12          a competitive basis, in accordance with selection criteria  
13          determined by the Secretary. The contractors shall carry  
14          out activities prescribed by the Secretary, including activi-  
15          ties such as—

16               “(A) advising families on strategies for obtain-  
17               ing appropriate housing;

18               “(B) providing transportation assistance and  
19               other services to give families access to areas with-  
20               out high concentrations of persons living in poverty;

21               “(C) continuing advice and counseling to assist  
22               families after moving to areas without high con-  
23               centrations of persons living in poverty; and

24               “(D) undertaking aggressive outreach to poten-  
25               tial owners to expand the availability of housing in



1 areas without high concentrations of persons living  
2 in poverty.

3 Each entity receiving assistance pursuant to this para-  
4 graph shall make counseling and assistance under this  
5 paragraph available to low-income families who are re-  
6 ferred to the entity pursuant to section 8(s)(2) of the  
7 United States Housing Act of 1937, including counseling  
8 and assistance regarding housing opportunities in the area  
9 of jurisdiction of the public housing agency involved and  
10 assistance in obtaining new rental residences in areas  
11 within such jurisdiction not having high concentrations of  
12 persons living in poverty.”.

13 (d) NOTIFICATION.—Subparagraph (C) of section  
14 106(c)(5) of the Housing and Urban Development Act of  
15 1968 is amended to read as follows:

16 “(C) NOTIFICATION.—Notification under  
17 subparagraph (A) shall not be required with re-  
18 spect to any loan for which the eligible home-  
19 owner pays the amount overdue before the expi-  
20 ration of the 45-day period under subparagraph  
21 (B)(ii).”.

## 22 **Subtitle F—Other Programs**

### 23 **SEC. 181. COMMUNITY PARTNERSHIPS AGAINST CRIME.**

24 (a) SHORT TITLE, PURPOSES, AND AUTHORITY TO  
25 MAKE GRANTS.—Chapter 2 of subtitle C of title V of the

1 Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.)  
2 is amended by striking the chapter heading and all that  
3 follows through section 5123 and inserting the following:

4                   **“CHAPTER 2—COMMUNITY**  
5                   **PARTNERSHIPS AGAINST CRIME**

6 **“SEC. 5121. SHORT TITLE.**

7           “This chapter may be cited as the ‘Community Part-  
8 nerships Against Crime Act of 1994’.

9 **“SEC. 5122. PURPOSES.**

10           “The purposes of this chapter are to—

11                   “(1) improve the quality of life for the vast ma-  
12 jority of law-abiding public housing residents by re-  
13 ducing the levels of fear, violence, and crime in their  
14 communities;

15                   “(2) substantially expand and enhance the Fed-  
16 eral Government’s commitment to eliminating crime  
17 in and around public housing and other federally as-  
18 sisted low-income housing;

19                   “(3) broaden the scope of the Public and As-  
20 sisted Housing Drug Elimination Act of 1990 to  
21 apply to all types of crime, and not simply crime  
22 that is drug-related;

23                   “(4) encourage the involvement of a broad  
24 range of community-based groups and residents of  
25 neighboring housing that is owned or assisted by the

1 Secretary in the development and implementation of  
2 anti-crime plans;

3 “(5) reduce crime and disorder in and around  
4 public housing through the expansion of community-  
5 oriented policing activities and problem solving;

6 “(6) provide training, information services, and  
7 other technical assistance to program participants;  
8 and

9 “(7) establish a standardized assessment sys-  
10 tem to evaluate need among public housing agencies  
11 and to measure progress in reaching crime reduction  
12 goals.

13 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

14 “The Secretary of Housing and Urban Development  
15 may make grants in accordance with the provisions of this  
16 chapter for use in eliminating crime in and around public  
17 housing and other federally assisted low-income housing  
18 projects to (1) public housing agencies, and (2) private,  
19 for-profit and nonprofit owners of federally assisted low-  
20 income housing. In designing the program for grants  
21 under this chapter, the Secretary shall consult with the  
22 Attorney General.”.

23 (b) ELIGIBLE ACTIVITIES.—

1           (1) IN GENERAL.—Section 5124(a) of the Anti-  
2 Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is  
3 amended—

4           (A) in the matter preceding paragraph (1),  
5 by inserting “and around” after “used in”;

6           (B) in paragraph (3), by inserting before  
7 the semicolon the following: “, including fenc-  
8 ing, lighting, locking, and surveillance systems”;

9           (C) in paragraph (4), by striking subpara-  
10 graph (A) and inserting the following new sub-  
11 paragraph:

12           “(A) to investigate crime; and”;

13           (D) in paragraph (6)—

14           (i) by striking “in and around public  
15 or other federally assisted low-income  
16 housing projects”; and

17           (ii) by striking “and” after the semi-  
18 colon; and

19           (E) by striking paragraph (7) and insert-  
20 ing the following new paragraphs:

21           “(7) providing funding to nonprofit public hous-  
22 ing resident management corporations and resident  
23 councils to develop security and crime prevention  
24 programs involving site residents;

1           “(8) the employment or utilization of one or  
2           more individuals, including law enforcement officers,  
3           made available by contract or other cooperative ar-  
4           rangement with State or local law enforcement agen-  
5           cies, to engage in community- and problem-oriented  
6           policing involving interaction with members of the  
7           community in proactive crime control and prevention  
8           activities;

9           “(9) programs and activities for or involving  
10          youth, including training, education, recreation and  
11          sports, career planning, and entrepreneurship and  
12          employment activities and after school and cultural  
13          programs; and

14          “(10) service programs for residents that ad-  
15          dress the contributing factors of crime, including  
16          programs for job training, education, drug and alco-  
17          hol treatment, and other appropriate social serv-  
18          ices.”.

19          (2) OTHER PHA-OWNED HOUSING.—Section  
20          5124(b) of the Anti-Drug Abuse Act of 1988 (42  
21          U.S.C. 11903(b)) is amended—

22                  (A) in the matter preceding paragraph

23                          (1)—

24    (i) by striking “drug-related crime in”

25    and inserting “crime in and around”; and

1 (ii) by striking “paragraphs (1)  
2 through (7)” and inserting “paragraphs  
3 (1) through (10)”; and

4 (B) in paragraph (2), by striking “drug-re-  
5 lated” and inserting “criminal”.

6 (c) GRANT PROCEDURES.—Section 5125 of the Anti-  
7 Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended  
8 to read as follows:

9 **“SEC. 5125. GRANT PROCEDURES.**

10 “(a) PHA’S WITH 250 OR MORE UNITS.—

11 “(1) GRANTS.—In each fiscal year, the Sec-  
12 retary shall make a grant under this chapter from  
13 any amounts available under section 5131(b)(1) for  
14 the fiscal year to each of the following public hous-  
15 ing agencies:

16 “(A) NEW APPLICANTS.—Each public  
17 housing agency that owns or operates 250 or  
18 more public housing dwelling units and has—

19 “(i) submitted an application to the  
20 Secretary for a grant for such fiscal year,  
21 which includes a 5-year crime deterrence  
22 and reduction plan under paragraph (2);  
23 and

24 “(ii) had such application and plan  
25 approved by the Secretary.

1           “(B) RENEWALS.—Each public housing  
2           agency that owns or operates 250 or more pub-  
3           lic housing dwelling units and for which—

4                   “(i) a grant was made under this  
5                   chapter for the preceding Federal fiscal  
6                   year;

7                   “(ii) the term of the 5-year crime de-  
8                   terrence and reduction plan applicable to  
9                   such grant includes the fiscal year for  
10                  which the grant under this subsection is to  
11                  be made; and

12                  “(iii) the Secretary has determined,  
13                  pursuant to a performance review under  
14                  paragraph (4), that during the preceding  
15                  fiscal year the agency has substantially ful-  
16                  filled the requirements under subpara-  
17                  graphs (A) and (B) of paragraph (4).

18           “(2) 5-YEAR CRIME DETERRENCE AND REDUC-  
19           TION PLAN.—Each application for a grant under  
20           this subsection shall contain a 5-year crime deter-  
21           rence and reduction plan. The plan shall describe,  
22           for the public housing agency submitting the plan—

23                   “(A) the nature of the crime problem in  
24                   public housing owned or operated by the public  
25                   housing agency;

1           “(B) the building or buildings of the public  
2           housing agency affected by the crime problem;

3           “(C) the impact of the crime problem on  
4           residents of such building or buildings; and

5           “(D) the actions to be taken during the  
6           term of the plan to reduce and deter such  
7           crime, which shall include actions involving resi-  
8           dents, law enforcement, and service providers.

9           The term of a plan shall be the period consisting of  
10          5 consecutive fiscal years, which begins with the first  
11          fiscal year for which funding under this chapter is  
12          provided to carry out the plan.

13          “(3) AMOUNT.—In any fiscal year, the amount  
14          of the grant for a public housing agency receiving a  
15          grant pursuant to paragraph (1) shall be the  
16          amount that bears the same ratio to the total  
17          amount made available under section 5131(b)(1) as  
18          the total number of public dwelling units owned or  
19          operated by such agency bears to the total number  
20          of dwelling units owned or operated by all public  
21          housing agencies that own or operate 250 or more  
22          public housing dwelling units that are approved for  
23          such fiscal year.

24          “(4) PERFORMANCE REVIEW.—For each fiscal  
25          year, the Secretary shall conduct a performance re-



1 view of the activities carried out by each public  
2 housing agency receiving a grant pursuant to this  
3 subsection to determine whether the agency—

4 “(A) has carried out such activities in a  
5 timely manner and in accordance with its 5-  
6 year crime deterrence and reduction plan; and

7 “(B) has a continuing capacity to carry  
8 out such plan in a timely manner.

9 “(5) SUBMISSION OF APPLICATIONS.—The Sec-  
10 retary shall establish such deadlines and require-  
11 ments for submission of applications under this sub-  
12 section as the Secretary determines appropriate for  
13 timely and orderly allocation and disbursement of  
14 amounts made available for grants under this sub-  
15 section.

16 “(6) REVIEW AND DETERMINATION.—The Sec-  
17 retary shall review each application submitted under  
18 this subsection upon submission and shall approve  
19 the application unless the application and the 5-year  
20 crime deterrence and reduction plan are inconsistent  
21 with the purposes of this chapter or any require-  
22 ments established by the Secretary or the informa-  
23 tion in the application or plan is not substantially  
24 complete. Upon approving or determining not to ap-  
25 prove an application and plan submitted under this

1 subsection, the Secretary shall notify the public  
2 housing agency submitting the application and plan  
3 of such approval or disapproval.

4 “(7) DISAPPROVAL OF APPLICATIONS.—If the  
5 Secretary notifies an agency that the application and  
6 plan of the agency is not approved, not later than  
7 the expiration of the 15-day period beginning upon  
8 such notice of disapproval, the Secretary shall also  
9 notify the agency, in writing, of the reasons for the  
10 disapproval, the actions that the agency could take  
11 to comply with the criteria for approval, and the  
12 deadlines for such actions.

13 “(8) FAILURE TO APPROVE OR DISAPPROVE.—  
14 If the Secretary fails to notify an agency of approval  
15 or disapproval of an application and plan submitted  
16 under this subsection before the expiration of the  
17 60-day period beginning upon the submission of the  
18 plan or fails to provide notice under paragraph (7)  
19 within the 15-day period under such paragraph to  
20 an agency whose application has been disapproved,  
21 the application and plan shall be considered to have  
22 been approved for purposes of this section.

23 “(b) PHA’S WITH FEWER THAN 250 UNITS AND  
24 OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUS-  
25 ING.—

1           “(1) APPLICATIONS AND PLANS.—To be eligible  
2           to receive a grant under this chapter, a public hous-  
3           ing agency that owns or operates fewer than 250  
4           public housing dwelling units or an owner of feder-  
5           ally assisted low-income housing shall submit an ap-  
6           plication to the Secretary at such time, in such man-  
7           ner, and accompanied by such additional information  
8           as the Secretary may require. The application shall  
9           include a plan for addressing the problem of crime  
10          in and around the housing for which the application  
11          is submitted, describing in detail activities to be con-  
12          ducted during the fiscal year for which the grant is  
13          requested.

14          “(2) GRANTS FOR PHA’S WITH FEWER THAN  
15          250 UNITS.—In each fiscal year the Secretary may,  
16          to the extent amounts are available under section  
17          5131(b)(2), make grants under this chapter to pub-  
18          lic housing agencies that own or operate fewer than  
19          250 public housing dwelling units and have submit-  
20          ted applications under paragraph (1) that the Sec-  
21          retary has approved pursuant to the criteria under  
22          paragraph (4).

23          “(3) GRANTS FOR FEDERALLY ASSISTED LOW-  
24          INCOME HOUSING.—In each fiscal year the Secretary  
25          may, to the extent amounts are available under sec-

1       tion 5131(b)(3), make grants under this chapter to  
2       owners of federally assisted low-income housing that  
3       have submitted applications under paragraph (1)  
4       that the Secretary has approved pursuant to the cri-  
5       teria under paragraphs (4) and (5).

6               “(4) CRITERIA FOR APPROVAL OF APPLICA-  
7       TIONS.—The Secretary shall determine whether to  
8       approve each application under this subsection on  
9       the basis of—

10               “(A) the extent of the crime problem in  
11               and around the housing for which the applica-  
12               tion is made;

13               “(B) the quality of the plan to address the  
14               crime problem in the housing for which the ap-  
15               plication is made;

16               “(C) the capability of the applicant to  
17               carry out the plan; and

18               “(D) the extent to which the tenants of the  
19               housing, the local government, local community-  
20               based nonprofit organizations, local tenant or-  
21               ganizations representing residents of neighbor-  
22               ing projects that are owned or assisted by the  
23               Secretary, and the local community support and  
24               participate in the design and implementation of

1           the activities proposed to be funded under the  
2           application.

3           In each fiscal year, the Secretary may give pref-  
4           erence to applications under this subsection for  
5           housing made by applicants who received a grant for  
6           such housing for the preceding fiscal year under this  
7           subsection or under the provisions of this chapter as  
8           in effect immediately before the date of the enact-  
9           ment of the Housing and Community Development  
10          Act of 1994.

11           “(5) ADDITIONAL CRITERIA FOR FEDERALLY  
12          ASSISTED LOW-INCOME HOUSING.—In addition to  
13          the selection criteria under paragraph (4), the Sec-  
14          retary may establish other criteria for evaluating ap-  
15          plications submitted by owners of federally assisted  
16          low-income housing, except that such additional cri-  
17          teria shall be designed only to reflect—

18                   “(A) relevant differences between the fi-  
19                   nancial resources and other characteristics of  
20                   public housing authorities and owners of feder-  
21                   ally assisted low-income housing; or

22                   “(B) relevant differences between the prob-  
23                   lem of crime in public housing administered by  
24                   such public housing agencies and the problem

1 of crime in federally assisted low-income hous-  
2 ing.”.

3 (d) DEFINITIONS.—Section 5126 of the Anti-Drug  
4 Abuse Act of 1988 (42 U.S.C. 11905) is amended—

5 (1) by striking paragraphs (1) and (2);

6 (2) in paragraph (4), by striking “section” be-  
7 fore “221(d)(4)”;

8 (3) by redesignating paragraphs (3) and (4) (as  
9 so amended) as paragraphs (1) and (2), respectively;  
10 and

11 (4) by adding at the end the following new  
12 paragraph:

13 “(3) PUBLIC HOUSING AGENCY.—The term  
14 ‘public housing agency’ has the meaning given the  
15 term in section 3(b) of the United States Housing  
16 Act of 1937.”.

17 (e) IMPLEMENTATION.—Section 5127 of the Anti-  
18 Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended  
19 by striking “Cranston-Gonzalez National Affordable  
20 Housing Act” and inserting “Housing and Community  
21 Development Act of 1994”.

22 (f) REPORTS.—Section 5128 of the Anti-Drug Abuse  
23 Act of 1988 (42 U.S.C. 11907) is amended—

24 (1) by striking “The Secretary” and inserting  
25 the following:

1 “(a) REPORTS BY GRANTEES.—The Secretary”;

2 (2) by striking “drug-related crime in” and in-  
3 sserting “crime in and around”;

4 (3) by striking “described in section 5125(a)”  
5 and inserting “for the grantee submitted under sub-  
6 section (a) or (b) of section 5125, as applicable”;  
7 and

8 (4) by adding at the end the following new sub-  
9 section:

10 “(b) REPORTS BY SECRETARY.—For each fiscal year  
11 in which the Secretary makes grants under this chapter,  
12 the Secretary shall submit a report to the Congress de-  
13 scribing the progress achieved in crime deterrence and re-  
14 duction in the public housing and federally assisted low-  
15 income housing for which such grant assistance has been  
16 provided. The report shall include any recommendations  
17 of the Secretary for changes in the program of assistance  
18 under this chapter.”.

19 (g) TECHNICAL ASSISTANCE AND FUNDING.—Chap-  
20 ter 2 of subtitle C of title V of the Anti-Drug Abuse Act  
21 of 1988 is amended by striking section 5130 (42 U.S.C.  
22 11909) and inserting the following new sections:

23 **“SEC. 5130. TECHNICAL ASSISTANCE.**

24 “(a) IN GENERAL.—To the extent amounts are made  
25 available under section 5131(c), the Secretary may provide

1 training, information services, and other technical assist-  
2 ance to public housing agencies and other entities with re-  
3 spect to their participation in the program under this  
4 chapter, which shall include activities under subsection (b)  
5 of this section. Such technical assistance may be provided  
6 directly by the Secretary or indirectly pursuant to grants,  
7 contracts, or cooperative agreements.

8 “(b) USE.—The Secretary may use amounts available  
9 for use under this section—

10 “(1) to establish and operate the clearinghouse  
11 on drug abuse in public housing and the regional  
12 training program on drug abuse in public housing  
13 under sections 5143 and 5144 of this Act;

14 “(2) to obtain assistance in establishing and  
15 managing assessment and evaluation criteria and  
16 specifications and to obtain the opinions of experts  
17 in relevant fields; and

18 “(3) upon the request of a public housing agen-  
19 cy, to assist the agency in evaluating the extent of  
20 the crime problem in any public housing adminis-  
21 tered by the agency and preparing a 5-year crime  
22 deterrence and reduction plan under section 5125(a)  
23 or an application and plan under section 5125(b)(1),  
24 which assistance may include providing personnel



1 and funding to identify and secure local resources to  
2 assist in deterring and reducing crime.

3 “(c) PRIORITY.—In selecting entities to receive tech-  
4 nical assistance under this section, the Secretary shall give  
5 priority to public housing agencies that have submitted ap-  
6 plications and plans under section 5125 that the Secretary  
7 has determined do not meet the requirements for approval  
8 for assistance under this chapter.

9 **“SEC. 5131. FUNDING.**

10 “(a) AUTHORIZATION OF APPROPRIATIONS.—There  
11 is authorized to be appropriated to carry out this chapter  
12 \$300,000,000 for fiscal year 1995 and \$325,000,000 for  
13 fiscal year 1996. Any amount appropriated under this sub-  
14 section shall remain available until expended.

15 “(b) ALLOCATION.—Of any amounts available, or  
16 that the Secretary is authorized to use, to carry out this  
17 chapter in any fiscal year that remain after reserving  
18 amounts for use under subsection (c)—

19 “(1) 85 percent shall be available only for as-  
20 sistance pursuant to section 5125(a) to public hous-  
21 ing agencies that own or operate 250 or more public  
22 housing dwelling units;

23 “(2) 10 percent shall be available only for as-  
24 sistance pursuant to section 5125(b)(2) to public

1 housing agencies that own or operate fewer than 250  
2 public housing dwelling units; and

3 “(3) 5 percent shall be available only for assist-  
4 ance to federally assisted low-income housing pursu-  
5 ant to section 5125(b)(3).

6 Any other provision of law enacted before or after the date  
7 of the enactment of the Housing and Community Develop-  
8 ment Act of 1994 that limits the authority of the Sec-  
9 retary to use amounts to carry out this chapter upon the  
10 apportionment of such amounts in a manner not provided  
11 for in this subsection shall not be effective.

12 “(c) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of  
13 any amount made available in fiscal years 1994 and 1995  
14 to carry out this chapter, the Secretary shall use not more  
15 than \$10,000,000 in each such fiscal year to provide tech-  
16 nical assistance under section 5130.”.

17 (h) CONFORMING AMENDMENTS.—The table of con-  
18 tents in section 5001 of the Anti-Drug Abuse Act of 1988  
19 (Public Law 100–690; 102 Stat. 4295) is amended—

20 (1) by striking the item relating to the heading  
21 for chapter 2 of subtitle C and inserting the follow-  
22 ing:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

23 (2) by striking the item relating to section 5122  
24 and inserting the following new item:

“Sec. 5122. Purposes.”;

1           (3) by striking the item relating to section 5125  
2           and inserting the following new item:

“Sec. 5125. Grant procedures.”;

3           and

4           (4) by striking the item relating to section 5130  
5           and inserting the following new items:

“Sec. 5130. Technical Assistance.

“Sec. 5131. Funding.”.

6 **SEC. 182. LOW-INCOME HOUSING PRESERVATION.**

7           (a) ASSISTANCE AND INCENTIVES.—Section 234 of  
8 the Housing and Community Development Act of 1987  
9 (12 U.S.C. 4124) is amended to read as follows:

10 **“SEC. 234. AUTHORIZATION OF APPROPRIATIONS.**

11           “(a) IN GENERAL.—There are authorized to be ap-  
12 propriated for assistance and incentives authorized under  
13 this subtitle \$358,000,000 for fiscal year 1995 and  
14 \$450,000,000 for fiscal year 1996.

15           “(b) GRANTS.—Subject to approval in appropriation  
16 Acts, not more than \$40,000,000 of the amounts made  
17 available under subsection (a) for fiscal year 1995, and  
18 not more than \$40,000,000 of the amounts made available  
19 under subsection (a) for fiscal year 1996, shall be available  
20 for grants under section 221(d)(2).”.

21           (b) TECHNICAL ASSISTANCE AND CAPACITY BUILD-  
22 ING.—The first sentence of section 257 of the Housing  
23 and Community Development Act of 1987 (12 U.S.C.

1 4147) is amended to read as follows: “The Secretary shall  
2 use not more than \$20,000,000 of the amounts made  
3 available under section 234(a) for fiscal year 1995, and  
4 not more than \$20,000,000 of the amounts made available  
5 under section 234(a) for fiscal year 1996, to carry out  
6 this subtitle.”.

7 (c) REPEAL OF RENT LIMITATIONS.—The National  
8 Housing Act is amended—

9 (1) in section 221 (12 U.S.C. 1715l), by strik-  
10 ing subsection (l).

11 (2) in section 236(f) (12 U.S.C. 1715z-1(f)),  
12 by striking paragraph (6).

13 (d) EQUITY LOANS.—Section 241(f)(2)(B)(ii) of the  
14 National Housing Act (12 U.S.C. 1715z-6(f)(2)(B)(ii)) is  
15 amended by inserting “(excluding the amount of rehabili-  
16 tation costs required by the plan of action and related  
17 charges)” after “loan amount”.

18 (e) TREATMENT AS ELIGIBLE HOUSING.—Notwith-  
19 standing section 229(1)(B) of the Housing and Commu-  
20 nity Development Act of 1987, the Northwest Towers  
21 project, located at 1170 West Erie, in Chicago, Illinois,  
22 shall be considered eligible low-income housing for pur-  
23 poses of title II of such Act, except that—

24 (1) the Secretary of Housing and Urban Devel-  
25 opment may approve a plan of action under such

1 title for the project only if the plan of action (A)  
2 provides for transfer of the ownership of the project  
3 (i) in accordance with section 226 of such title to a  
4 resident council of the project, or (ii) in accordance  
5 with section 220 of such title to a community-based  
6 nonprofit organization approved by the residents of  
7 the project, and (B) otherwise complies with the re-  
8 quirements of such title; and

9 (2) the Secretary of Housing and Urban Devel-  
10 opment shall reduce the aggregate amount of any in-  
11 centives otherwise to be provided under such title for  
12 the project by the amount of any outstanding in-  
13 debtedness on the loan for the project under section  
14 201 of the Housing and Community Development  
15 Amendments of 1978.

16 **SEC. 183. FLEXIBLE SUBSIDY PROGRAM.**

17 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
18 201(j)(5) of the Housing and Community Development  
19 Amendments of 1978 (12 U.S.C. 1715z-1a(j)(5)) is  
20 amended to read as follows:

21 “(5) There are authorized to be appropriated for as-  
22 sistance under the flexible subsidy fund not to exceed  
23 \$50,000,000 for fiscal year 1995 and \$55,000,000 for fis-  
24 cal year 1996.”.

1 (b) ALLOCATION.—Section 201(n)(2)(B)(ii) of the  
2 Housing and Community Development Amendments of  
3 1978 (12 U.S.C. 1715z–1a(n)(2)(B)(ii)) is amended by in-  
4 serting “and federally assisted” before “mortgages”.

5 (c) USE OF SECTION 236 RENTAL ASSISTANCE  
6 FUND AMOUNTS.—Section 236(f)(3) of the National  
7 Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by  
8 striking “September 30, 1994” and inserting “September  
9 30, 1996”.

10 **SEC. 184. YOUTHBUILD PROGRAM.**

11 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
12 402 of the Cranston-Gonzalez National Affordable Hous-  
13 ing Act (42 U.S.C. 12870), as amended by the preceding  
14 provisions of this title, is amended by inserting after sub-  
15 section (a) the following new subsection:

16 “(b) YOUTHBUILD PROGRAM.—There are authorized  
17 to be appropriated for activities under subtitle D  
18 \$50,000,000 for fiscal year 1995 and \$50,000,000 for fis-  
19 cal year 1996. Any amounts appropriated pursuant to this  
20 subsection shall remain available until expended.”.

21 (b) ELIGIBLE ACTIVITIES.—Section 454(b) of the  
22 Cranston-Gonzalez National Affordable Housing Act (42  
23 U.S.C. 12899c(b)) is amended—

24 (1) in paragraph (2), by striking “Acquisition”  
25 and all that follows through “facilities” and insert-

1 ing “Acquisition, rehabilitation, or acquisition and  
2 rehabilitation of housing and related facilities, or  
3 construction of new housing and related facilities  
4 (including community facilities designed to serve the  
5 needs of low- and very low-income families),”;

6 (2) by striking paragraph (6); and

7 (3) by redesignating paragraphs (7) and (8) as  
8 paragraphs (6) and (7), respectively.

9 (c) PRIORITY FOR APPLICANTS SUPPLEMENTING  
10 GRANT AMOUNTS.—Section 454(e) of the Cranston-Gon-  
11 zalez National Affordable Housing Act (42 U.S.C.  
12 12899c(e)) is amended to read as follows:

13 “(e) PRIORITY FOR APPLICANTS WHO OBTAIN PRO-  
14 GRAM FUNDS FROM OTHER SOURCES.—The Secretary  
15 shall give priority in the award of grants under this section  
16 to applicants to the extent that they have obtained  
17 amounts or in-kind contributions, or commitments to pro-  
18 vide such amounts or contributions, from Federal, State,  
19 local, or private sources other than assistance under this  
20 subtitle in an amount constituting not less than 10 percent  
21 of the total budget of the applicant for the Youthbuild pro-  
22 gram, that will be used for carrying out any aspect of the  
23 Youthbuild program of the applicant.”.

24 (d) RESIDENTIAL RENTAL HOUSING REQUIRE-  
25 MENTS.—Section 455(a) of the Cranston-Gonzalez Na-

1 tional Affordable Housing Act (42 U.S.C. 12899d(a)) is  
2 amended—

3 (1) in the matter preceding paragraph (1), by  
4 inserting after “subtitle” the following: “for costs  
5 such as construction, rehabilitation, and acquisi-  
6 tion”; and

7 (2) in paragraph (1), by striking subparagraph  
8 (A) and inserting the following new subparagraph:

9 “(A) at least 80 percent of the units shall  
10 be occupied, or available for occupancy, by indi-  
11 viduals and families with incomes that do not  
12 exceed 50 percent of the area median income,  
13 adjusted for family size; and”.

14 (e) RESERVATION OF FUNDS.—Section 458(d) of the  
15 Cranston-Gonzalez National Affordable Housing Act (42  
16 U.S.C. 12899g(d)) is amended by inserting before the pe-  
17 riod at the end the following: “and not more than 1 per-  
18 cent of such available amounts to implement, pursuant to  
19 subsection (a) of this section, a management information  
20 system to gather and analyze information necessary to as-  
21 sess the quality and effects of the program under this sub-  
22 title and to monitor Youthbuild programs funded under  
23 this subtitle”.

24 (f) PROGRAM NAME.—The heading for subtitle D of  
25 title IV of the Cranston-Gonzalez National Affordable



1 Housing Act (42 U.S.C. 12899 et seq.) is amended to read  
2 as follows:

3 **“Subtitle D—Youthbuild”.**

4 **SEC. 185. DISPOSITION OF HUD-OWNED MULTIFAMILY**  
5 **HOUSING PROPERTIES.**

6 Section 203(g) of the Housing and Community De-  
7 velopment Amendments of 1978 (12 U.S.C. 1701z–11(g))  
8 is amended—

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

11 (2) in paragraph (3), by striking the period at  
12 the end and inserting “; and”;

13 (3) by redesignating paragraphs (2) and (3) (as  
14 so amended) as paragraphs (3) and (4), respectively;

15 (4) by inserting after paragraph (1) the follow-  
16 ing new paragraph:

17 “(2) upon the conclusion of the first year of  
18 such 2-year period, the Secretary shall examine the  
19 income and rent of the family and of other very low-  
20 income families who are preexisting tenants of the  
21 project and the rents charged for units in the project  
22 and for similar units in the market area in which  
23 the project is located, to determine whether upon the  
24 expiration of such 2-year period the rent charged for  
25 the unit occupied by the family and for similar units

1 in the same market area will be significantly more  
2 than the amount charged for the unit occupied by  
3 the family during such 2-year period;” and

4 (5) by adding at the end the following new  
5 paragraph:

6 “(5) if the Secretary determines pursuant to  
7 paragraph (2) that, upon the expiration of the 2-  
8 year period, the family will not be able to rent a unit  
9 in the project or a similar unit in the market area  
10 in which the project is located without paying in rent  
11 significantly more than the amount charged for the  
12 unit occupied by the family during such 2-year pe-  
13 riod, the Secretary shall, to the extent budget au-  
14 thority is available, provide tenant-based assistance  
15 on behalf of the family under a contract under sec-  
16 tion 8 of the United States Housing Act of 1937  
17 having a 5-year term.”.

18 **SEC. 186. GUIDELINES FOR SCREENING, ADMISSION, AND**  
19 **EVICCTIONS IN PUBLIC AND ASSISTED HOUS-**  
20 **ING.**

21 Not later than December 31, 1994, the Secretary of  
22 Housing and Urban Development shall issue guidelines for  
23 owners and managers of public and assisted housing with  
24 respect to screening applicants for occupancy in such  
25 housing, admissions to such housing, and evictions of resi-

1 dents of such housing who are users or former users of  
2 illegal drugs or who violate lease provisions because of al-  
3 cohol use. The Secretary shall issue such guidelines based  
4 on the report to the Congress issued by the Public and  
5 Assisted Housing Occupancy Task Force on April 7, 1994,  
6 pursuant to section 643(a)(7) of the Housing and Commu-  
7 nity Development Act of 1992.

8 **SEC. 187. METROPOLITAN AREA-WIDE STRATEGY DEM-**  
9 **ONSTRATION.**

10 (a) IN GENERAL.—The Secretary of Housing and  
11 Urban Development (in this section referred to as the  
12 “Secretary”) shall carry out, through consortia of units  
13 of general local government, a demonstration program to  
14 make assisted housing available in 3 metropolitan areas  
15 on a metropolitan, area-wide basis.

16 (b) PURPOSE.—The demonstration program under  
17 this section shall be designed to determine the most effec-  
18 tive manner to—

19 (1) affirmatively further fair housing and ad-  
20 dress the problem of racial segregation in metropoli-  
21 tan areas;

22 (2) achieve the goal of overcoming spatial sepa-  
23 ration and segregation of families by race, which  
24 shall include testing the effect of filling vacancies in

1       assisted housing by use of a consolidated waiting  
2       list;

3             (3) enlist cooperation of units of general local  
4       government, public housing agencies, and private  
5       owners of assisted housing in achieving such goals;

6             (4) make public housing facilitate social and  
7       economic mobility;

8             (5) eliminate housing discrimination; and

9             (6) accomplish related objectives determined by  
10      the Secretary.

11      (c) ELIGIBILITY OF CONSORTIA.—The Secretary  
12      shall select the consortia of units of general local govern-  
13      ment to participate in the demonstration program on a  
14      competitive basis and make a grant to each consortia se-  
15      lected. The Secretary may select only consortia that dem-  
16      onstrate to the Secretary, as the Secretary shall require,  
17      that a sufficient number of units of general local govern-  
18      ment, public housing agencies, and private owners of as-  
19      sisted housing are committed to participate in the dem-  
20      onstration to make the demonstration feasible, which shall  
21      include commitment to comply with alternative program  
22      requirements specified by the Secretary.

23      (d) DURATION.—The demonstration program shall  
24      be carried out for a period of 3 years with respect to each  
25      site selected.

1           (e) WAIVERS.—The Secretary may waive, or specify  
2 alternative requirements for, any provision of any statute  
3 or regulation that the Secretary administers if the Sec-  
4 retary finds that the waiver or alternative requirement (1)  
5 is necessary to facilitate the demonstration program, and  
6 (2) would not be inconsistent with the overall purpose of  
7 the statute or regulation affected. In no event may the  
8 Secretary waive, or specify alternative requirements for,  
9 any provision of the Internal Revenue Code of 1986, or  
10 statutory requirements related to nondiscrimination, fair  
11 housing, labor standards, or the environment, except that  
12 the Secretary may waive affirmative marketing require-  
13 ments for participants in the demonstration program.

14           (f) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated for the costs related to  
16 regional planning, housing counseling, development of a  
17 model consolidated waiting list, and administration under  
18 the demonstration established by this section, such sums  
19 as may be necessary for each of fiscal years 1995 and  
20 1996.

21 **SEC. 188. CERTAIN REVITALIZATION AND RELOCATION AS-**  
22 **SISTANCE.**

23           There are authorized to be appropriated for revital-  
24 ization and relocation activities for the Windsor Park Sub-

1 division in Las Vegas, Nevada, such sums as may be nec-  
2 essary for fiscal year 1995.

3 **TITLE II—HOME INVESTMENT**  
4 **PARTNERSHIPS**

5 **SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

6 (a) IN GENERAL.—Section 205 of the Cranston-Gon-  
7 zalez National Affordable Housing Act (42 U.S.C. 12724)  
8 is amended to read as follows:

9 **“SEC. 205. AUTHORIZATION.**

10 “There are authorized to be appropriated to carry out  
11 this title \$1,700,000,000 for fiscal year 1995, and  
12 \$2,000,000,000 for fiscal year 1996, of which—

13 “(1) not more than \$25,000,000 for fiscal year  
14 1995, and \$25,000,000 for fiscal year 1996, shall be  
15 for community housing partnership activities author-  
16 ized under section 233; and

17 “(2) not more than \$22,000,000 for fiscal year  
18 1995, and \$22,000,000 for fiscal year 1996, shall be  
19 for activities in support of State and local housing  
20 strategies authorized under subtitle C.”.

21 (b) NOTICE OF FUNDING AVAILABILITY.—For each  
22 of fiscal years 1995 and 1996, the Secretary shall cause  
23 to be published in the Federal Register notice of the avail-  
24 ability of any amounts made available under section  
25 205(1) of the Cranston-Gonzalez National Affordable

1 Housing Act (as amended by subsection (a)) that are  
2 available for community housing partnership activities au-  
3 thorized under section 233. Each such notice shall be pub-  
4 lished not later than the expiration of the 90-day period  
5 beginning on the date that amounts are appropriated for  
6 each of such fiscal years to carry out the program under  
7 title II of the Cranston-Gonzalez National Affordable  
8 Housing Act.

9 **SEC. 202. ELIGIBLE USES OF INVESTMENT.**

10 Section 212(a)(1) of the Cranston-Gonzalez National  
11 Affordable Housing Act (42 U.S.C. 12742(a)(1)) is  
12 amended by striking “financing costs” and inserting  
13 “costs of financing (including credit enhancements, loan  
14 guarantees, and debt service reserves)”.

15 **SEC. 203. QUALIFICATION AS AFFORDABLE RENTAL HOUS-**  
16 **ING.**

17 Section 215(a) of the Cranston-Gonzalez National  
18 Affordable Housing Act (42 U.S.C. 12742(a)) is amend-  
19 ed—

20 (1) in paragraph (1)(A), by striking “bears  
21 rents not greater than” and inserting “is occupied  
22 by tenants who pay as rent”;

23 (2) in paragraph (3), by inserting after the pe-  
24 riod at the end of the first sentence the following  
25 new sentence: “A tenant occupying a rental unit as-

1       sisted with amounts provided under this title shall  
2       be considered to be a very low-income family until  
3       the household's income increases to more than 140  
4       percent of the applicable income limitation under  
5       paragraph (1)(B)."; and

6               (3) by adding at the end the following new  
7       paragraph:

8               “(6) RENTAL SUBSIDIES.—Notwithstanding  
9       paragraph (1), housing shall not be considered to  
10       fail to qualify as affordable housing under this title  
11       because it includes units for which—

12               “(A) payments are made under section 8  
13       of the United States Housing Act of 1937 or  
14       any comparable rental assistance program; and

15               “(B) because of increases in the income of  
16       tenants of the housing, the rent paid by the  
17       tenants under the assistance program with re-  
18       spect to such unit exceeds 30 percent of the ad-  
19       justed income of a family whose income equals  
20       65 percent of the median income for the area.”.

21       **SEC. 204. REPAYMENT OF INVESTMENT.**

22       Section 219 of the Cranston-Gonzalez National Af-  
23       fordable Housing Act (42 U.S.C. 12749) is amended by  
24       adding at the end the following new subsection:



1       “(d) REPAYMENT OF MATCHING AMOUNTS.—  
2 Amounts provided by a participating jurisdiction pursuant  
3 to section 220 for housing not assisted under this title  
4 shall be recognized for purposes of section 220(a), not-  
5 withstanding that such amounts are not repaid to the ju-  
6 risdiction’s HOME Investment Trust Fund, if such  
7 amounts are drawn from an affordable housing program  
8 operated by the jurisdiction, repaid to the program, and  
9 available for use only for the program or for providing  
10 housing that qualifies as affordable housing.”.

11 **SEC. 205. MATCHING REQUIREMENTS.**

12       Section 220 of the Cranston-Gonzalez National Af-  
13 fordable Housing Act (42 U.S.C. 12750) is amended—

14           (1) in the first sentence of subsection (a), by in-  
15           serting “the participating jurisdiction certifies” be-  
16           fore “qualifies”; and

17           (2) in subsection (b)(1)—

18                   (A) in subparagraph (A), by striking “or”;

19                   (B) in subparagraph (B), by striking the  
20           period at the end and inserting “; or”; and

21                   (C) by adding at the end the following new  
22           subparagraph:

23                           “(C) is made with respect to housing that  
24                           is substantially equivalent to housing that quali-  
25                           fies as affordable housing under section 215.”.

1 **SEC. 206. SUPPORT FOR STATE AND LOCAL HOUSING**  
2 **STRATEGIES.**

3 Subtitle C of title II of the Cranston-Gonzalez Na-  
4 tional Affordable Housing Act (42 U.S.C. 12781 et seq.)  
5 is amended by adding at the end the following new section:

6 **“SEC. 246. STRATEGIC PLANNING AND URBAN DESIGN.**

7 “The Secretary may use amounts available under this  
8 subtitle to provide grants to States, units of general local  
9 government, and metropolitan, non-metropolitan, and re-  
10 gional planning agencies, for the following activities:

11 “(1) Urban design and the development of pub-  
12 lic amenities in low-income neighborhoods that serve  
13 as a catalyst for the renewal of the neighborhood.

14 “(2) Development and implementation of com-  
15 prehensive plans that focus on local and metropoli-  
16 tan strategies which create sustainable community  
17 development at the neighborhood, city, and metro-  
18 politan level.

19 “(3) Expanding economic opportunities for low-  
20 and moderate-income families through areawide  
21 planning approaches that provide educational and  
22 employment opportunities for such persons.

23 “(4) Coordinated efforts that stimulate fair  
24 housing, further the deconcentration of the poor and  
25 minorities, reduce the isolation of income groups  
26 within communities, remove barriers to affordable

1 housing development, and expand housing opportuni-  
2 ties for low- and moderate-income families.

3 “(5) The conservation of important historic, vis-  
4 ual, and cultural features.

5 “(6) The development and implementation of  
6 comprehensive approaches that integrate poorer,  
7 inner-city neighborhoods into the greater metropoli-  
8 tan region.

9 “(7) Any other activities the Secretary deter-  
10 mines will further the purposes of this section.”.

11 **SEC. 207. LABOR REQUIREMENTS.**

12 Section 286(b) of the Cranston-Gonzalez National  
13 Affordable Housing Act (42 U.S.C. 12836(b)) is amended  
14 by adding at the end the following new sentence: “Sub-  
15 section (a) shall not apply in the case of housing for which  
16 a site is acquired or for which the homebuyer is assisted,  
17 but which is not constructed, using funds made available  
18 under this subtitle.”.

19 **TITLE III—SUPPORTIVE**  
20 **HOUSING PROGRAMS**

21 **SEC. 301. FUNDING FOR SUPPORTIVE HOUSING FOR THE**  
22 **ELDERLY AND FOR PERSONS WITH DISABIL-**  
23 **ITIES.**

24 Section 601 of the Housing and Community Develop-  
25 ment Act of 1992 (Public Law 102–550; 106 Stat. 3802)

1 is amended by striking subsection (a) and inserting the  
2 following new subsection:

3 “(a) AGGREGATE FUNDING.—There are authorized  
4 to be appropriated for the purpose of providing assistance  
5 in accordance with section 202 of the Housing Act of 1959  
6 and section 811 of the Cranston-Gonzalez National Af-  
7 fordable Housing Act, \$1,948,000,000 for fiscal year 1995  
8 and \$1,954,000,000 for fiscal year 1996.”.

9 **SEC. 302. SUPPORTIVE HOUSING FOR THE ELDERLY.**

10 (a) ELDER COTTAGE HOUSING UNITS.—Section  
11 202(b) of the Housing Act of 1959 (12 U.S.C. 1701q(b))  
12 is amended by inserting after the second sentence the fol-  
13 lowing new sentence: “Such assistance may also be used  
14 to finance the acquisition and installation of elder cottage  
15 housing units that are small, freestanding, barrier-free,  
16 energy efficient, removable and designed to be installed  
17 adjacent to existing 1- to 4-family dwellings and are used  
18 as supportive housing for the elderly in accordance with  
19 this section.”.

20 (b) DEFINITION OF “FRAIL ELDERLY”.—Section  
21 202(k)(3) of the Housing Act of 1959 (12 U.S.C.  
22 1701q(k)(3)) is amended by striking the first sentence and  
23 inserting the following new sentences: “The term ‘frail el-  
24 derly’ means an elderly person whose level of functional  
25 disability jeopardizes her or his ability to continue to live

1 independently. The Secretary shall, to the extent possible,  
2 develop assessment measures of functional disability that  
3 are appropriate for purposes of this section and will pro-  
4 vide for effective use of the program under this section  
5 with other programs providing supportive services.”.

6 (c) REPEAL OF DEMONSTRATION.—Section 806 of  
7 the Cranston-Gonzalez National Affordable Housing Act  
8 (12 U.S.C. 1701q note) is hereby repealed.

9 **SEC. 303. SUPPORTIVE HOUSING FOR PERSONS WITH DIS-**  
10 **ABILITIES.**

11 (a) PHA’S AS ELIGIBLE SPONSORS.—Section 811 of  
12 the Cranston-Gonzalez National Affordable Housing Act  
13 (42 U.S.C. 8013) is amended—

14 (1) in the first sentence of subsection (f), by in-  
15 serting “and public housing agencies” after “private  
16 nonprofit organizations”; and

17 (2) in subsection (k)—

18 (A) in paragraph (5), by striking “private  
19 nonprofit organization” and inserting “eligible  
20 sponsor”; and

21 (B) by adding at the end the following new  
22 paragraph:

23 “(10) The term ‘eligible sponsor’ means—

1           “(A) in the case of capital advances under  
2 subsection (b)(2) and project rental assistance  
3 under subsections (b) (2) and (3)—

4                   “(i) a private nonprofit organization;  
5 and

6                   “(ii) a public housing agency, but only  
7 in the case of a jurisdiction for which the  
8 Secretary determines that, during the 3-  
9 year period ending upon the date of the  
10 application of the agency for assistance  
11 under subsection (b) (2) or (3)—

12                           “(I) no private nonprofit organi-  
13 zation has submitted an application  
14 under subsection (f) for assistance for  
15 a project located in such area; and

16                           “(II) no private nonprofit organi-  
17 zation has had such an application ap-  
18 proved for a project located in such  
19 area; and

20           “(B) in the case of tenant-based rental as-  
21 sistance under subsection (b)(1)—

22                   “(i) a private nonprofit organization;  
23 and

24                   “(ii) a public housing agency, but only  
25 to the extent that such assistance is used

1           for providing assistance in accordance with  
2           an allocation plan for the agency under  
3           section 7(f) of the United States Housing  
4           Act of 1937.”.

5           (b) RENTAL ASSISTANCE FOR EXISTING BUILD-  
6 INGS.—Section 811 of the Cranston-Gonzalez National  
7 Affordable Housing Act is amended—

8           (1) in subsection (d)(2), by adding at the end  
9           the following new sentence: “The Secretary may  
10          enter into contracts with private, nonprofit organiza-  
11          tions to provide project rental assistance for sup-  
12          portive housing for persons with disabilities, regard-  
13          less of whether the housing is developed with capital  
14          advances under this section.”;

15          (2) in subsection (e)(1), by inserting “with cap-  
16          ital advances” after “assisted”;

17          (3) by striking the first 2 sentences of sub-  
18          section (e)(2) and inserting the following new sen-  
19          tences: “The initial term of a contract entered into  
20          under subsection (d)(2) shall be 240 months for  
21          housing developed with a capital advance, and shall  
22          be not more than 60 months for housing not devel-  
23          oped with a capital advance. The Secretary shall, to  
24          the extent approved in appropriation Acts, extend

1 any expiring contracts for a term of not less than 60  
2 months.”;

3 (4) in subsection (g)(1), by inserting “(if appli-  
4 cable)” after “develop”;

5 (5) in subsections (g)(3) and (g)(5), by insert-  
6 ing “design or” before “proposed” each place it ap-  
7 pears;

8 (6) in subsection (j), by striking paragraph (3)  
9 and inserting the following new paragraph:

10 “(3) SITE CONTROL.—

11 “(A) CAPITAL ADVANCES.—In the case of  
12 housing to be assisted with capital advances  
13 under this section, an applicant may obtain  
14 ownership or control of a suitable site different  
15 from the site specified in the initial application.  
16 If an applicant fails to obtain ownership or con-  
17 trol of the site within 1 year after notification  
18 of an award for assistance, the assistance shall  
19 be recaptured and reallocated.

20 “(B) PROJECT RENTAL ASSISTANCE.—In  
21 the case of housing to be assisted only with  
22 project rental assistance, the applicant shall  
23 have ownership or control of a suitable site at  
24 the time of application. The Secretary may ap-  
25 prove a change in site at any time from the



1 date the application is submitted to the expira-  
2 tion date of the rental assistance contract.”;

3 (7) in subsection (j)(4), by striking “The” and  
4 inserting the following: “In the case of housing as-  
5 sisted with capital advances under this section, the”;

6 (8) in the second sentence of subsection (k)(1),  
7 by striking “the development of”;

8 (9) in subsection (k)(5), by inserting before the  
9 period at the end the following: “, or that receives  
10 rental assistance under this section to operate a  
11 project for supportive housing for persons with dis-  
12 abilities”;

13 (10) in subsection (m)(3), by striking “(1)” and  
14 inserting “(2)”.

15 (c) AUTHORITY TO PROVIDE ASSISTANCE.—Section  
16 811 of the Cranston-Gonzalez National Affordable Hous-  
17 ing Act is amended—

18 (1) by striking subsection (b) and inserting the  
19 following new subsection:

20 “(b) GENERAL AUTHORITY.—The Secretary may  
21 provide assistance to eligible sponsors to expand the sup-  
22 ply of supportive housing for persons with disabilities.  
23 Such assistance shall be provided as—

1           “(1) tenant-based rental assistance on behalf of  
2 eligible persons with disabilities, in accordance with  
3 subsection (d)(4);

4           “(2) capital advances in accordance with sub-  
5 section (d)(1), together with contracts for project  
6 rental assistance in accordance with subsection  
7 (d)(2); or

8           “(3) contracts for project rental assistance in  
9 accordance with subsection (d)(2).”;

10           (2) in subsection (d)(1), by adding at the end  
11 the following new sentences: “Capital advances may  
12 be used to finance the acquisition, acquisition and  
13 moderate rehabilitation, construction, reconstruction,  
14 or moderate or substantial rehabilitation of housing,  
15 including the acquisition from the Resolution Trust  
16 Corporation, to be used as supportive housing for  
17 persons with disabilities and may include real prop-  
18 erty acquisition, site improvement, conversion, demo-  
19 lition, relocation, and other expenses that the Sec-  
20 retary determines are necessary to expand the sup-  
21 ply of supportive housing for persons with disabili-  
22 ties. Such assistance may also be used to finance  
23 the acquisition and installation of cottage housing  
24 units that are small, freestanding, barrier-free, en-  
25 ergy efficient, removable and designed to be installed

1 adjacent to existing 1- to 4-family dwellings and are  
2 used as supportive housing for the persons with dis-  
3 abilities in accordance with this section.”;

4 (3) in subsections (d)(3), (e)(1), and (f), by in-  
5 serting “or (3)” after “subsection (b)(2)” each place  
6 it appears; and

7 (4) by striking paragraph (4) of subsection (d)  
8 and inserting the following new paragraph:

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

10 “(A) ADMINISTRATION.—Tenant-based  
11 rental assistance that is provided under sub-  
12 section (b)(1) shall be administered under the  
13 same rules governing rental assistance made  
14 available under section 8 of the United States  
15 Housing Act of 1937.

16 “(B) PUBLIC HOUSING AGENCIES.—A pub-  
17 lic housing agency may provide tenant-based  
18 rental assistance under subsection (b)(1) only if  
19 the public housing agency has submitted, and  
20 had approved, an allocation plan under section  
21 7(f) of the United States Housing Act of 1937  
22 and any such assistance made available to a  
23 public housing agency shall be provided by the  
24 agency in accordance with such allocation plan.

25 In determining the amount of assistance pro-

1           vided under subsection (b)(1) for a public hous-  
2           ing agency, the Secretary shall consider the  
3           needs of the agency as described in the alloca-  
4           tion plan.”.

5           (d) TECHNICAL CHANGES.—Section 811(k)(6) of the  
6 Cranston-Gonzalez National Affordable Housing Act is  
7 amended by striking subparagraph (A) and inserting the  
8 following new subparagraph:

9                   “(A) that has received tax-exempt status  
10                   under section 501(c) (3) or (4) of the Internal  
11                   Revenue Code of 1986;”.

12 **SEC. 304. REVISED CONGREGATE SERVICES.**

13           (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
14 802(n)(1) of the Cranston-Gonzalez National Affordable  
15 Housing Act (42 U.S.C. 8011(n)(1)) is amended by strik-  
16 ing the matter preceding subparagraph (A) and inserting  
17 the following:

18                   “(1) AUTHORIZATION AND USE.—There are au-  
19                   thorized to be appropriated to carry out this section  
20                   \$25,000,000 for fiscal year 1995, and \$26,000,000  
21                   for fiscal year 1996, of which not more than—”.

22           (b) MEAL FEES AND MATCHING AMOUNTS.—Section  
23 802 of the Cranston-Gonzalez National Affordable Hous-  
24 ing Act (42 U.S.C. 8011) is amended—

1           (1) in subparagraph (A) of subsection (d)(7),  
2           by striking “The fees for meals shall be in the fol-  
3           lowing amounts:” and all that follows through the  
4           end of the subparagraph; and

5           (2) in subsection (i)(1)—

6           (A) in subparagraph (A)(i), by striking  
7           “50 percent” and inserting “25 percent”;

8           (B) in subparagraph (A)(ii), by striking  
9           “40 percent” and inserting “65 percent”; and

10          (C) in subparagraph (C), by striking “10  
11          percent” and inserting “25 percent”.

12          (c) DEFINITION OF “FRAIL ELDERLY”.—Section  
13          802(k)(8) of the Cranston-Gonzalez National Affordable  
14          Housing Act is amended by striking the first sentence and  
15          inserting the following new sentences: “The term ‘frail el-  
16          derly’ means an elderly person whose level of functional  
17          disability jeopardizes her or his ability to continue to live  
18          independently. The Secretary shall, to the extent possible,  
19          develop assessment measures of functional disability that  
20          are appropriate for purposes of this section and will pro-  
21          vide for effective use of the program under this section  
22          with other programs providing supportive services.”.

1 **SEC. 305. SUPPORTIVE HOUSING ASSISTANCE FOR ELDER-**  
2 **LY INDEPENDENCE.**

3 (a) SECTION 8 ASSISTANCE.—The first sentence of  
4 section 803(j) of the Cranston-Gonzalez National Afford-  
5 able Housing Act (42 U.S.C. 8012(j)) is amended to read  
6 as follows: “The budget authority available under section  
7 5(c) of the United States Housing Act of 1937 for assist-  
8 ance under section 8 of such Act is authorized to be in-  
9 creased by \$25,000,000 on or after October 1, 1994, and  
10 by \$25,000,000 on or after October 1, 1995.”.

11 (b) SUPPORTIVE SERVICES AUTHORIZATION.—The  
12 first sentence of section 803(k) of the Cranston-Gonzalez  
13 National Affordable Housing Act (42 U.S.C. 8012(k)) is  
14 amended to read as follows: “There are authorized to be  
15 appropriated for the Secretary to carry out the responsibil-  
16 ities for supportive services under the demonstrations  
17 under this section \$7,000,000 to become available in fiscal  
18 year 1995, and \$7,000,000 to become available in fiscal  
19 year 1996.”.

20 (c) SUPPORTIVE SERVICES CONTRIBUTIONS.—Sec-  
21 tion 803(c)(1) of the Cranston-Gonzalez National Afford-  
22 able Housing Act is amended—

23 (1) in subparagraph (A), by striking “40 per-  
24 cent” and inserting “65 percent”; and

25 (2) in subparagraph (B), by striking “50 per-  
26 cent” and inserting “25 percent”.

1 (d) DEFINITION OF “FRAIL ELDERLY”.—Section  
2 803(g)(3) of the Cranston-Gonzalez National Affordable  
3 Housing Act is amended by striking the first sentence and  
4 inserting the following new sentences: “The term ‘frail el-  
5 derly person’ means an elderly person whose level of func-  
6 tional disability jeopardizes her or his ability to continue  
7 to live independently. The Secretary shall, to the extent  
8 possible, develop assessment measures of functional dis-  
9 ability that are appropriate for purposes of this section  
10 and will provide for effective use of the program under  
11 this section with other programs providing supportive  
12 services.”.

13 (e) AMENDMENT TO HEADING.—Section 803 of the  
14 Cranston-Gonzalez National Affordable Housing Act (42  
15 U.S.C. 8012) is amended by striking the section designa-  
16 tion and heading and inserting the following:

17 **“SEC. 803. SUPPORTIVE HOUSING ASSISTANCE FOR ELDER-**  
18 **LY INDEPENDENCE.”.**

19 **SEC. 306. HOUSING OPPORTUNITIES FOR PERSONS WITH**  
20 **AIDS.**

21 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
22 863 of the Cranston-Gonzalez National Affordable Hous-  
23 ing Act (42 U.S.C. 12912) is amended to read as follows:

1 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out  
3 this subtitle \$212,000,000 for fiscal year 1995 and  
4 \$225,000,000 for fiscal year 1996.”.

5 (b) TECHNICAL ASSISTANCE.—Section 854(c)(3) of  
6 the Cranston-Gonzalez National Affordable Housing Act  
7 (42 U.S.C. 12903(c)(3)) is amended—

8 (1) in subparagraph (A)—

9 (A) in clause (i), by striking “and” at the  
10 end;

11 (B) in clause (ii), by striking the period at  
12 the end and inserting “; and”; and

13 (C) by adding at the end the following new  
14 clause:

15 “(iii) nonprofit organizations that pro-  
16 vide technical assistance on a national, re-  
17 gional, or State-wide basis to nonprofit or-  
18 ganizations carrying out eligible activities  
19 under section 855 for eligible persons, to  
20 provide such technical assistance, except  
21 that not more than 2 percent of the  
22 amounts available in any fiscal year for al-  
23 location under this paragraph shall be used  
24 as provided in this clause.”; and



1           (2) in subparagraph (B), by striking “this para-  
2           graph” and inserting “clauses (i) and (ii) of sub-  
3           paragraph (A)”.

4           (c) COOPERATION.—

5           (1) IN GENERAL.—Section 856(c) of the Cran-  
6           ston-Gonzalez National Affordable Housing Act (42  
7           U.S.C. 12905(c)) is amended by striking “The recip-  
8           ient” and all that follows and inserting the following:  
9           “The recipient shall establish and implement a proc-  
10          ess for ensuring coordination and community input  
11          in planning for and providing services assisted with  
12          amounts provided under this subtitle. The planning  
13          process shall include consultation and coordination  
14          with the agencies of the relevant State and local gov-  
15          ernments responsible for services for eligible persons  
16          in the area served by the applicant and with other  
17          public and private organizations and agencies pro-  
18          viding services for such eligible persons (including  
19          individuals with human immunodeficiency virus dis-  
20          ease), including community-based and AIDS service  
21          organizations, providers of social services, providers  
22          of mental health care, providers of substance abuse  
23          treatment services, nonprofit providers of housing  
24          for eligible persons, and affected communities.”.

1           (2) APPLICATION.—Section 854(d) of the Cran-  
2           ston-Gonzalez National Affordable Housing Act (42  
3           U.S.C. 12903(d)) is amended—

4                   (A) in paragraph (5), by striking “and” at  
5           the end;

6                   (B) by redesignating paragraph (6) as  
7           paragraph (7); and

8                   (C) by inserting after paragraph (5) the  
9           following new paragraph:

10           “(6) a description of the activities to be under-  
11           taken in fulfilling the requirements under section  
12           856(c); and”.

13           (d) ADMINISTRATIVE EXPENSES.—Section 856(g)(2)  
14           of the Cranston-Gonzalez National Affordable Housing  
15           Act (42 U.S.C. 12905(g)(2)) is amended—

16                   (1) by striking “title” and inserting “subtitle”;  
17           and

18                   (2) by striking “, including the costs of staff  
19           necessary to carry out eligible activities”.

20   **SEC. 307. SERVICE COORDINATORS.**

21           (a) PUBLIC HOUSING.—Section 9 of the United  
22           States Housing Act of 1937 (42 U.S.C. 1437g) is amend-  
23           ed in subsection (a)(1)(B)(ii)—

24                   (1) in the 1st sentence, by striking “Annual”  
25           and all that follows through “such project,” and in-

1       serting “To the extent amounts are made available  
2       pursuant to section 5(c) for carrying out this clause,  
3       the Secretary may increase the annual contributions  
4       provided under this section to any public housing  
5       agency for any project to provide”; and

6               (2) by striking the last 2 sentences.

7       (b) OTHER FEDERALLY ASSISTED MULTIFAMILY  
8 HOUSING.—Section 676(c) of the Housing and Commu-  
9 nity Development Act of 1992 (42 U.S.C. 13632(c)) is  
10 amended to read as follows:

11       “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated for grants under this  
13 section such sums as may be necessary for each of fiscal  
14 years 1995 and 1996.”.

15 **TITLE IV—MORTGAGE INSUR-**  
16 **ANCE AND SECONDARY**  
17 **MORTGAGE MARKET**

18 **Subtitle A—Mortgage Insurance**  
19 **and Loan Guarantee Programs**

20 **SEC. 401. LIMITATION ON INSURANCE AUTHORITY.**

21       Section 531(b) of the National Housing Act (12  
22 U.S.C. 1735f–9(b)) is amended to read as follows:

23       “(b) Notwithstanding any other provision of law and  
24 subject only to the absence of qualified requests for insur-  
25 ance, to the authority provided in this Act, and to the limi-

1 tation in subsection (a), the Secretary shall enter into  
2 commitments to insure mortgages under this Act with an  
3 aggregate principal amount of \$105,000,000,000 during  
4 fiscal year 1995 and \$91,000,000,000 during fiscal year  
5 1996.”.

6 **SEC. 402. FEDERAL HOUSING ADMINISTRATION ADVISORY**  
7 **BOARD.**

8 Section 202(b)(11) of the National Housing Act (12  
9 U.S.C. 1708(b)(11)) is amended by striking “January 1,  
10 1995.” and inserting “January 1, 1997.”.

11 **SEC. 403. MAXIMUM MORTGAGE AMOUNT CEILING FOR SIN-**  
12 **GLE FAMILY MORTGAGES.**

13 Subparagraph (A) of the first sentence of section  
14 203(b)(2) of the National Housing Act (12 U.S.C.  
15 1709(b)(2)(A)) is amended by striking clause (ii) and in-  
16 serting the following new clause:

17 “(ii) 85 percent of the dollar amount  
18 limitation determined under section  
19 305(a)(2) of the Federal Home Loan  
20 Mortgage Corporation Act (as adjusted an-  
21 nually under such section) for a residence  
22 of the applicable size;”.

1 **SEC. 404. MAXIMUM MORTGAGE AMOUNT FLOOR FOR SIN-**  
2 **GLE FAMILY MORTGAGE INSURANCE.**

3 Subparagraph (A) of the first sentence of section  
4 203(b)(2) of the National Housing Act (12 U.S.C.  
5 1709(b)(2)(A)) is amended by striking “the dollar amount  
6 limitation in effect under this section for the area on May  
7 12, 1992” and inserting the following: “50 percent of the  
8 dollar amount limitation determined under section  
9 305(a)(2) of the Federal Home Loan Mortgage Corpora-  
10 tion Act (as adjusted annually under such section) for a  
11 residence of the applicable size”.

12 **SEC. 405. CALCULATION OF DOWNPAYMENT.**

13 Section 203(b)(2) of the National Housing Act (12  
14 U.S.C. 1709(b)(2)) is amended—

15 (1) by striking subparagraph (B) and inserting  
16 the following new subparagraph:

17 “(B) except as otherwise provided in this  
18 paragraph (2), not in excess of—

19 “(i) in the case of a mortgage for a  
20 property with an appraised value equal to  
21 or less than \$50,000, 98.75 percent of the  
22 appraised value of the property,

23 “(ii) in the case of a mortgage for a  
24 property with an appraised value in excess  
25 of \$50,000 but not in excess of \$125,000,

1           97.65 percent of the appraised value of the  
2           property,

3           “(iii) in the case of a mortgage for a  
4           property with an appraised value in excess  
5           of \$125,000, 97.15 percent of the ap-  
6           praised value of the property, or

7           “(iv) notwithstanding clauses (ii) and  
8           (iii), in the case of a mortgage for a prop-  
9           erty with an appraised value in excess of  
10          \$50,000 and which is located in a State for  
11          which the average closing cost exceeds 3.25  
12          percent of the average, for the State, of  
13          the sale price of properties located in the  
14          State for which mortgages have been exe-  
15          cuted, 97.75 percent of the appraised value  
16          of the property,

17          plus the amount of the mortgage insurance pre-  
18          mium paid at the time the mortgage is in-  
19          sured.”;

20          (2) in the 1st sentence of the matter following  
21          subparagraph (B), by inserting before the period at  
22          the end the following: “, and the term ‘average clos-  
23          ing cost’ means, with respect to a State, the average,  
24          for mortgages executed for properties that are lo-  
25          cated within the State, of the total amounts (as de-

1       terminated by the Secretary) of initial service charges,  
2       appraisal, inspection, and other fees (as the Sec-  
3       retary shall approve) that are paid in connection  
4       with such mortgages”;

5               (3) by striking the 2d sentence of the matter  
6       following subparagraph (B); and

7               (4) in penultimate undesignated paragraph—

8                       (A) in the 2d sentence, by striking “the  
9                       preceding sentence” and inserting “this sub-  
10                      section”;

11                     (B) by striking the 1st sentence.

12 **SEC. 406. ELIMINATION OF RESTRICTIONS REGARDING**  
13 **NEW CONSTRUCTION.**

14       (a) IN GENERAL.—Section 203(b)(2) of the National  
15 Housing Act (12 U.S.C. 1709(b)(2)) is amended, in the  
16 matter following subparagraph (B)—

17               (1) in the 1st undesignated paragraph, by strik-  
18       ing “Notwithstanding any other provision of this  
19       section,” and all that follows through “beginning of  
20       construction.”; and

21               (2) by striking the 2d undesignated paragraph  
22       (relating to mortgage insurance amounts for resi-  
23       dences having solar energy systems).

24       (b) REPEAL OF AUTHORITY TO EXPEND AMOUNTS  
25 FROM INSURANCE FUND TO CORRECT SUBSTANTIAL DE-

1 FECTS.—Section 518 of the National Housing Act (12  
2 U.S.C. 1735b) is hereby repealed.

3 **SEC. 407. AUTHORITY TO USE AMOUNTS BORROWED FROM**  
4 **FAMILY MEMBERS FOR DOWNPAYMENTS.**

5 (a) IN GENERAL.—Section 203(b)(9) of the National  
6 Housing Act (12 U.S.C. 1709(b)(9)) is amended by insert-  
7 ing before the period at the end the following: “: *Provided*  
8 *further*, That for purposes of this paragraph, the Secretary  
9 shall consider as cash or its equivalent any amounts bor-  
10 rowed from a family member (as such term is defined in  
11 section 201), subject only to the requirements that, in any  
12 case in which the repayment of such borrowed amounts  
13 is secured by a lien against the property, such lien shall  
14 be subordinate to the mortgage and the sum of the prin-  
15 cipal obligation of the mortgage and the obligation secured  
16 by such lien may not exceed 100 percent of the appraised  
17 value of the property plus any initial service charges, ap-  
18 praisal, inspection, and other fees in connection with the  
19 mortgage”.

20 (b) DEFINITION OF FAMILY MEMBER.—Section 201  
21 of the National Housing Act (12 U.S.C. 1707) is amended  
22 by adding at the end the following new subsections:

23 “(e) The term ‘family member’ means, with respect  
24 to a mortgagor under such section, a child, parent, or  
25 grandparent of the mortgagor (or the mortgagor’s



1 spouse). In determining whether any of the relationships  
2 referred to in the preceding sentence exist, a legally adopt-  
3 ed son or daughter of an individual (and a child who is  
4 a member of an individual's household, if placed with such  
5 individual by an authorized placement agency for legal  
6 adoption by such individual), and a foster child of an indi-  
7 vidual, shall be treated as a child of such individual by  
8 blood.

9       “(f) The term ‘child’ means, with respect to a mort-  
10 gator under such section, a son, stepson, daughter, or  
11 stepdaughter of such mortgagor.”.

12 **SEC. 408. INDEMNIFICATION FOR MULTIFAMILY HOUSING**  
13 **PROJECT MANAGERS.**

14       Section 207(l) of the National Housing Act (12  
15 U.S.C. 1713(l)) is amended by inserting before the period  
16 at the end the following: “: *Provided further*, That, for  
17 properties acquired by the Secretary under this section  
18 and for properties secured by any mortgage assigned and  
19 transferred to or held by the Secretary, the Secretary may  
20 indemnify management contractors against claims by  
21 third persons for death, bodily injury, or loss of or damage  
22 to property on such terms as the Secretary determines ap-  
23 propriate”.

1 **SEC. 409. EXTENSION OF MULTIFAMILY HOUSING MORT-**  
2 **GAGE AUCTION PROVISIONS.**

3 (a) EXTENSION.—The first sentence of section  
4 221(g)(4)(C)(viii) of the National Housing Act (12 U.S.C.  
5 1715l(g)(4)(C)(viii)) is amended by striking “September  
6 30, 1995” and inserting “December 31, 2005”.

7 (b) BUDGET COMPLIANCE.—Section 221(g)(4)(C) of  
8 the National Housing Act (12 U.S.C. 1715l(g)(4)(C)) is  
9 amended by adding at the end the following new clause:

10 “(ix) This subparagraph shall be effective for  
11 any fiscal year only to such extent or in such  
12 amounts as are or have been provided in appropria-  
13 tion Acts for such fiscal year.”.

14 **SEC. 410. STREAMLINED REFINANCING FOR HUD-HELD**  
15 **MORTGAGES.**

16 (a) IN GENERAL.—Section 223(a) of the National  
17 Housing Act (12 U.S.C. 1715n) is amended—

18 (1) in paragraph (7), by striking the colon pre-  
19 ceding “*Provided further,*” and all that follows  
20 through “and the mortgagee”;

21 (2) by redesignating paragraph (8) as para-  
22 graph (9);

23 (3) by inserting after paragraph (7) the follow-  
24 ing new paragraph:

25 “(8) given to refinance a mortgage held by the  
26 Secretary, upon such terms and conditions as the

1 Secretary may prescribe, covering property on which  
2 there is located a 1- to 4-family residence, or a 1-  
3 family unit in a condominium project, which mort-  
4 gage was formerly insured under this Act and subse-  
5 quently assigned to the Secretary: *Provided*, That  
6 the mortgagor has not previously refinanced a mort-  
7 gage pursuant to this paragraph: *Provided further*,  
8 That the mortgagor has made all payments due  
9 under the note secured by the existing mortgage and  
10 all payments due under the note for at least the pre-  
11 vious 6 months, or the mortgagor is under a forbear-  
12 ance agreement and has made all payments due  
13 under the note secured by the existing mortgage for  
14 at least the previous 6 months: *Provided further*,  
15 That the principal amount of the refinancing mort-  
16 gage may not exceed the outstanding principal bal-  
17 ance of the existing mortgage by more than addi-  
18 tional amounts owed by the mortgagor due to the  
19 delinquency and to the receipt of assignment assist-  
20 ance under section 230: *Provided further*, That the  
21 monthly payment due under the refinancing mort-  
22 gage may not exceed the monthly payment due  
23 under the existing mortgage: *Provided further*, That  
24 the refinancing mortgage may have a term not more  
25 than 12 years in excess of the unexpired term of the

1 assigned mortgage: *Provided further*, That the refi-  
2 nancing mortgage may be insured under section  
3 203(b) or 221(d)(2) of this Act, at the option of the  
4 mortgagee, or under section 234(c) of this Act in the  
5 case of a condominium: *Provided further*, That a re-  
6 financing mortgage insured under section 221(d)(2)  
7 shall involve a principal obligation in an amount not  
8 to exceed 50 percent of the applicable dollar limita-  
9 tion for a 1- to 4-family residence under section  
10 203(b)(2): *Provided further*, That the authority  
11 under this paragraph to refinance a mortgage shall  
12 terminate 30 months after the date of enactment of  
13 this Act: *Provided further*, That the total number of  
14 mortgages refinanced under this paragraph may not  
15 exceed 20,000; or”’; and

16 (4) by adding at the end the following new  
17 flush material:

18 “A mortgage of the character described in paragraphs (1)  
19 through (6) of this subsection shall have a maturity and  
20 a principal obligation not in excess of the maximums pre-  
21 scribed under the applicable section or title of this Act,  
22 except that in no case may the principal obligation of a  
23 mortgage referred to in paragraph (5) of this subsection  
24 exceed 90 percent of the appraised value of the mortgage

1 property, and shall bear interest at such rate as may be  
2 agreed upon by the mortgagor and the mortgagee.”.

3 (b) IMPLEMENTATION.—The Secretary of Housing  
4 and Urban Development may implement the authority to  
5 refinance a mortgage held by the Secretary under section  
6 223(a)(8) of the National Housing Act, as added by the  
7 amendment made by subsection (a)(3) of this section, by  
8 notice published in the Federal Register setting forth such  
9 requirements as may be necessary.

10 **SEC. 411. HOME EQUITY CONVERSION MORTGAGES FOR EL-**  
11 **DERLY HOMEOWNERS.**

12 (a) EXTENSION OF PROGRAM.—The first sentence of  
13 section 255(g) of the National Housing Act (12 U.S.C.  
14 1715z-20(g)) is amended by striking “September 30,  
15 1995” and inserting “September 30, 2000”.

16 (b) ELIGIBLE RESIDENCES.—Section 255(d)(3) of  
17 the National Housing Act (12 U.S.C. 1715z-20(d)(3)) is  
18 amended to read as follows:

19 “(3) be secured by a dwelling that is designed  
20 principally for a 1- to 4-family residence in which  
21 the mortgagor occupies 1 of the units;”.

22 (c) EXPANSION OF PROGRAM.—The second sentence  
23 of section 255(g) of the National Housing Act (12 U.S.C.  
24 1715z-20(g)) is amended by striking “25,000” and insert-  
25 ing “50,000”.

1 (d) REPORTS.—Section 255(k) of the National Hous-  
2 ing Act is amended by adding at the end the following  
3 new sentences: “Each biennial report shall also include the  
4 results of a survey conducted during the period since the  
5 most recent report under this subsection to determine (A)  
6 the financial and other needs of elderly homeowners that  
7 cause such homeowners to consider obtaining home equity  
8 conversion mortgages, and (B) the extent of consumer sat-  
9 isfaction regarding the program under this section and  
10 counseling provided pursuant to the requirements of this  
11 section. In conducting the survey, the Secretary shall con-  
12 sult a representative sample of mortgagors of mortgages  
13 insured under this section and of elderly homeowners who  
14 have expressed interest in obtaining, but did not obtain,  
15 such mortgages.”.

16 (e) AVOIDANCE OF PREEMPTION OF STATE LAW.—  
17 Section 255(b)(3) of the National Housing Act is amend-  
18 ed—

19 (1) in clause (B), by striking “, notwithstand-  
20 ing any State constitution, law, or regulation”; and

21 (2) by adding at the end the following new sen-  
22 tence: “Notwithstanding any other provision of this  
23 section, the Secretary may not provide insurance for  
24 a home equity conversion mortgage in the State of  
25 Texas if under the State constitution, or a law or

1 regulation of such State, such mortgages are prohib-  
2 ited or foreclosure or forced sale of the property sub-  
3 ject to such a mortgage is prohibited.”.

4 **SEC. 412. SINGLE FAMILY RISK-SHARING MORTGAGE IN-**  
5 **SURANCE PROGRAM.**

6 (a) IN GENERAL.—Title II of the National Housing  
7 Act (12 U.S.C. 1707 et seq.) is amended by adding at  
8 the end the following new section:

9 “SINGLE FAMILY RISK-SHARING WITH STATE AND LOCAL  
10 AGENCIES

11 “SEC. 256. (a) PURPOSES.—The purposes of the pro-  
12 gram under this section are (1) to increase the availability  
13 of single family mortgage financing in areas where there  
14 is need for mortgage insurance under this Act that cannot  
15 be met due to particularly high average median house  
16 prices in the area, and (2) to foster arrangements with  
17 State and local agencies to share the risk of mortgage in-  
18 surance.

19 “(b) AUTHORITY.—Notwithstanding any other provi-  
20 sion of this Act inconsistent with this section, the Sec-  
21 retary may insure and make commitments to insure under  
22 this section mortgages on single family properties under  
23 risk-sharing mortgage insurance programs established  
24 with 1 or more States or agencies. Under such programs,  
25 the Secretary shall insure a portion of the mortgage, and  
26 the State or local agency shall insure the remainder or

1 (at the discretion of the agency) a portion of the remain-  
2 der and provide for private mortgage insurance companies  
3 to insure any portion of the remainder not insured by the  
4 agency. The portion of the mortgage insured under this  
5 section by the Secretary and the State or local agency,  
6 in the aggregate, may not exceed 35 percent of the out-  
7 standing principal obligation of the mortgage (and such  
8 fees, interest, and other expenses determined by the Sec-  
9 retary to be appropriate).

10 “(c) ELIGIBLE MORTGAGES.—The Secretary may in-  
11 sure under this section, and make commitments to insure  
12 under this section, only mortgages that—

13 “(1) are executed—

14 “(A) in connection with the acquisition of  
15 a single family property; or

16 “(B) for the refinancing of a mortgage  
17 that was previously insured under this section;  
18 and

19 “(2) involve a property located in an area—

20 “(A) for which the amount under clause  
21 (ii) of section 203(b)(2)(A) is less than the  
22 amount determined under clause (i) of such sec-  
23 tion for a residence of the applicable size; and

24 “(B) that has a State agency that—



1           “(i) is fully authorized under State  
2           and local laws and is adequately capital-  
3           ized, in the determination of the Secretary,  
4           to carry out this section; and

5           “(ii)(I) carries the designation of ‘top  
6           tier’ or its equivalent, as evaluated by  
7           Standard and Poors or any other nation-  
8           ally recognized rating agency; or

9           “(II) receives a rating of ‘A’ for its  
10          general obligation bonds from a nationally  
11          recognized rating agency.

12       “(d) APPLICATIONS.—

13           “(1) APPROVAL.—The Secretary may approve  
14          an application submitted by a State or local agency  
15          to establish a risk-sharing program under this sec-  
16          tion, only if the Secretary determines that the State  
17          or local agency has demonstrated that—

18           “(A) it has the legal authority under State  
19          law and, where applicable, local law, to partici-  
20          pate in the program under this section;

21           “(B) it has carried out, or has the poten-  
22          tial to carry out, a financially sound, efficient,  
23          and effective mortgage insurance program; and

1           “(C) it has the ongoing administrative and  
2           financial capacity necessary to carry out a pro-  
3           gram under this section.

4           “(2) CANCELLATION OF APPROVAL.—The Sec-  
5           retary may cancel approval of a State or local agen-  
6           cy under this section for a violation of requirements  
7           and procedures under the risk-sharing agreement be-  
8           tween the State or local agency and the Secretary or  
9           for other good cause, by giving notice to the State  
10          or local agency. The cancellation shall be effective  
11          upon receipt of the notice by the agency or at a later  
12          date specified by the Secretary. A decision by the  
13          Secretary to cancel approval shall be final and con-  
14          clusive and shall not be subject to judicial review.

15          “(e) DELEGATION OF AUTHORITY TO INSURE TO  
16          STATE AND LOCAL AGENCIES.—Pursuant to a risk-shar-  
17          ing agreement with a State or local agency, the Secretary  
18          shall delegate the authority to insure and make commit-  
19          ments to insure the portion of mortgages to be insured  
20          by the Secretary under this section to the State or local  
21          agency. The risk-sharing agreement shall contain such  
22          other matters as the Secretary and the State or local agen-  
23          cy agree.

24          “(f) UNDERWRITING STANDARDS AND LOAN TERMS  
25          AND CONDITIONS.—The State or local agency shall adopt

1 underwriting standards and loan terms and conditions for  
2 purposes of underwriting loans to be insured under this  
3 section. Such standards shall be at least as stringent as  
4 the standards pursuant to this Act for mortgages insured  
5 under section 203 and shall be subject to review and ap-  
6 proval by the Secretary.

7 “(g) MORTGAGE INSURANCE PREMIUMS.—

8 “(1) REQUIREMENT.—The State or local agen-  
9 cy shall require the payment of mortgage insurance  
10 premiums by mortgagors.

11 “(2) SHARES.—The Secretary shall establish  
12 policies and procedures for the sharing of premiums  
13 between the Secretary and the State or local agency,  
14 based on the relative risk to, and administrative  
15 costs of, the Secretary and the State or local agency.  
16 The share paid to the Secretary shall not be less  
17 than an amount necessary to cover the risk to, and  
18 administrative costs of, the Secretary.

19 “(h) LIMITATIONS ON PRINCIPAL MORTGAGE  
20 AMOUNT.—

21 “(1) INSURED PORTION.—The portion of the  
22 mortgage insured under this section by the Sec-  
23 retary may not exceed an amount equal to the lesser  
24 of (A) 80 percent of the appraised value of the prop-  
25 erty, or (B) the maximum amount the Secretary

1 may insure under section 203(b) of this Act for the  
2 area (but not including any amount for a mortgage  
3 insurance premium).

4 “(2) TOTAL PRINCIPAL AMOUNT.—The total  
5 principal amount of a mortgage insured under this  
6 section by the Secretary and the State or local agen-  
7 cy (A) shall exceed the maximum amount the Sec-  
8 retary may insure under subparagraph (A) of the  
9 first sentence of section 203(b)(2) for the area, and  
10 (B) may not exceed the conforming loan limitation  
11 determined under section 305(a)(2) of the Federal  
12 Home Loan Mortgage Corporation Act for a resi-  
13 dence of the applicable size, as adjusted annually.

14 “(3) LOAN-TO-VALUE RATIO.—The principal  
15 obligation of a mortgage may not exceed an amount  
16 determined in accordance with subparagraph (B) of  
17 the first sentence of section 203(b)(2) plus the mort-  
18 gage insurance premium.

19 “(4) REFINANCING MORTGAGES.—Notwith-  
20 standing paragraph (2)(A) or (3), in the case of refi-  
21 nancing of an existing mortgage that was previously  
22 insured under this section, the principal obligation of  
23 a refinancing mortgage may not exceed the out-  
24 standing principal balance of the existing mortgage  
25 plus any mortgage insurance premium.

1 “(i) INSURANCE CLAIMS.—

2 “(1) PROCEDURE.—In the case of a default and  
3 foreclosure of a mortgage insured under this section,  
4 the mortgagee may file a claim with the State or  
5 local agency for insurance benefits in accordance  
6 with requirements established by the State or local  
7 agency and approved by the Secretary. The agency  
8 shall pay the full amount of the claim owed to the  
9 mortgagee. If the loss on the insured mortgage ex-  
10 ceeds the amount of insurance by the agency, the  
11 Secretary shall reimburse the agency for the dif-  
12 ference.

13 “(2) MUTUAL MORTGAGE INSURANCE FUND.—  
14 The insurance of a mortgage under this section by  
15 the Secretary shall be an obligation of the Mutual  
16 Mortgage Insurance Fund created pursuant to sec-  
17 tion 205.

18 “(j) INAPPLICABILITY OF THE ASSIGNMENT PRO-  
19 GRAM.—Section 230 shall not apply to mortgages insured  
20 under the program authorized by this section.

21 “(k) RESTRICTION ON GNMA SECURITIZATION.—  
22 The Government National Mortgage Association shall not  
23 securitize any loans insured under this section.

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

1           “(1) The term ‘local agency’ means an agency  
2 of a unit of general local government, as defined by  
3 the Secretary, that has the authority to insure mort-  
4 gages and to participate with the Secretary in the  
5 single family risk-sharing program under this sec-  
6 tion, or an agency or instrumentality of a local agen-  
7 cy if the agency or instrumentality has such author-  
8 ity.

9           “(2) The term ‘State agency’ means an agency  
10 of a State that has the authority to insure mort-  
11 gages and to participate with the Secretary in the  
12 single family risk-sharing program under this sec-  
13 tion, or an agency or instrumentality of a State  
14 agency if the agency or instrumentality has such au-  
15 thority.

16           “(3) The term ‘single family property’ means a  
17 property upon which there is located a dwelling de-  
18 signed principally for occupancy by 1 family, and in-  
19 cludes a condominium and a cooperative.

20           “(4) The term ‘State’ means the several States,  
21 the Commonwealth of Puerto Rico, the District of  
22 Columbia, Guam, the Commonwealth of the North-  
23 ern Mariana Islands, American Samoa, and the Vir-  
24 gin Islands.”.

1 (b) REGULATIONS.—The Secretary of Housing and  
2 Urban Development shall issue any regulations necessary  
3 to implement the amendment made by subsection (a).

4 **SEC. 413. DELEGATION OF SINGLE FAMILY MORTGAGE IN-**  
5 **SURING AUTHORITY TO DIRECT ENDORSE-**  
6 **MENT MORTGAGEES.**

7 Title II of the National Housing Act (12 U.S.C. 1707  
8 et seq.), as amended by the preceding provisions of this  
9 Act, is further amended by adding at the end the following  
10 new section:

11 “DELEGATION OF INSURING AUTHORITY TO DIRECT  
12 ENDORSEMENT MORTGAGEES

13 “SEC. 257. (a) AUTHORITY.—The Secretary may del-  
14 egate, to one or more mortgagees approved by the Sec-  
15 retary under the direct endorsement program, the author-  
16 ity of the Secretary under this Act to insure mortgages  
17 involving property upon which there is located a dwelling  
18 designed principally for occupancy by 1 to 4 families.

19 “(b) CONSIDERATIONS.—In determining whether to  
20 delegate authority to a mortgagee under this section, the  
21 Secretary shall consider the experience and performance  
22 of the mortgagee under the direct endorsement program,  
23 the default rate of insured mortgages originated by the  
24 mortgagee compared to the default rate of all insured  
25 mortgages in comparable markets, and such other factors

1 as the Secretary determines appropriate to minimize risk  
2 of loss to the insurance funds under this Act.

3 “(c) ENFORCEMENT OF INSURANCE REQUIRE-  
4 MENTS.—

5 “(1) IN GENERAL.—If the Secretary determines  
6 that a mortgage insured by a mortgagee pursuant to  
7 delegation of authority under this section was not  
8 originated in accordance with the requirements es-  
9 tablished by the Secretary, and the Secretary pays  
10 an insurance claim with respect to the mortgage  
11 within a reasonable period specified by the Sec-  
12 retary, the Secretary may require the mortgagee ap-  
13 proved under this section to indemnify the Secretary  
14 for the loss.

15 “(2) FRAUD OR MISREPRESENTATION.—If  
16 fraud or misrepresentation was involved in connec-  
17 tion with the origination, the Secretary may require  
18 the mortgagee approved under this section to indem-  
19 nify the Secretary for the loss regardless of when an  
20 insurance claim is paid.

21 “(d) TERMINATION OF MORTGAGEE’S AUTHORITY.—  
22 If a mortgagee to which the Secretary has made a delega-  
23 tion under this section violates the requirements and pro-  
24 cedures established by the Secretary or the Secretary de-  
25 termines that other good cause exists, the Secretary may



1 cancel a delegation of authority under this section to the  
2 mortgagee by giving notice to the mortgagee. Such a can-  
3 cellation shall be effective upon receipt of the notice by  
4 the mortgagee or at a later date specified by the Secretary.  
5 A decision by the Secretary to cancel a delegation shall  
6 be final and conclusive and shall not be subject to judicial  
7 review.

8 “(e) REQUIREMENTS AND PROCEDURES.—Before ap-  
9 proving a delegation under this section, the Secretary shall  
10 issue regulations establishing appropriate requirements  
11 and procedures, including requirements and procedures  
12 governing the indemnification of the Secretary by the  
13 mortgagee.”.

14 **SEC. 414. ELIGIBILITY OF MORTGAGES ON HOMES ON**  
15 **LEASED LAND OWNED BY COMMUNITY LAND**  
16 **TRUSTS.**

17 Title II of the National Housing Act (12 U.S.C. 1707  
18 et seq.), as amended by the preceding provisions of this  
19 Act, is further amended by adding at the end the following  
20 new section:

21 “ELIGIBILITY OF MORTGAGES ON HOMES ON LEASED  
22 LAND OWNED BY COMMUNITY LAND TRUSTS

23 “SEC. 258. (a) ELIGIBILITY FOR INSURANCE.—In  
24 providing mortgage insurance under any provision of this  
25 title for a mortgage covering a 1- to 4-family residence,  
26 the Secretary may insure a mortgage covering such a resi-

1 dence which is located on property owned by a community  
2 land trust without regard to the extent to which the resale  
3 price of the residence is restricted or the manner in which  
4 such price is established.

5 “(b) LIMITATION ON RESTRICTIONS.—The Secretary  
6 may not, as a condition of such insurance, establish any  
7 requirements regarding the resale price of residences on  
8 land owned by a community land trust, except that the  
9 Secretary may require that a ground lease or other docu-  
10 ment establishing legally enforceable restrictions or limita-  
11 tions on the resale price provide that the restrictions or  
12 limitations be cancelable in the event of foreclosure or de-  
13 livery of a deed in lieu of foreclosure (or assignment).

14 “(c) DEFINITION OF ‘COMMUNITY LAND TRUST’.—  
15 For purposes of this section, the term ‘community land  
16 trust’ has the meaning given the term in section 233 of  
17 the Cranston-Gonzalez National Affordable Housing  
18 Act.”.

19 **SEC. 415. INSURANCE OF 2-STEP SINGLE FAMILY MORT-**  
20 **GAGES.**

21 Title II of the National Housing Act (12 U.S.C. 1701  
22 et seq.), as amended by the preceding provisions of this  
23 Act, is further amended by adding at the end the following  
24 new section:

1           “2-STEP SINGLE FAMILY MORTGAGES

2           “SEC. 259. (a) AUTHORITY.—After making the find-  
3 ing required under subsection (d), the Secretary may in-  
4 sure under any provision of this title a mortgage involving  
5 property upon which there is located a dwelling designed  
6 principally for occupancy by 1 to 4 families, where the  
7 mortgage provides that the effective rate of interest  
8 charged is—

9           “(1) fixed for the duration of a specified period  
10 that consists of not less than the first 5 years of the  
11 mortgage term;

12           “(2) adjusted by the mortgagee upon the expi-  
13 ration of the specified period referred to in para-  
14 graph (1) for the mortgage; and

15           “(3) for the term of the mortgage remaining  
16 after such adjustment—

17           “(A) fixed at the adjusted rate established  
18 pursuant to paragraph (2); or

19           “(B) periodically adjusted by the mortga-  
20 gee.

21           “(b) REDETERMINATION OF RATE.—For each mort-  
22 gage insured pursuant to this section, the adjustment of  
23 the effective rate of interest pursuant to subsection (a)(2)  
24 may be accomplished through adjustments in the monthly  
25 payment amount, the outstanding principal balance, or the

1 mortgage term, or a combination of such factors, except  
2 that in no case may any extension of a mortgage term  
3 result in a total term in excess of 40 years. The adjust-  
4 ment in the effective rate of interest shall correspond to  
5 a specified national interest rate index that is approved  
6 in regulations issued by the Secretary and information on  
7 which is readily accessible to the mortgagors from gen-  
8 erally available published sources.

9       “(c) LIMITATIONS ON SECOND-STEP PERIODIC  
10 RATES.—For each mortgage insured pursuant to this sec-  
11 tion for which the effective rate of interest charged pursu-  
12 ant to subsection (a)(3) is periodically adjusted under sub-  
13 paragraph (B) of such subsection, such adjustments in the  
14 interest rate—

15               “(1) may be accomplished through adjustments  
16 in the monthly payment amount, the outstanding  
17 principal balance, or the mortgage term, or a com-  
18 bination of such factors, except that in no case may  
19 any extension of a mortgage term result in a total  
20 term in excess of 40 years;

21               “(2) shall correspond to a specified national in-  
22 terest rate index that is approved in regulations is-  
23 sued the Secretary and information on which is  
24 readily accessible to the mortgagors from generally  
25 available published sources;

1           “(3) shall be made on an annual basis;

2           “(4) shall be limited, with respect to any single  
3 interest rate increase, to no more than 1 percent on  
4 the outstanding loan balance; and

5           “(5) be limited to a maximum increase of 5 per-  
6 centage points above the initial contract interest rate  
7 over the term of the mortgage.

8           “(d) CONDITIONS ON INSURING AUTHORITY.—The  
9 Secretary may insure mortgages pursuant to this section  
10 only after determining that the risk posed by such insur-  
11 ance to the financial safety and soundness of the insurance  
12 fund of which the mortgage insurance is an obligation does  
13 not exceed such risk posed by insurance of mortgages of  
14 equivalent terms having fixed interest rates over such  
15 terms.

16           “(e) DESCRIPTION OF FEATURES.—The Secretary  
17 shall issue regulations requiring that the mortgagee make  
18 available to the mortgagor, at the time of loan application,  
19 a written explanation of the features of the 2-step mort-  
20 gage insured pursuant to this section.

21           “(f) LIMITATION OF TOTAL NUMBER OF MORTGAGES  
22 INSURED.—The aggregate number of mortgages and  
23 loans insured pursuant to this section in any fiscal year  
24 may not exceed 10 percent of the aggregate number of

1 mortgages and loans insured by the Secretary under this  
2 title during the preceding fiscal year.”.

3 **SEC. 416. MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS**  
4 **IN HIGH-COST AREAS.**

5 (a) IN GENERAL.—Each of the provisions under sub-  
6 section (b) is amended by striking “140 percent” and in-  
7 serting “152 percent”.

8 (b) PROVISIONS AMENDED.—The provisions under  
9 this subsection are the following sections of title II of the  
10 National Housing Act (12 U.S.C. 1707 et seq.):

- 11 (1) Section 207(c)(3).
- 12 (2) Section 213(b)(2).
- 13 (3) Section 220(d)(3)(B)(iii).
- 14 (4) Section 221(d)(3)(ii).
- 15 (5) Section 221(d)(4)(ii).
- 16 (6) Section 231(c)(2).
- 17 (7) Section 234(e)(3).

18 **SEC. 417. APPROVAL OF POINT-OF-USE PURIFICATION SYS-**  
19 **TEMS AND TESTING OF SYSTEMS.**

20 (a) IN GENERAL.—Section 424 of the Housing and  
21 Community Development Act of 1987 (12 U.S.C. 1701z-  
22 15) is amended—

- 23 (1) in subsection (a), by inserting after the pe-  
24 riod at the end the following new sentence: “The  
25 Secretary of Housing and Urban Development shall

1 provide for the approval under subsection (c) of both  
2 point-of-use and point-of-entry water treatment  
3 equipment and water purification systems that meet  
4 the standards established under this section.”;

5 (2) in the first sentence of subsection (b), by  
6 striking “general standards recognized by the De-  
7 partment as modified for local or regional condi-  
8 tions” and inserting the following: “standards for  
9 testing using (1) industry-accepted product testing  
10 protocols, or (2) protocols that utilize technically  
11 valid methodology using analytical testing methods  
12 of the Environmental Protection Agency for drinking  
13 water quality and maximum contaminant levels or  
14 equivalent methods”;

15 (3) by redesignating subsection (b) (as amended  
16 by paragraph (2) of this section) as subsection (c);  
17 and

18 (4) by inserting after subsection (a) the follow-  
19 ing new subsection:

20 “(b) POINT-OF-USE EQUIPMENT.—For any property  
21 in which the water treatment or purification system in op-  
22 eration employs point-of-use equipment, the Secretary  
23 may not require that a treatment or purification system  
24 be employed on any water supply source serving the prop-

1 erty that provides water that will not be used primarily  
2 for human consumption.”.

3 (b) REGULATIONS.—The Secretary of Housing and  
4 Urban Development shall issue any regulations necessary  
5 to carry out section 424 of the Housing and Community  
6 Development Act of 1987, as amended by subsection (a)  
7 of this section, not later than the expiration of the 6-  
8 month period beginning on the date of the enactment of  
9 this Act.

10 **SEC. 418. ENERGY EFFICIENT MORTGAGES PILOT PRO-**  
11 **GRAM.**

12 Section 106 of the Energy Policy Act of 1992 (42  
13 U.S.C. 12712 note) is amended—

14 (1) in subsection (a)(2)—

15 (A) in subparagraph (A), by inserting  
16 “(which may be an adjustable rate mortgage in-  
17 sured under section 251 of such Act and may  
18 be a mortgage for a property that is not the  
19 principal or secondary residence of the mortga-  
20 gor to the extent provided in section 203(g) of  
21 such Act)” after “Act”; and

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

24 “(D) RATING AND INSTALLATION.—The  
25 program shall provide that the person conduct-



1           ing the home energy rating report under sub-  
2           section (c)(2) for the property subject to the en-  
3           ergy efficient mortgage may also, subject only  
4           to the approval of the mortgagee and mortga-  
5           gor, install the energy efficiency improve-  
6           ments.”; and

7           (2) in subsection (c)—

8                   (A) in paragraph (1), by inserting “(in-  
9                   cluding an adjustable rate mortgage loan eligi-  
10                   ble for insurance under section 251 of such  
11                   Act)” after “Act”; and

12                   (B) in the first sentence of paragraph (2),  
13                   by striking “the total present value cost” and  
14                   all that follows through the end of the sentence  
15                   and inserting the following: “energy improve-  
16                   ments that generate energy savings in the first  
17                   year after improvement that are greater than  
18                   the increase in the amount of the loan payment  
19                   for such first-year due to the energy improve-  
20                   ments. In the case of a base loan insured under  
21                   section 251 of the National Housing Act, the  
22                   interest rate used to determine the amount of  
23                   such increase in the loan payment shall be the  
24                   maximum allowable interest rate under the  
25                   mortgage.”.

1 **SEC. 419. EXTENSION OF MULTIFAMILY MORTGAGE CREDIT**  
2 **DEMONSTRATIONS.**

3 Section 542 of the Housing and Community Develop-  
4 ment Act of 1992 (12 U.S.C. 1707 note) is amended—

5 (1) in subsection (b)(5), by striking “1993 and  
6 1994” and inserting “1995 and 1996”; and

7 (2) in subsection (c)(4), by striking “1993,  
8 1994, and 1995” and inserting “1995, 1996, and  
9 1997”.

10 **SEC. 420. INDIAN HOUSING LOAN GUARANTEES.**

11 (a) **LIMITATION ON OUTSTANDING AGGREGATE**  
12 **PRINCIPAL AMOUNT.**—Section 184(i)(5)(C) of the Hous-  
13 ing and Community Development Act of 1992 (12 U.S.C.  
14 1515z-13a(i)(5)(C)) is amended by striking “fiscal years  
15 1993 and 1994” and inserting “fiscal years 1995 and  
16 1996”.

17 (b) **AUTHORIZATION OF APPROPRIATIONS FOR GUAR-**  
18 **ANTEE FUND.**—Section 184(i)(7) of the Housing and  
19 Community Development Act of 1992 (12 U.S.C. 1515z-  
20 13a(i)(7)) is amended to read as follows:

21 “(7) **AUTHORIZATION OF APPROPRIATIONS.**—

22 There are authorized to be appropriated to the  
23 Guarantee Fund to carry out this section  
24 \$50,000,000 for fiscal year 1995 and \$50,000,000  
25 for fiscal year 1996.”

1 **SEC. 421. NATIONAL COMMISSION ON THE FUTURE OF THE**  
2 **FEDERAL HOUSING ADMINISTRATION.**

3 (a) PURPOSE.—The purpose of this section is to es-  
4 tablish a national commission to develop recommendations  
5 regarding the appropriate future role of the Federal Gov-  
6 ernment in providing mortgage insurance, for modernizing  
7 and improving the structure and operations of the Federal  
8 Housing Administration, for protecting the safety and  
9 soundness of the insurance funds of the FHA, and for  
10 serving families currently underserved by the mortgage fi-  
11 nance system.

12 (b) ESTABLISHMENT.—There is hereby established a  
13 commission to be known as the National Commission on  
14 the Future of the Federal Housing Administration.

15 (c) MEMBERSHIP.—

16 (1) IN GENERAL.—The Commission shall con-  
17 sist of the Secretary of Housing and Urban Develop-  
18 ment and 16 members appointed, not later than 60  
19 days after amounts to carry out this section are  
20 made available under subsection (h), as follows:

21 (A) 4 members shall be appointed by the  
22 Chairman of the Committee on Banking, Hous-  
23 ing, and Urban Affairs of the Senate and 4  
24 members shall be appointed by the Ranking Mi-  
25 nority Member of such Committee.

1 (B) 4 members shall be appointed by the  
2 Chairman of the Committee on Banking, Fi-  
3 nance and Urban Affairs of the House of Rep-  
4 resentatives and 4 members shall be appointed  
5 by the Ranking Minority Member of such Com-  
6 mittee.

7 (2) QUALIFICATIONS.—The 8 members of the  
8 Commission appointed under each of subparagraphs  
9 (A) and (B) of paragraph (1) shall include—

10 (A) 1 individual who represents the mort-  
11 gage finance industry;

12 (B) 1 individual with knowledge and expe-  
13 rience from a secondary mortgage market en-  
14 tity;

15 (C) 1 individual with knowledge and expe-  
16 rience concerning home sales or multifamily  
17 housing management;

18 (D) 1 individual who represents the private  
19 mortgage insurance industry;

20 (E) 1 individual with knowledge and expe-  
21 rience concerning single family or multifamily  
22 housing asset management;

23 (F) 1 individual who represents a State or  
24 local housing agency active in single family or  
25 multifamily housing activities;

1 (G) 1 individual who represents the inter-  
2 ests of consumers or communities, in single  
3 family or multifamily housing; and

4 (H) 1 individual who represents or resides  
5 in an urban or rural neighborhood whose resi-  
6 dents consist predominantly of members of mi-  
7 norities.

8 (3) CHAIRPERSON.—The Commission shall elect  
9 a chairperson from among members of the Commis-  
10 sion.

11 (4) QUORUM.—A majority of the members of  
12 the Commission shall constitute a quorum for the  
13 transaction of business.

14 (5) VOTING.—Each member of the Commission  
15 shall be entitled to 1 vote, and all votes shall be  
16 given equal weight.

17 (6) VACANCIES.—Any vacancy on the Commis-  
18 sion shall not affect the powers of the Commission  
19 and shall be filled in the manner in which the origi-  
20 nal appointment was made.

21 (7) PROHIBITION ON ADDITIONAL PAY.—Mem-  
22 bers of the Commission shall serve without com-  
23 pensation, but shall be reimbursed for travel, sub-  
24 sistence, and other necessary expenses incurred in

1 the performance of their duties as members of the  
2 Commission.

3 (d) SUBCOMMITTEES.—In carrying out its duties  
4 under subsection (e), the Commission shall establish 2  
5 subcommittees, 1 of which shall carry out such duties with  
6 respect to issues relating to mortgage insurance for multi-  
7 family housing and 1 of which shall carry out such duties  
8 with respect to issues relating to mortgage insurance for  
9 single family housing.

10 (e) DUTIES.—

11 (1) IN GENERAL.—The Commission shall con-  
12 duct a study of the existing operations of the FHA  
13 and shall make recommendations regarding the fu-  
14 ture mission, organization, responsibilities, and func-  
15 tion of the FHA. In conducting the study and for-  
16 mulating recommendations, the Commission shall—

17 (A) determine the most appropriate role  
18 for the Federal Government in extending the  
19 availability of mortgage credit and review var-  
20 ious alternative mortgage products and, with  
21 regard to the mission and functions of the  
22 FHA, the appropriateness of the use of such  
23 products by the FHA;

24 (B) determine whom FHA programs are  
25 intended to serve;

1 (C) consider whether the FHA could func-  
2 tion more effectively if organized as a govern-  
3 ment corporation, a government-sponsored en-  
4 terprise, or with any other organizational struc-  
5 ture different from the existing structure;

6 (D) consider whether the personnel, pro-  
7 curement, budgeting, and other requirements  
8 generally applicable to the Federal agencies  
9 should be modified in their applicability to the  
10 FHA;

11 (E) review the laws establishing and relat-  
12 ing to the FHA and determine whether amend-  
13 ments to such law would be appropriate to re-  
14 structure the FHA, or to provide new authority  
15 or increased flexibility for the operations of the  
16 FHA;

17 (F) determine ways in which the FHA can  
18 more effectively contribute to the revitalization  
19 of inner cities and increase housing opportuni-  
20 ties for low-income families;

21 (G) determine ways to improve the man-  
22 agement and sale of assets owned by the FHA;

23 (H) determine ways to reduce the risk of  
24 future insurance losses from the existing inven-

1 tory of outstanding mortgages insured by the  
2 FHA; and

3 (I) determine ways to improve the private  
4 management of multifamily properties insured  
5 by the FHA.

6 (2) INTERIM REPORT.—Not later than the expi-  
7 ration of the 10-month period beginning upon the  
8 appointment of all of the members of the Commis-  
9 sion under subsection (c), the Commission shall sub-  
10 mit to the Secretary of Housing and Urban Develop-  
11 ment and to the Congress an interim report contain-  
12 ing the preliminary information and evaluations  
13 specified in paragraph (1) and initial recommenda-  
14 tions for legislative and administrative actions to  
15 carry out the determinations made pursuant to para-  
16 graph (1).

17 (3) REPORT.—Not later than the expiration of  
18 the 18-month period beginning upon the appoint-  
19 ment of all of the members of the Commission under  
20 subsection (c), the Commission shall submit to the  
21 Secretary of Housing and Urban Development and  
22 to the Congress a report containing the information  
23 and evaluations specified in paragraph (1) and spe-  
24 cific recommendations for legislative and administra-



1       tive actions to carry out the determinations made  
2       pursuant to paragraph (1).

3       (f) POWERS.—

4           (1) HEARINGS.—The Commission may, for the  
5       purpose of carrying out this section, hold such hear-  
6       ings and sit and act at such times and places as the  
7       Commission considers appropriate.

8           (2) RULES AND REGULATIONS.—The Commis-  
9       sion may adopt such rules and regulations as may  
10      be necessary to establish its procedures and to gov-  
11      ern the manner of its operations, organization, and  
12      personnel.

13          (3) ASSISTANCE FROM FEDERAL AGENCIES.—

14           (A) INFORMATION.—The Commission may  
15      secure directly from any department or agency  
16      of the United States such data and information  
17      as the Commission may require for the purpose  
18      of carrying out this section. Upon request of  
19      the Commission, any such department or agen-  
20      cy shall furnish such data or information. The  
21      Commission may acquire data or information  
22      directly from such departments or agencies to  
23      the same extent that the Secretary may acquire  
24      such data or information.

1           (B) ADMINISTRATIVE SUPPORT.—The  
2           General Services Administration shall provide to  
3           the Commission, on a reimbursable basis, ad-  
4           ministrative support services requested by the  
5           Commission.

6           (C) PERSONNEL DETAILS.—Upon the re-  
7           quest of the chairperson of the Commission, the  
8           Secretary shall, to the extent possible and sub-  
9           ject to the discretion of the Secretary, detail  
10          any of the personnel of the Department of  
11          Housing and Urban Development, on a  
12          nonreimbursable basis, to assist the Commis-  
13          sion in carrying out its duties under this  
14          section.

15          (4) MAILS.—The Commission may use the  
16          United States mails in the same manner and under  
17          the same conditions as other Federal agencies.

18          (5) CONTRACTING.—The Commission may, to  
19          such extent and in such amounts as are provided in  
20          appropriations Acts, enter into contracts necessary  
21          to carry out its duties under this section.

22          (6) ADVISORY COMMITTEE.—The Commission  
23          shall be considered an advisory committee within the  
24          meaning of the Federal Advisory Committee Act.

25          (7) STAFF.—

1           (A) EXECUTIVE DIRECTOR.—The Commis-  
2           sion shall appoint an executive director of the  
3           Commission who shall be compensated at a rate  
4           fixed by the Commission, but which may not ex-  
5           ceed the rate established for level V of the Ex-  
6           ecutive Schedule under title 5, United States  
7           Code.

8           (B) PERSONNEL.—In addition to the exec-  
9           utive director, the Commission may appoint and  
10          fix the compensation of such personnel as the  
11          Commission considers appropriate, in accord-  
12          ance with the provisions of title 5, United  
13          States Code, governing appointments in the  
14          competitive service, and the provisions of chap-  
15          ter 51 and subchapter III of chapter 53 of such  
16          title, relating to classification and General  
17          Schedule pay rates.

18          (C) LIMITATION.—This paragraph shall be  
19          effective only to the extent amounts are made  
20          available in appropriation Acts.

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

23                (1) The term “Commission” means the Na-  
24                tional Commission on the Future of the Federal  
25                Housing Administration.

1           (2) The term “FHA” means the Federal Hous-  
2           ing Administration of the Department of Housing  
3           and Urban Development.

4           (3) The term “Secretary” means the Secretary  
5           of Housing and Urban Development.

6           (h) FUNDING.—Of any amounts appropriated pursu-  
7           ant to section 501 of the Housing and Urban Development  
8           Act of 1970, the Secretary shall set aside to carry out  
9           this section \$1,000,000 for fiscal year 1995. Any amounts  
10          made available pursuant to this subsection shall remain  
11          available until expended.

12          (i) SUNSET.—The Commission shall terminate upon  
13          the expiration of the 18-month period that begins upon  
14          the appointment of all of the members of the Commission  
15          under subsection (c).

16       **SEC. 422. ACTION AND REPORT ON COOPERATIVE HOME-**  
17                               **OWNERSHIP FOR LOW- AND MODERATE-IN-**  
18                               **COME FAMILIES.**

19          (a) REVIEW.—The Secretary of Housing and Urban  
20          Development, acting through the Assistant Secretary who  
21          is the Federal Housing Commissioner, shall review the re-  
22          port of The Urban Institute, dated May 1994 and entitled  
23          “Performance of HUD Subsidized Loans: Does Coopera-  
24          tive Housing Matter?”.

1           (b) ACTION.—Not later than 9 months after the date  
2 of the enactment of this Act, the Secretary shall imple-  
3 ment any recommendations made in the report referred  
4 to in subsection (a) that (1) the Secretary considers appro-  
5 priate and feasible, (2) are within the jurisdiction of the  
6 Assistant Secretary referred to in subsection (a), and (3)  
7 the Secretary has authority under law to implement.

8           (c) REPORT.—The Secretary shall submit a report to  
9 the Congress not later than 9 months after the date of  
10 the enactment of this Act, which shall—

11           (1) evaluate the report referred to in subsection

12           (a);

13           (2) describe any action taken under subsection

14           (b);

15           (3) identify and proposes the elimination of any  
16 Federal housing policies or programs that, in the de-  
17 termination of the Secretary, inhibit the development  
18 of cooperative homeownership for low- and mod-  
19 erate-income families; and

20           (4) recommend any legislative action necessary  
21 to eliminate the policies or programs identified  
22 under paragraph (3).

1 **SEC. 423. STUDY OF ACTIVITY OF PRIVATE MORTGAGE**  
2 **BANKERS AND INSURERS.**

3 (a) STUDY.—The Secretary of Housing and Urban  
4 Development shall conduct a study to determine the pat-  
5 terns of lending and insurance activity of private mortgage  
6 lenders and private mortgage insurers, respectively. The  
7 study shall be designed to determine—

8 (1) the geographical areas in which properties  
9 are located for which loans are made by private  
10 mortgage lenders and the characteristics of such  
11 areas;

12 (2) the extent of lending activity by private  
13 mortgage lenders, in terms of number of loans and  
14 principal amount, in areas having a low median in-  
15 come, a moderate median income, and other areas;

16 (3) the types of loans made by private mortgage  
17 lenders, and the extent of lending activity, in each  
18 of the areas described in paragraph (2), which shall  
19 include the types and extent of any lending activity  
20 made in connection with economic development of  
21 low- and moderate-income areas;

22 (4) the geographical areas in which properties  
23 are located for which mortgage insurance is provided  
24 by private mortgage insurers and the characteristics  
25 of such areas;

1           (5) the extent of insurance activity by private  
2 mortgage insurers, in terms of number of loans in-  
3 sured and principal amount insured, in areas having  
4 a low median income, a moderate median income,  
5 and other areas; and

6           (6) the types of loans insured and extent of in-  
7 surance activity by private mortgage insurers in each  
8 of the areas described in paragraph (5), which shall  
9 include the types and extent of any insurance activ-  
10 ity made in connection with mortgages or loans for  
11 economic development activity in low- and moderate-  
12 income areas.

13       (b) REPORT.—The Secretary shall submit a report to  
14 the Congress describing the results of the study under this  
15 section not later than the expiration of the 6-month period  
16 beginning on the date of the enactment of this Act.

17       (c) DEFINITIONS.—For purposes of this section—

18           (1) the term “private mortgage insurer” means  
19 a person who provides insurance against the  
20 nonpayment of, or default on, a mortgage or loan  
21 for residential or commercial property that is not in-  
22 surance made available under the National Housing  
23 Act, title 38 of the United States Code, or title V  
24 of the Housing Act of 1949; and

1           (2) the term “private mortgage lender” means  
2           any lender that is not subject to the supervision, ap-  
3           proval, regulation, or insuring of the Board of Gov-  
4           ernors of the Federal Reserve System, the Federal  
5           Deposit Insurance Corporation, the Comptroller of  
6           the Currency, the Office of Thrift Supervision, the  
7           National Credit Union Administration, or any other  
8           Federal agency that regulates lending activity. The  
9           term does not include institutions engage primarily  
10          in the purchase of mortgage loans.

11           **Subtitle B—Secondary Mortgage**  
12                           **Market Programs**

13           **SEC. 441. LIMITATION ON GNMA GUARANTEES OF MORT-**  
14                           **GAGE-BACKED SECURITIES.**

15           Section 306(g)(2) of the Federal National Mortgage  
16           Association Charter Act (12 U.S.C. 1721(g)(2)) is amend-  
17           ed to read as follows:

18           “(2) Notwithstanding any other provision of law and  
19           subject only to the absence of qualified requests for guar-  
20           antees, to the authority provided in this subsection, and  
21           to the extent of or in such amounts as any funding limita-  
22           tion approved in appropriation Acts, the Association shall  
23           enter into commitments to issue guarantees under this  
24           subsection in an aggregate amount of \$130,000,000,000  
25           during fiscal year 1995 and \$130,000,000,000 during fis-



1 cal year 1996. There are authorized to be appropriated  
2 to cover the costs (as such term is defined in section 502  
3 of the Congressional Budget Act of 1974) of guarantees  
4 issued under this Act by the Association such sums as may  
5 be necessary for each of fiscal years 1995 and 1996.”.

6 **SEC. 442. ASSESSMENT COLLECTION DATES FOR OFFICE**  
7 **OF FEDERAL HOUSING ENTERPRISE OVER-**  
8 **SIGHT.**

9 Section 1316(b) of the Housing and Community De-  
10 velopment Act of 1992 (12 U.S.C. 4516(b)) is amended  
11 by striking paragraph (2) and inserting the following new  
12 paragraph:

13 “(2) TIMING OF PAYMENT.—The annual assess-  
14 ment shall be payable semiannually for each fiscal  
15 year, on October 1st and April 1st.”.

16 **Subtitle C—Emergency Mortgage**  
17 **Relief**

18 **SEC. 461. AMENDMENTS TO EMERGENCY HOMEOWNERS’**  
19 **RELIEF ACT.**

20 (a) FINDINGS.—Section 102(a) of the Emergency  
21 Homeowners’ Relief Act (12 U.S.C. 2701(a)) is amend-  
22 ed—

23 (1) by striking paragraph (1) and inserting the  
24 following new paragraph:

1           “(1) certain homeowners in the United States  
2           are encountering severe economic hardships as a re-  
3           sult of unemployment or a reduction in income;”;

4           (2) in paragraph (2), by striking “adverse eco-  
5           nomic conditions” and inserting “economic hard-  
6           ships”; and

7           (3) in paragraph (3), by striking “economic  
8           conditions” and inserting “their economic condi-  
9           tions”.

10          (b) MORTGAGES ELIGIBLE FOR ASSISTANCE.—Sec-  
11          tion 103 of the Emergency Homeowners’ Relief Act (12  
12          U.S.C. 2702) is amended—

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

15           (2) in paragraph (6)—

16           (A) by inserting “a 1- to 4-family resi-  
17          dence that is” after “is”; and

18           (B) by striking the period at the end and  
19          inserting “; and”; and

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

22           “(7) the delinquency for which the holder of the  
23          mortgage intends to foreclose commenced after the  
24          date of the enactment of the Housing and Commu-  
25          nity Development Act of 1994.”.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—Section  
2 109(a) of the Emergency Homeowners' Relief Act (12  
3 U.S.C. 2708(a)) is amended by striking “, except that”  
4 and all that follows through “\$500,000,000” and inserting  
5 “for fiscal years 1995 and 1996”.

6 (d) EXPIRATION DATE.—Section 109(b) of the  
7 Emergency Homeowners' Relief Act (12 U.S.C. 2708(b))  
8 is amended by striking “September 30, 1977” and insert-  
9 ing “September 30, 1996”.

10 (e) NOTIFICATION.—Section 110 of the Emergency  
11 Homeowners' Relief Act (12 U.S.C. 2709) is amended—

12 (1) in paragraph (1) of the 1st sentence—

13 (A) by striking “October 1, 1977” and in-  
14 serting “September 30, 1996”; and

15 (B) by inserting “single family” before  
16 “residential”;

17 (2) in paragraph (2) of the 1st sentence, by  
18 striking “until one year from the date of the enact-  
19 ment of this title” and inserting “during fiscal years  
20 1995 and 1996”; and

21 (3) in the 2d sentence, by striking “Federal  
22 Home Loan Bank Board, the Federal Savings and  
23 Loan Insurance Corporation” and inserting “Office  
24 of Thrift Supervision”.

1 (f) REPORTS.—Section 111 of the Emergency Home-  
2 owners' Relief Act (12 U.S.C. 2710) is amended—

3 (1) by striking “Within” and all that follows  
4 through “Congress on” and inserting the following:  
5 “For fiscal year 1995 and each fiscal year thereafter  
6 that begins before the date in section 109(b), the  
7 Secretary shall submit a report under this section to  
8 the Congress. The report for a fiscal year shall be  
9 submitted not later than 60 days after the end of  
10 the fiscal year and shall describe”;

11 (2) by striking “purposes” and inserting “pur-  
12 pose”;

13 (3) by inserting “and” before “(4)”; and

14 (4) by striking “; and (5)” and all that follows  
15 and inserting a period.

16 **Subtitle D—Nonjudicial Fore-**  
17 **closure of Defaulted Single**  
18 **Family Mortgages**

19 **SEC. 481. SHORT TITLE.**

20 This subtitle may be cited as the “Single Family  
21 Mortgage Foreclosure Act of 1994”.

22 **SEC. 482. FINDINGS AND PURPOSE.**

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

24 (1) disparate State laws under which mortgages  
25 are foreclosed on behalf of the Secretary of Housing

1 and Urban Development covering one- to four-family  
2 residential properties burden certain programs ad-  
3 ministered by the Secretary, increase the costs of  
4 collecting these obligations, and cause detriment to  
5 the community generally;

6 (2) long periods to complete the foreclosure of  
7 these mortgages under certain State laws lead to de-  
8 terioration in the condition of the properties in-  
9 volved; necessitate substantial Federal holding ex-  
10 penditures; increase the risk of vandalism, fire loss,  
11 depreciation, damage, and waste with respect to the  
12 properties; and adversely affect the neighborhoods in  
13 which the properties are located;

14 (3) these conditions seriously impair the Sec-  
15 retary's ability to protect the Federal financial inter-  
16 est in the affected properties and frustrate attain-  
17 ment of the objectives of the underlying Federal pro-  
18 gram authority;

19 (4) the availability of a uniform and more expe-  
20 ditious procedure, with no right of redemption in the  
21 mortgagor or others, for the foreclosure of these  
22 mortgages by the Secretary will tend to ameliorate  
23 these conditions; and

24 (5) providing the Secretary with a nonjudicial  
25 foreclosure procedure will reduce unnecessary litiga-

1       tion by removing many foreclosures from the courts  
2       where they contribute to overcrowded calendars.

3       (b) PURPOSE.—The purpose of this subtitle is to cre-  
4       ate a uniform Federal foreclosure remedy for single family  
5       mortgages that (1) are held by the Secretary of Housing  
6       and Urban Development pursuant to title I or title II of  
7       the National Housing Act or (2) secure loans obligated  
8       by the Secretary under section 312 of the Housing Act  
9       of 1964.

10   **SEC. 483. DEFINITIONS.**

11       As used in this subtitle—

12           (1) the term “bona fide purchaser” means a  
13       purchaser for value in good faith and without notice  
14       of any adverse claim, who will, therefore, acquire the  
15       security property free of any adverse claim;

16           (2) the term “mortgage” means a deed of trust,  
17       mortgage, deed to secure debt, security agreement,  
18       or any other form of instrument under which any in-  
19       terest in property, real, personal or mixed, or any in-  
20       terest in property including leaseholds, life estates,  
21       reversionary interests, and any other estates under  
22       applicable State law, is conveyed in trust, mort-  
23       gaged, encumbered, pledged, or otherwise rendered  
24       subject to a lien for the purpose of securing the pay-  
25       ment of money or the performance of an obligation;

1           (3) the term “single family mortgage” means a  
2 mortgage that covers property on which there is lo-  
3 cated a one- to four-family residence, which mort-  
4 gage—

5                   (A) is held by the Secretary pursuant to  
6 title I or title II of the National Housing Act,  
7 or

8                   (B) secures a loan obligated by the Sec-  
9 retary under section 312 of the Housing Act of  
10 1964, as it existed before its repeal by section  
11 289 of the Cranston-Gonzalez National Afford-  
12 able Housing Act (except that a mortgage se-  
13 curing such a loan that covers property contain-  
14 ing non-residential space and a one- to four-  
15 family dwelling shall not be subject to this Act);

16           (4) the term “mortgage agreement” means the  
17 note or debt instrument and the mortgage instru-  
18 ment, deed of trust instrument, trust deed, or in-  
19 strument or instruments creating the mortgage, in-  
20 cluding any instrument incorporated by reference  
21 therein and any instrument or agreement amending  
22 or modifying any of the foregoing;

23           (5) the term “mortgagor” means the obligor,  
24 grantor, or trustor named in the mortgage agree-  
25 ment and, unless the context otherwise indicates, in-

1 includes the current owner of record of the security  
2 property whether or not personally liable on the  
3 mortgage debt;

4 (6) the term “owner” means any person who  
5 has an ownership interest in property and includes  
6 heirs, devisees, executors, administrators, and other  
7 personal representatives, and trustees of testa-  
8 mentary trusts if the owner of record is deceased;

9 (7) the term “person” includes any individual,  
10 group of individuals, association, partnership, cor-  
11 poration, or organization;

12 (8) the terms “record” and “recorded” include  
13 “register” and “registered” in the instance of reg-  
14 istered land;

15 (9) the term “security property” means the  
16 property (real, personal or mixed) or an interest in  
17 property (including leaseholds, life estates, reversion-  
18 ary interests, and any other estates under applicable  
19 State law), together with fixtures and other interests  
20 subject to the lien of the mortgage under applicable  
21 State law;

22 (10) the term “State” means the several States,  
23 the District of Columbia, the Commonwealth of  
24 Puerto Rico, the United States Virgin Islands,  
25 Guam, American Samoa, the Northern Mariana Is-



1 lands, the Trust Territory of the Pacific Islands, and  
2 Indian tribes as defined by the Secretary;

3 (11) the term “county” means county as de-  
4 fined in section 2 of title I, United States Code; and

5 (12) the term “Secretary” means the Secretary  
6 of Housing and Urban Development.

7 **SEC. 484. APPLICABILITY.**

8 Single family mortgages encumbering real estate lo-  
9 cated in any State may be foreclosed by the Secretary in  
10 accordance with this subtitle, or pursuant to other fore-  
11 closure procedures available, at the option of the Sec-  
12 retary.

13 **SEC. 485. DESIGNATION OF FORECLOSURE COMMISSIONER.**

14 A foreclosure commissioner or commissioners des-  
15 igned pursuant to this subtitle shall have a nonjudicial  
16 power of sale as provided in this subtitle. Where the Sec-  
17 retary wishes to foreclose upon a single family mortgage,  
18 the Secretary may designate a foreclosure commissioner  
19 and, with or without cause, may designate a substitute  
20 foreclosure commissioner to replace a previously des-  
21 igned foreclosure commissioner, by executing a duly ac-  
22 knowledged, written designation stating the name and  
23 business or residential address of the commissioner or sub-  
24 stitute commissioner. The designation shall be effective  
25 upon execution. The foreclosure commissioner, if a natural

1 person, shall be a resident of the State in which the secu-  
2 rity property is located and, if not a natural person, the  
3 foreclosure commissioner must be duly authorized to  
4 transact business under the laws of the State in which  
5 the security property is located. The foreclosure commis-  
6 sioner shall be a person who is responsible, financially  
7 sound, and competent to conduct the foreclosure. More  
8 than one foreclosure commissioner may be designated. If  
9 a natural person is designated as foreclosure commissioner  
10 or substitute foreclosure commissioner, such person shall  
11 be designated by name, except that where such person is  
12 designated in his or her capacity as an official or employee  
13 of a government or corporate entity, such person may be  
14 designated by his or her unique title or position instead  
15 of by name.

16 **SEC. 486. PREREQUISITES TO FORECLOSURE.**

17 Foreclosure by the Secretary under this subtitle of  
18 a single family mortgage may be commenced, as provided  
19 in section 488, upon the breach of a covenant or condition  
20 in the mortgage agreement for which foreclosure is au-  
21 thorized under the mortgage, except that no such fore-  
22 closure may be commenced unless any previously pending  
23 proceeding, judicial or nonjudicial, separately instituted by  
24 the Secretary to foreclose the mortgage other than under  
25 this subtitle has been withdrawn, dismissed, or otherwise

1 terminated. No such separately instituted foreclosure pro-  
2 ceeding on the mortgage shall be instituted by the Sec-  
3 retary during the pendency of foreclosure pursuant to this  
4 subtitle. Nothing in this subtitle shall preclude the Sec-  
5 retary from enforcing any right, other than foreclosure,  
6 under applicable Federal or State law, including any right  
7 to obtain a monetary judgment. Nothing in this subtitle  
8 shall preclude the Secretary from foreclosing under this  
9 subtitle where the Secretary has obtained or is seeking any  
10 other remedy available pursuant to Federal or State law  
11 or under the mortgage agreement, including, but not lim-  
12 ited to, the appointment of a receiver, mortgagee-in-pos-  
13 session status, or relief under an assignment of rents.

14 **SEC. 487. NOTICE OF FORECLOSURE SALE.**

15 The notice of foreclosure sale to be served in accord-  
16 ance with this subtitle shall be subscribed with the name  
17 and address of the foreclosure commissioner and the date  
18 on which subscribed, and shall set forth the following in-  
19 formation:

20 (1) The names of the Secretary, the original  
21 mortgagee (if other than the Secretary), and the  
22 original mortgagor.

23 (2) The street address or a description of the  
24 location of the security property, and a description

1 of the security property, sufficient to identify the  
2 property to be sold.

3 (3) The date of the mortgage, the office in  
4 which the mortgage is recorded, and the liber and  
5 folio or other description of the location of recorda-  
6 tion of the mortgage.

7 (4) The failure to make payment, including the  
8 due date of the earliest installment payment remain-  
9 ing wholly unpaid as of the date the notice is sub-  
10 scribed, or the description of other default or de-  
11 faults upon which foreclosure is based, and the ac-  
12 celeration of the secured indebtedness.

13 (5) The date, time, and place of the foreclosure  
14 sale.

15 (6) A statement that the foreclosure is being  
16 conducted pursuant to this subtitle.

17 (7) The types of costs, if any, to be paid by the  
18 purchaser upon transfer of title.

19 (8) The amount and method of deposit to be re-  
20 quired at the foreclosure sale (except that no deposit  
21 shall be required of the Secretary), the time and  
22 method of payment of the balance of the foreclosure  
23 purchase price, and other appropriate terms of sale.

1 **SEC. 488. COMMENCEMENT OF FORECLOSURE.**

2 (a) REQUEST.—If the Secretary as holder of a single  
3 family mortgage determines that the prerequisites to fore-  
4 closure set forth in section 486 are satisfied, the Secretary  
5 may request the foreclosure commissioner to commence  
6 foreclosure of a single family mortgage. Upon such re-  
7 quest, the foreclosure commissioner shall commence fore-  
8 closure of the mortgage, by commencing service of a notice  
9 of default and foreclosure sale in accordance with section  
10 489.

11 (b) SUBSTITUTE COMMISSIONER.—After commence-  
12 ment of a foreclosure under this subtitle, the Secretary  
13 may designate a substitute foreclosure commissioner at  
14 any time before the time of foreclosure sale, and the fore-  
15 closure shall continue without prejudice, unless the sub-  
16 stitute commissioner, in his or her sole discretion, finds  
17 that continuation of the foreclosure sale will unfairly affect  
18 the interests of the mortgagor. If the substitute commis-  
19 sioner makes such a finding, the substitute commissioner  
20 shall cancel the foreclosure sale, or adjourn such sale in  
21 the manner provided in section 491(c). Upon designation  
22 of a substitute foreclosure commissioner, a copy of the  
23 written notice of such designation referred to in section  
24 485 shall be served (1) by mail, as provided in such section  
25 489 (except that the minimum time periods between mail-  
26 ing and the date of foreclosure sale prescribed in such sec-

1 tion shall not apply), or (2) in any other manner which,  
2 in the substitute commissioner's sole discretion, is condu-  
3 cive to achieving timely notice of such substitution.

4 **SEC. 489. SERVICE OF NOTICE OF FORECLOSURE.**

5 The foreclosure commissioner shall serve the notice  
6 of foreclosure sale provided for in section 487 upon the  
7 following persons and in the following manner, and no ad-  
8 ditional notice shall be required to be served, notwith-  
9 standing any notice requirements of any State or local law:

10 (1) **TIMING.**—At least 45 days prior to the date  
11 of the foreclosure sale, the notice of foreclosure sale  
12 required by section 488 of this subtitle shall be filed  
13 in the manner authorized for filing a notice of an ac-  
14 tion concerning real property according to the law of  
15 the State where the security property is located or,  
16 if none, in the manner authorized by section 3201  
17 of title 28, United States Code.

18 (2) **NOTICE BY MAIL.**—The notice of fore-  
19 closure sale shall be sent by certified or registered  
20 mail, postage prepaid and return receipt requested  
21 to the following:

22 (A) The current security property owner of  
23 record, as the record exists 60 days before the  
24 date originally set for foreclosure sale, whether

1 or not the notice describes a sale adjourned as  
2 provided in this subtitle.

3 (B) All mortgagors of record or other per-  
4 sons who appear of record or in the mortgage  
5 agreement to be liable for part or all of the  
6 mortgage debt, as the record exists 60 days be-  
7 fore the date originally set for foreclosure sale,  
8 whether or not the notice describes a sale ad-  
9 journed as provided in this subtitle, except any  
10 such mortgagors or persons who have been re-  
11 leased.

12 (C) All dwelling units in the security prop-  
13 erty, whether or not the notice describes a sale  
14 adjourned as provided in this subtitle.

15 (D) All persons holding liens of record  
16 upon the security property, as the record exists  
17 60 days before the date originally set for fore-  
18 closure sale, whether or not the notice describes  
19 a sale adjourned as provided in this subtitle.

20 Notice under subparagraphs (A) and (B) of this  
21 paragraph shall be mailed at least 45 days before  
22 the date of foreclosure sale, and shall be mailed to  
23 the owner or mortgagor at the last known address  
24 of the owner or mortgagor, or, if none, to the ad-  
25 dress of the security property, or, at the discretion

1 of the foreclosure commissioner, to any other ad-  
2 dress believed to be that of such owner or mortgagor. Notice under subparagraph (C) of this para-  
3 graph shall be mailed at least 45 days before the  
4 date of foreclosure sale. If the names of the occu-  
5 pants of the security property are not known to the  
6 Secretary, or the security property has more than  
7 one dwelling, the notice shall be posted at the secu-  
8 rity property at least 45 days prior to the fore-  
9 closure sale. Notice under subparagraph (D) of this  
10 paragraph shall be mailed at least 45 days before  
11 the date of foreclosure sale, and shall be mailed to  
12 each such lienholder's address as stated of record or,  
13 at the discretion of the foreclosure commissioner, to  
14 any other address believed to be that of such  
15 lienholder. Notice by mail pursuant to this sub-  
16 section or section 488(b) shall be deemed duly given  
17 upon mailing, whether or not received by the ad-  
18 dressee and whether or not a return receipt is re-  
19 ceived or the letter is returned.  
20

21 (3) PUBLICATION.—A copy of the notice of de-  
22 fault and foreclosure sale shall be published, as pro-  
23 vided herein, once a week during three successive  
24 calendar weeks before the sale date. Such publica-  
25 tion shall be in a newspaper or newspapers having



1 general circulation in the county or counties in  
2 which the security property being sold is located. To  
3 the extent practicable, the newspaper or newspapers  
4 chosen shall be a newspaper or newspapers, if any  
5 is available, having circulation conducive to achiev-  
6 ing notice of foreclosure by publication. A legal  
7 newspaper that is accepted as a newspaper of legal  
8 record in the county or counties in which the secu-  
9 rity property being sold is located shall be considered  
10 a newspaper having general circulation for the pur-  
11 poses of this paragraph. Should there be no news-  
12 paper published at least weekly which has a general  
13 circulation in one of the counties in which the secu-  
14 rity property being sold is located, copies of the no-  
15 tice of default and foreclosure sale shall be posted at  
16 the courthouse of any county or counties in which  
17 the security property is located and at the place  
18 where the sale is to be held at least 21 days before  
19 the date of sale.

20 **SEC. 490. PRESALE REINSTATEMENT.**

21 (a) IN GENERAL.—Except as provided in sections  
22 488(b) and 491(c), the foreclosure commissioner shall  
23 withdraw the security property from foreclosure and can-  
24 cel the foreclosure sale only if—

1           (1) the Secretary so directs the commissioner  
2 prior to or at the time of sale;

3           (2) the commissioner finds, upon application of  
4 the mortgagor at least three days before the date of  
5 sale, that the default or defaults upon which the  
6 foreclosure is based did not exist at the time of serv-  
7 ice of the notice of default and foreclosure sale; or

8           (3)(A) in the case of a foreclosure involving a  
9 monetary default, there is tendered to the fore-  
10 closure commissioner before public auction is com-  
11 pleted the entire amount of principal and interest  
12 which would be due if payments under the mortgage  
13 had not been accelerated;

14           (B) in the case of a foreclosure involving a  
15 nonmonetary default, the foreclosure commissioner,  
16 upon application of the mortgagor before the date of  
17 foreclosure sale, finds that such default is cured; and

18           (C) there is tendered to the foreclosure commis-  
19 sioner before public auction is completed all amounts  
20 due under the mortgage agreement (excluding addi-  
21 tional amounts which would have been due if mort-  
22 gage payments had been accelerated), all amounts of  
23 expenditures secured by the mortgage, and all costs  
24 of foreclosure incurred for which payment from the  
25 proceeds of foreclosure is provided in section 492,

1       except that the Secretary shall have discretion to  
2       refuse to cancel a foreclosure pursuant to this para-  
3       graph if the current mortgagor or owner of record  
4       has on one or more previous occasions caused a fore-  
5       closure of the mortgage, commenced pursuant to  
6       this subtitle or otherwise, to be canceled by curing  
7       a default.

8       (b) OPPORTUNITY TO SECRETARY.—Before with-  
9       drawing the security property from foreclosure in the cir-  
10      cumstances described in subsection (a)(2) or (a)(3), the  
11      foreclosure commissioner shall afford the Secretary a rea-  
12      sonable opportunity to demonstrate why the security prop-  
13      erty should not be so withdrawn.

14      (c) EFFECT ON MORTGAGE.—In any case in which  
15      a foreclosure commenced under this subtitle is canceled,  
16      the mortgage shall continue in effect as though accelera-  
17      tion had not occurred.

18      (d) EFFECT ON SUBSEQUENT FORECLOSURE.—If  
19      the foreclosure commissioner cancels a foreclosure sale  
20      under this subtitle a new foreclosure may be subsequently  
21      commenced as provided in this subtitle.

22      (e) NOTICE OF CANCELLATION.—The foreclosure  
23      commissioner shall file a notice of cancellation in the same  
24      place and manner provided for filing the notice of fore-  
25      closure sale in section 489.

1 **SEC. 491. CONDUCT OF SALE AND ADJOURNMENT.**

2 (a) TIME AND LOCATION.—Foreclosure sale pursu-  
3 ant to this subtitle shall be at public auction, and shall  
4 be scheduled to begin between the hours of 9 a.m. and  
5 4 p.m. local time. The foreclosure sale shall be held at  
6 a location specified in the notice of default and foreclosure  
7 sale, which shall be a location where foreclosure real estate  
8 auctions are customarily held in the county or one of the  
9 counties in which the property to be sold is located, or  
10 at a courthouse therein, or at or on the property to be  
11 sold. Sale of security property situated in two or more  
12 counties may be held in any one of the counties in which  
13 any part of the security property is situated. The fore-  
14 closure commissioner may designate the order in which  
15 multiple tracts of security are sold.

16 (b) SALE PROCEDURES.—The foreclosure commis-  
17 sioner shall conduct the foreclosure sale in accordance  
18 with the provisions of this subtitle and in a manner fair  
19 to both the mortgagor and the Secretary. Written one-  
20 price sealed bids shall be accepted by the foreclosure com-  
21 missioner from the Secretary and other persons for entry  
22 by announcement by the commissioner at the sale. The  
23 Secretary and any other person may bid at the foreclosure  
24 sale, including the Secretary or any other person who has  
25 submitted a written one-price bid. The foreclosure com-  
26 missioner or any relative, related business entity, or em-

1 ployee of such commissioner or entity shall not be per-  
2 mitted to bid in any manner on the security property sub-  
3 ject to foreclosure sale, except that the foreclosure com-  
4 missioner or an auctioneer may be directed by the Sec-  
5 retary to enter a bid on the Secretary's behalf. The fore-  
6 closure commissioner may serve as auctioneer, or, in ac-  
7 cordance with regulations of the Secretary, may employ  
8 an auctioneer to be paid from the commission provided  
9 for in section 492(5).

10 (c) ADJOURNMENT OR CANCELLATION.—The fore-  
11 closure commissioner shall have discretion, prior to or at  
12 the time of sale to adjourn or cancel the foreclosure sale  
13 if the commissioner determines, in the commissioner's dis-  
14 cretion, that circumstances are not conducive to a sale  
15 which is fair to the mortgagor and the Secretary or that  
16 additional time is necessary to determine whether the se-  
17 curity property should be withdrawn from foreclosure as  
18 provided in section 490. The foreclosure commissioner  
19 may adjourn a sale to a later hour the same day by an-  
20 nouncing or posting the new time and place of the fore-  
21 closure sale, or may adjourn the foreclosure sale for not  
22 less than 9 nor more than 31 days, in which case the com-  
23 missioner shall serve a notice of default and foreclosure  
24 sale revised to recite that the foreclosure sale has been  
25 adjourned to a specified date and to include any correc-

1 tions the foreclosure commissioner deems appropriate.  
2 Such notice shall be served by publication and mailing in  
3 accordance with section 489, except that publication may  
4 be made on any of 3 separate days before the revised date  
5 of foreclosure sale, and mailing may be made at any time  
6 at least 7 days before the date to which the foreclosure  
7 sale has been adjourned.

8 (d) DEPOSIT.—The foreclosure commissioner may re-  
9 quire a bidder to make a cash deposit in an amount or  
10 percentage set by him and stated in the notice of fore-  
11 closure sale before the bid is accepted. A successful bidder  
12 at the foreclosure sale who fails to comply with the terms  
13 of the sale may be required to forfeit the cash deposit or,  
14 at the election of the foreclosure commissioner after con-  
15 sultation with the Secretary, shall be liable to the agency  
16 for any costs incurred by the agency as a result of such  
17 failure.

18 (e) PRESUMPTION.—Any foreclosure sale held in ac-  
19 cordance with this subtitle shall be conclusively presumed  
20 to have been conducted in a legal, fair, and reasonable  
21 manner. The sale price shall be conclusively presumed to  
22 be reasonable and equal to the fair market value of the  
23 property.

1 **SEC. 492. FORECLOSURE COSTS.**

2 The following foreclosure costs shall be paid from the  
3 sale proceeds before satisfaction of any other claim to such  
4 sale proceeds:

5 (1) Necessary advertising costs and postage in-  
6 curred in giving notice pursuant to sections 489 and  
7 491.

8 (2) Mileage for posting notices and for the fore-  
9 closure commissioner's or auctioneer's attendance at  
10 the sale as provided in section 1921 of title 28,  
11 United States Code, for mileage by the most reason-  
12 able road distance.

13 (3) Reasonable and necessary costs actually in-  
14 curred in connection with any necessary search of  
15 title and lien records.

16 (4) Necessary out-of-pocket costs incurred by  
17 the foreclosure commissioner to record documents.

18 (5) A commission for the foreclosure commis-  
19 sioner other than an employee of the United States  
20 for the conduct of the foreclosure to the extent au-  
21 thorized by the Secretary.

22 **SEC. 493. DISPOSITION OF SALE PROCEEDS.**

23 Money realized from a foreclosure sale shall be made  
24 available for obligation and expenditure—

25 (1) first, to cover the costs of foreclosure pro-  
26 vided for in section 492;

1           (2) then, to pay valid tax liens or assessments  
2 if required by the notice of foreclosure sale;

3           (3) then, to pay any liens recorded before the  
4 recording of the mortgage which are required to be  
5 paid in conformity with the terms of sale in the no-  
6 tice of foreclosure sale;

7           (4) then, to service charges and advances for  
8 taxes, assessments, and property insurance pre-  
9 miums;

10          (5) then, to the interest;

11          (6) then, to the principal balance secured by the  
12 mortgage (including expenditures for the necessary  
13 protection, preservation, and repair of the security  
14 property as authorized under the mortgage agree-  
15 ment and interest thereon if provided for in the  
16 mortgage agreement); and

17          (7) then, to late charges.

18 Any surplus after payment of the foregoing shall be paid  
19 to holders of liens recorded after the mortgage in the order  
20 of priority under Federal law or the law of the State where  
21 the security property is located and then to the appro-  
22 priate mortgagor. If the person to whom such surplus is  
23 to be paid cannot be located, or if the surplus available  
24 is insufficient to pay all claimants and the claimants can-  
25 not agree on the allocation of the surplus, or if any person



1 claiming an interest in the mortgage proceeds does not  
2 agree that some or all of the sale proceeds should be paid  
3 to a claimant as provided in this section, that part of the  
4 sale proceeds in question may be deposited by the fore-  
5 closure commissioner with an appropriate official or court  
6 authorized under law to receive disputed funds in such cir-  
7 cumstances. If such a procedure for the deposit of dis-  
8 puted funds is not available, and the foreclosure commis-  
9 sioner files a bill of interpleader or is sued as a stakeholder  
10 to determine entitlement to such funds, the foreclosure  
11 commissioner's necessary costs in taking or defending  
12 such action shall be deductible from the disputed funds.

13 **SEC. 494. TRANSFER OF TITLE AND POSSESSION.**

14 (a) DELIVERY OF DEED.—The foreclosure commis-  
15 sioner shall deliver a deed or deeds to the purchaser or  
16 purchasers without warranty or covenants to the pur-  
17 chaser or purchasers and obtain the balance of the pur-  
18 chase price in accordance with the terms of sale provided  
19 in the notice of default and foreclosure sale. Notwithstand-  
20 ing State law to the contrary, the commissioner's deed  
21 shall be a conveyance of property, and no judicial proceed-  
22 ing shall be required ancillary or supplementary to the  
23 procedures provided in this subtitle to assure the validity  
24 of the conveyance or confirmation of such conveyance.

1 (b) POSSESSION.—A purchaser at a foreclosure sale  
2 held pursuant to this subtitle shall be entitled to posses-  
3 sion upon passage of title to the mortgaged property, sub-  
4 ject to an interest or interests not barred under section  
5 496. Any person remaining in possession after the passage  
6 of title shall be deemed a tenant at sufferance subject to  
7 eviction under local law.

8 (c) DEATH OF PURCHASER.—If a purchaser dies be-  
9 fore execution and delivery of the deed conveying the prop-  
10 erty to the purchaser, the foreclosure commissioner shall  
11 execute and deliver the deed to the representative of the  
12 purchaser's estate upon payment of the purchase price in  
13 accordance with the terms of sale. Such delivery to the  
14 representative of the purchaser's estate shall have the  
15 same effect as if accomplished during the lifetime of the  
16 purchaser.

17 (d) BONA FIDE PURCHASER.—The purchaser of  
18 property under this subtitle shall be presumed to be a  
19 bona fide purchaser without notice of defects, if any, in  
20 the title conveyed to said purchaser if the purchaser would  
21 have been considered a bona fide purchaser without notice  
22 had the sale been made voluntarily and in person by the  
23 debtor.

24 (e) NULLIFICATION OF RIGHT OF REDEMPTION.—  
25 There shall be no right of redemption, or right of posses-

1 sion based upon right of redemption, in the mortgagor or  
2 others subsequent to a foreclosure pursuant to this sub-  
3 title. Section 204(l) of the National Housing Act and sec-  
4 tion 701 of the Department of Housing and Urban Devel-  
5 opment Reform Act of 1989 shall not apply to mortgages  
6 foreclosed under this subtitle.

7 (f) TAX.—When conveyance is made to the Secretary,  
8 no tax of any State, county, municipality, or local taxing  
9 authority shall be imposed or collected with respect to the  
10 foreclosure commissioner’s deed, whether as a tax upon  
11 the instrument or upon the privilege of conveying or trans-  
12 ferring title to the property. Failure to collect or pay a  
13 tax of the type and under the circumstances stated in the  
14 preceding sentence shall not be grounds for refusing to  
15 record such a deed, for failing to recognize such recorda-  
16 tion as imparting notice, or for denying the enforcement  
17 of such a deed and its provisions in any State or Federal  
18 court.

19 **SEC. 495. RECORD OF FORECLOSURE AND SALE.**

20 (a) RECORD.—To establish a sufficient record of  
21 foreclosure and sale, the foreclosure commissioner shall in-  
22 clude in the recitals of the deed to the purchaser or pre-  
23 pare an affidavit or addendum to the deed stating—

24 (1) the date, time and place of sale;

1           (2) that the mortgage was held by the Sec-  
2           retary, the date of the mortgage, the office in which  
3           the mortgage was recorded, and the liber and folio  
4           or other description of the recordation of the mort-  
5           gage;

6           (3) the particulars of the foreclosure commis-  
7           sioner's service of notice of default and foreclosure  
8           sale in accordance with sections 489 and 491;

9           (4) the date and place of filing the notice of  
10          foreclosure sale;

11          (5) that the foreclosure was conducted in ac-  
12          cordance with the provisions of this subtitle and with  
13          the terms of the notice of default and foreclosure  
14          sale; and

15          (6) the sale amount.

16          (b) EFFECT OF STATEMENTS.—The statements set  
17          forth in subsection (a) shall be prima facie evidence of the  
18          truth of such recitals and statement of facts in any Fed-  
19          eral or State court; and shall be a conclusive presumption  
20          in favor of bona fide purchasers and encumbrancers for  
21          value without notice. Encumbrancers for value include  
22          liens placed by lenders who provide the purchaser with  
23          purchase money in exchange for a security interest in the  
24          newly-conveyed property.

1 (c) RECORDATION.—The deed executed by the fore-  
2 closure commissioner, the foreclosure commissioner’s affi-  
3 davit and any other instruments submitted for recordation  
4 in relation to the foreclosure of the security property  
5 under this subtitle shall be accepted for recordation by the  
6 registrar of deeds or other appropriate official of the coun-  
7 ty or counties in which the security property is located  
8 upon tendering of payment of the usual recording fees for  
9 such instruments without regard to the compliance of  
10 those instruments with local filing requirements.

11 **SEC. 496. EFFECT OF SALE.**

12 A sale, made and conducted as prescribed in this sub-  
13 title to a bona fide purchaser, shall be an entire bar of  
14 all claims upon, or with respect to, the property sold, of  
15 each of the following persons:

16 (1) Any person to whom the notice of fore-  
17 closure sale was mailed as provided in this subtitle,  
18 and the heir, devisee, executor, administrator, suc-  
19 cessor or assignee claiming under any such person.

20 (2) Any person claiming any interest in the  
21 property subordinate to that of the mortgage, if such  
22 person had actual knowledge of the sale.

23 (3) Each person, claiming any interest in the  
24 property, whose assignment, mortgage, or other con-  
25 veyance was not duly recorded or filed in the proper

1 place for recording or filing, or whose judgment or  
2 decree was not duly docketed or filed in the proper  
3 place for docketing or filing, prior to the date on  
4 which the notice of sale was first served by publica-  
5 tion, as required by section 489(2); and the execu-  
6 tor, administrator, or assignee of such a person.

7 (4) Every other person claiming under a statu-  
8 tory lien or encumbrance created subsequent to the  
9 recording or filing of the mortgage being foreclosed,  
10 attaching to the title or interest of any person des-  
11 ignated in any of the foregoing subsections of this  
12 section.

13 **SEC. 497. COMPUTATION OF TIME.**

14 Periods of time provided for in this subtitle shall be  
15 calculated in consecutive calendar days including the day  
16 or days on which the actions or events occur or are to  
17 occur for which the period of time is provided and includ-  
18 ing the day on which an event occurs or is to occur from  
19 which the period is to be calculated.

20 **SEC. 498. SEPARABILITY.**

21 If any clause, sentence, paragraph, or part of this  
22 subtitle shall, for any reason, be adjudged by a court of  
23 competent jurisdiction to be invalid or invalid as applied  
24 to a class of cases, such judgment shall not affect, impair,  
25 or invalidate the remainder thereof and of this subtitle,

1 but shall be confined in its operation to the clause, sen-  
2 tence, paragraph, or part thereof directly involved in the  
3 controversy in which such judgment shall have been  
4 rendered.

5 **SEC. 499. DEFICIENCY JUDGMENT.**

6 (a) IN GENERAL.—If after deducting the disburse-  
7 ments provided for in section 493 of this subtitle, the price  
8 at which the security property is sold at a foreclosure sale  
9 is less than the unpaid balance of the debt secured by the  
10 security property, resulting in a deficiency, the Secretary  
11 may refer the matter to the Attorney General who may  
12 commence an action or actions against any or all debtors  
13 to recover the deficiency, unless specifically prohibited by  
14 the mortgage. The United States is also entitled to recover  
15 any amount authorized by section 3011 of title 28, United  
16 States Code, and costs of the action.

17 (b) LIMITATION.—Any action commenced to recover  
18 the deficiency must be brought within 6 years of the last  
19 sale of the security property.

20 **TITLE V—RURAL HOUSING**

21 **SEC. 501. PROGRAM AUTHORIZATIONS.**

22 (a) INSURANCE AND GUARANTEE AUTHORITY.—Sec-  
23 tion 513(a) of the Housing Act of 1949 (42 U.S.C.  
24 1483(a)) is amended to read as follows:

25 “(a) INSURANCE AND GUARANTEE AUTHORITY.—

1           “(1) IN GENERAL.—The Secretary may, to the  
2 extent approved in appropriation Acts, insure and  
3 guarantee loans under this title during fiscal years  
4 1995 and 1996, in aggregate amounts not to exceed  
5 \$3,231,103,950 and \$3,360,037,069, respectively, as  
6 follows:

7           “(A) For insured or guaranteed loans  
8 under section 502 on behalf of low-income bor-  
9 rowers receiving assistance under section  
10 521(a)(1), \$1,802,500,000 for fiscal year 1995  
11 and \$1,856,575,000 for fiscal year 1996.

12           “(B) For guaranteed loans under section  
13 502(h) on behalf of low- and moderate-income  
14 borrowers, \$772,500,000 for fiscal year 1995  
15 and \$795,675,000 for fiscal year 1996.

16           “(C) For loans under section 504,  
17 \$36,050,000 for fiscal year 1995 and  
18 \$37,131,500 for fiscal year 1996.

19           “(D) For insured loans under section 514,  
20 \$18,053,950 for fiscal year 1995 and  
21 \$18,595,569 for fiscal year 1996.

22           “(E) For insured loans under section 515,  
23 \$600,000,000 for fiscal year 1995 and  
24 \$650,000,000 for fiscal year 1996.



1           “(F) For loans under section  
2           523(b)(1)(B), \$1,000,000 for fiscal year 1995  
3           and \$1,030,000 for fiscal year 1996.

4           “(G) For site loans under section 524,  
5           \$1,000,000 for fiscal year 1995 and \$1,030,000  
6           for fiscal year 1996.

7           “(2) LIMITATION ON USE.—Notwithstanding  
8           any other provision of law, insured or guaranteed  
9           loan authority in this title for any fiscal year shall  
10          not be transferred or used for any purpose not speci-  
11          fied in this title.”.

12          (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
13          513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b))  
14          is amended to read as follows:

15          “(b) AUTHORIZATION OF APPROPRIATIONS.—There  
16          are authorized to be appropriated for fiscal years 1995  
17          and 1996, and to remain available until expended, the fol-  
18          lowing amounts:

19                 “(1) For grants under section 502(c)(5)(C)(i),  
20                 \$10,000,000 for fiscal year 1995, and \$10,000,000  
21                 for fiscal year 1996.

22                 “(2) For grants under section 504,  
23                 \$31,000,000 for fiscal year 1995 and \$31,930,000  
24                 for fiscal year 1996.

1           “(3) For purposes of section 509(c),  
2           \$1,000,000 for fiscal year 1995 and \$1,030,000 for  
3           fiscal year 1996.

4           “(4) For project preparation grants under sec-  
5           tion 509(f)(6), \$5,688,278 for fiscal year 1995 and  
6           \$5,858,926 for fiscal year 1996.

7           “(5) In fiscal years 1995 and 1996, such sums  
8           as may be necessary to meet payments on notes or  
9           other obligations issued by the Secretary under sec-  
10          tion 511 equal to—

11                   “(A) the aggregate of the contributions  
12                   made by the Secretary in the form of credits on  
13                   principal due on loans made pursuant to section  
14                   503; and

15                   “(B) the interest due on a similar sum  
16                   represented by notes or other obligations issued  
17                   by the Secretary.

18           “(6) For grants for service coordinators under  
19           section 515(y), \$1,073,260 for fiscal year 1995 and  
20           \$1,105,458 for fiscal year 1996.

21           “(7) For financial assistance under section  
22           516—

23                   “(A) for low-rent housing and related fa-  
24                   cilities for domestic farm labor under sub-  
25                   sections (a) through (j) of such section,

1           \$15,000,000 for fiscal year 1995 and  
2           \$18,000,000 for fiscal year 1996; and

3           “(B) for housing for rural homeless and  
4           migrant farmworkers under subsection (k) of  
5           such section, \$10,269,230 for fiscal year 1995  
6           and \$11,407,307 for fiscal year 1996.

7           “(8) For grants under section 523(f),  
8           \$14,918,314 for fiscal year 1995 and \$15,365,863  
9           for fiscal year 1996.

10          “(9) For grants under section 533,  
11          \$33,056,408 for fiscal year 1993 and \$34,048,100  
12          for fiscal year 1994.

13          “(10) For grants under section 538,  
14          \$10,000,000 for fiscal year 1995, which shall remain  
15          available until the end of fiscal year 1997.

16          “(11) For assistance under section 539,  
17          \$10,000,000 for fiscal year 1995 and \$12,000,000  
18          for fiscal year 1996.”.

19          (c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—  
20 Section 513(c) of the Housing Act of 1949 (42 U.S.C.  
21 1483(c)(1)) is amended by striking “(c)” and all that fol-  
22 lows through the end of paragraph (1) and inserting the  
23 following:

24          “(c) RENTAL AND OPERATING ASSISTANCE.—(1)  
25 The Secretary, to the extent approved in appropriations

1 Acts for fiscal years 1995 and 1996, may enter into rental  
2 assistance payment contracts under section 521(a)(2)(A)  
3 and contracts for operating assistance under section  
4 521(a)(5), aggregating \$454,079,620 for fiscal year 1995  
5 and \$467,702,009 for fiscal year 1996.”.

6 (d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT  
7 CONTRACTS.—Section 513(d) of the Housing Act of 1949  
8 (42 U.S.C. 1483(d)) is amended to read as follows:

9 “(d) SUPPLEMENTAL RENTAL ASSISTANCE CON-  
10 TRACTS.—The Secretary, to the extent approved in appro-  
11 priations Acts for fiscal years 1995 and 1996, may enter  
12 into 5-year supplemental rental assistance contracts under  
13 section 502(c)(5)(D) aggregating \$13,070,160 for fiscal  
14 year 1995 and \$13,462,265 for fiscal year 1996.”.

15 (e) RURAL HOUSING VOUCHER AUTHORITY.—Sec-  
16 tion 513(e) of the Housing Act of 1949 (42 U.S.C.  
17 1483(e)) is amended to read as follows:

18 “(e) RURAL HOUSING VOUCHERS.—There are au-  
19 thorized to be appropriated for rural housing vouchers  
20 under section 542, \$30,000,000 for fiscal year 1995 and  
21 \$40,000,000 for fiscal year 1996.”.

22 (f) RENTAL HOUSING LOAN AUTHORITY.—Section  
23 515(b) of the Housing Act of 1949 (42 U.S.C. 1485(b))  
24 is amended—

25 (1) by striking paragraph (4); and

1           (2) by redesignating paragraphs (5) and (6) as  
2           paragraphs (4) and (5), respectively.

3   **SEC. 502. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL**  
4                                   **HOUSING PROGRAMS.**

5           Section 501(b)(6) of the Housing Act of 1949 (42  
6 U.S.C. 1471(b)(6)) is amended by adding at the end the  
7 following new sentence: “In any case in which assistance  
8 made available under this title may be provided to a State  
9 or State agency or in which a State or State agency is  
10 eligible to participate in a program or activity under this  
11 title, such assistance may also be provided to Indian tribes  
12 and tribal agencies and Indian tribes and tribal agencies  
13 shall be eligible to participate, respectively.”.

14   **SEC. 503. ESCROW FUND.**

15           Section 501(e) of the Housing Act of 1949 (42  
16 U.S.C. 1471(e)) is amended by striking the third and  
17 fourth sentences and inserting the following: “The Sec-  
18 retary may establish in the Treasury of the United States  
19 an escrow fund for the deposit of such periodic payments.  
20 The Secretary may direct the Secretary of the Treasury  
21 to invest and reinvest amounts in the escrow fund in pub-  
22 lic debt securities with maturities suitable for the needs  
23 of the escrow fund and bearing interest at rates deter-  
24 mined by the Secretary of the Treasury, taking into con-  
25 sideration the current average market yield on outstand-

1 ing marketable obligations of the United States of com-  
2 parable maturities. Any interest earned shall be credited  
3 to the escrow fund. The Secretary shall disburse amounts  
4 at the appropriate time or times for the purposes for which  
5 the amounts were escrowed in the fund. The Secretary  
6 shall pay a uniform rate of interest on escrowed amounts.  
7 The interest rate to be paid on such amounts shall be de-  
8 termined by the Secretary based on the interest earned  
9 less an amount not to exceed 1 percent to be used to offset  
10 expenses in carrying out the provisions of this title.”.

11 **SEC. 504. SECTION 502 HOMEOWNERSHIP LOANS.**

12 (a) REMOTE RURAL AREAS.—Section 502(f) of the  
13 Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

14 (1) by striking paragraph (1);

15 (2) by redesignating paragraph (2) as para-  
16 graph (1); and

17 (3) by adding at the end the following new  
18 paragraph:

19 “(2) SECURITY.—In making a loan under this  
20 section for housing located in a rural area that is a  
21 remote rural area (which shall include tribal allotted  
22 or Indian trust land) where the borrower resides or  
23 is employed, the Secretary shall consider the actual  
24 replacement cost of the property and structure for

1       which the loan is made as adequate security for the  
2       loan required under subsection (b).”.

3       (b) PERMANENT DEFERRED MORTGAGE PRO-  
4       GRAM.—Section 502(g) of the Housing Act of 1949 (42  
5       U.S.C. 1472(g)) is amended to read as follows:

6       “(g) DEFERRED MORTGAGE PROGRAM.—With re-  
7       spect to families or persons otherwise eligible for assist-  
8       ance under subsection (d) but having incomes below the  
9       amount determined to qualify for a loan under this sec-  
10      tion, the Secretary may defer mortgage payments beyond  
11      the amount affordable at 1 percent interest, taking into  
12      consideration income, taxes and insurance. Deferred  
13      amounts shall not exceed 25 percent of the amount of the  
14      payment due at 1 percent interest and shall be subject  
15      to recapture.”.

16      (c) REAMORTIZATION.—Section 505 of the Housing  
17      Act of 1949 (42 U.S.C. 1475) is amended—

18           (1) in the section heading, by inserting “,  
19      REAMORTIZATION,” after “MORATORIUM”;

20           (2) in subsection (a), by inserting before the  
21      last sentence the following: “The Secretary may not  
22      foreclose such a mortgage securing such a loan upon  
23      which a moratorium has been granted solely because  
24      the borrower does not have the ability to repay the  
25      loan. Upon the expiration of a moratorium, the Sec-

1       retary shall, subject to the availability of amounts  
2       for assistance under this title, enter into an agree-  
3       ment with the borrower providing to the borrower  
4       such assistance as the Secretary is authorized to  
5       provide under this title and may foreclose with re-  
6       spect to the loan only if the borrower fails to make  
7       3 monthly payments required under such agree-  
8       ment.”;

9               (3) by redesignating subsection (b) as sub-  
10       section (c); and

11              (4) by inserting after subsection (a) the follow-  
12       ing new subsection:

13       “(b) REAMORTIZATION.—

14              “(1) AUTHORITY.—With respect to a loan made  
15       under section 502, after a moratorium under sub-  
16       section (a) of this section for the loan or at any  
17       other time the Secretary considers appropriate, the  
18       Secretary may reamortize the outstanding indebted-  
19       ness, including principal and interest, under the loan  
20       for a period not to exceed 38 years from the date  
21       of the making of the loan, subject to the provisions  
22       of paragraph (2). The authority of the Secretary  
23       under this subsection to modify loans shall be effec-  
24       tive for any fiscal year only to such extent or in such



1 amounts as are or have been provided for such costs  
2 in appropriation Acts for such fiscal year.

3 “(2) GRADUATED REPAYMENT AGREEMENT.—  
4 In reamortizing a loan pursuant to paragraph (1),  
5 the Secretary may lower the interest rate to the ex-  
6 isting lending rate for loans under section 502 or es-  
7 tablish a schedule of payments under the loan that  
8 provides, after the application of interest credit, for  
9 payments in an amount less than the amount of the  
10 payments originally provided for under the loan  
11 agreement for a period not exceeding that required  
12 to amortize the loan over its term, except that such  
13 period may not exceed 3 years.”.

14 (d) ELIGIBILITY OF AREA.—Section 502 of the  
15 Housing Act of 1949 (42 U.S.C. 1472) is amended by  
16 adding at the end the following new subsection:

17 “(i) Notwithstanding section 520, the Secretary may  
18 make loans under this section for properties in the Pine  
19 View West Subdivision, located in Gibsonville, North Caro-  
20 lina, in the same manner as provided under this section  
21 for properties in rural areas.”.

22 **SEC. 505. LOAN GUARANTEES.**

23 Section 502(h)(11) of the Housing Act of 1949 (42  
24 U.S.C. 1472(h)(11)) is amended by adding at the end the  
25 following new sentence: “The Secretary may not pool or

1 reallocate any authority to guarantee loans under this sec-  
2 tion that was allocated for use in any State before August  
3 1 of the fiscal year in which such authority was allo-  
4 cated.”.

5 **SEC. 506. PREPAYMENT OF RURAL RENTAL HOUSING**  
6 **LOANS.**

7 (a) TECHNICAL ASSISTANCE GRANTS AND LOANS  
8 FOR NONPROFIT AND PUBLIC AGENCY PURCHASERS OF  
9 PREPAYMENT PROPERTIES.—Section 502(c)(5)(C)(i) of  
10 the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(C)(i)) is  
11 amended to read as follows:

12 “(i) to the extent provided in appropriation  
13 Acts, make a grant or predevelopment loan in an  
14 amount not exceeding \$50,000 to the nonprofit or-  
15 ganization or public agency whose offer to purchase  
16 is accepted under this paragraph to cover reasonable  
17 costs, as determined by the Secretary and not in-  
18 cluding the purchase price, incurred by the organiza-  
19 tion or agency in purchasing and assuming respon-  
20 sibilities for the housing and related facilities in-  
21 volved, which may include costs for pursuing acquisi-  
22 tion, appraisals, financing fees, accounting, adminis-  
23 tration, consultants, legal assistance, architectural  
24 assistance, engineering assistance, application fees,  
25 overhead, and other expenses;”.

1 (b) EQUITY TAKEOUT LOANS.—

2 (1) AUTHORITY AND LIMITATION.—Section  
3 502(c)(4)(B)(iv) of the Housing Act of 1949 (42  
4 U.S.C. 1472(c)(4)(B)(iv)) is amended by inserting  
5 before the period at the end the following: “or under  
6 paragraphs (1) and (2) of section 514(j), except that  
7 an equity loan referred to in this clause may not be  
8 made available after the date of the enactment of  
9 the Housing and Community Development Act of  
10 1994 unless the Secretary determines that the other  
11 incentives available under this subparagraph are not  
12 adequate to provide a fair return on the investment  
13 of the borrower, to prevent prepayment of the loan  
14 insured under section 514 or 515, or to prevent the  
15 displacement of tenants of the housing for which the  
16 loan was made”.

17 (2) APPROVAL OF ASSISTANCE.—Subparagraph  
18 (C) of section 502(c)(4) of the Housing Act of 1949  
19 is amended by striking the matter preceding clause  
20 (i) and inserting the following:

21 “(C) APPROVAL OF ASSISTANCE.—The Secretary  
22 may approve assistance under subparagraph (B) for as-  
23 sisted housing only if the restrictive period has expired for  
24 any loan for the housing made or insured under section  
25 514 or 515 pursuant to a contract entered into after De-

1 cember 21, 1979, but before the date of the enactment  
2 of the Department of Housing and Urban Development  
3 Reform Act of 1989, and the Secretary determines that  
4 the combination of assistance provided—”.

5 (3) LOAN TERMS.—Section 514 of the Housing  
6 Act of 1949 (42 U.S.C. 1484) is amended by adding  
7 at the end the following new subsection:

8 “(j) EQUITY TAKEOUT LOANS FOR PRESERVATION  
9 OF LOW-INCOME HOUSING.—With respect to a loan in-  
10 sured under subsection (a), the Secretary may—

11 “(1) make or insure an equity loan in the form  
12 of a supplemental loan for the purpose of equity  
13 takeout to the owner of housing financed with a loan  
14 insured under this section pursuant to a contract en-  
15 tered into before December 15, 1989, for the pur-  
16 pose of extending the affordability of the housing for  
17 low-income families or persons and very low-income  
18 families or persons for not less than 20 years, except  
19 that such loan may not exceed 90 percent of the  
20 value of the equity in the project as determined by  
21 the Secretary;

22 “(2) transfer and reamortize an existing loan in  
23 connection with assistance provided under paragraph  
24 (1); and

1           “(3) make or insure a loan to enable a non-  
2           profit organization or public agency to make a pur-  
3           chase described in section 502(c)(5).”.

4           (4) TECHNICAL CORRECTION RELATING TO  
5           SECTION 515 HOUSING.—Section 515(c)(1) of the  
6           Housing Act of 1949 (42 U.S.C. 1485(c)(1)) is  
7           amended by striking “December 21, 1979” and in-  
8           serting “December 15, 1989”.

9           (c) PHASE-IN OF RENT INCREASES.—Section  
10          502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C.  
11          1472(c)(4)(B)(vi)) is amended by inserting before the pe-  
12          riod at the end the following: “, except that any such in-  
13          crease in rents for current tenants (except for increases  
14          made necessary by increases in operating costs) shall (I)  
15          be phased in equally over a period of not less than 3 years,  
16          if such increase is 30 percent or more, and (II) be limited  
17          to not more than 10 percent per year if such increase is  
18          more than 10 percent but less than 30 percent”.

19          (d) TREATMENT OF ACCELERATION UPON DE-  
20          FAULT.—Section 502 of the Housing Act of 1949 (42  
21          U.S.C. 1472) is amended—

22                 (1) in subsection (b)(2), by inserting “or any  
23                 payment in the case of acceleration of the amount  
24                 due under such a loan pursuant to any default,”  
25                 after “515”; and

1 (2) in subsection (c)—

2 (A) in paragraph (1)(A), by inserting be-  
3 fore the 1st comma the following: “, accept any  
4 payment tendered in the case of acceleration of  
5 the amount due pursuant to any default on”;

6 (B) in paragraph (1)(B), by inserting be-  
7 fore the 1st comma the following: “, accept any  
8 payment tendered in the case of acceleration of  
9 the amount due pursuant to any default on”;

10 (C) in paragraph (2)—

11 (i) by inserting after “prepaid” the  
12 following: “, paid in full pursuant to accel-  
13 eration of the amount due resulting from  
14 default,”; and

15 (ii) by inserting “, payment,” after  
16 “prepayment”;

17 (D) in paragraph (4)(A), by inserting after  
18 “prepay,” the following: “accepting any pay-  
19 ment tendered in the case of acceleration of the  
20 amount due pursuant to any default on,”; and

21 (E) in paragraph (5)—

22 (i) in subparagraph (A)(ii), by insert-  
23 ing after “prepay,” the following: “accept  
24 the payment tendered in the case of accel-

1           eration of the amount due pursuant to de-  
2           fault on,”;

3           (ii) in the 1st sentence of subpara-  
4           graph (F), by inserting after “prepay,” the  
5           following: “accept payment tendered in the  
6           case of acceleration of the amount due pur-  
7           suant to default on,”;

8           (iii) in the 2d sentence of subpara-  
9           graph (F), by inserting after “prepay,” the  
10          following: “payment tendered in the case  
11          of acceleration of the amount due pursuant  
12          to default,”;

13          (iv) in the last sentence of subpara-  
14          graph (F), by striking “offers to prepay,”  
15          and inserting the following: “such offers to  
16          prepay, payments in the case of accelera-  
17          tion of the amount due pursuant to de-  
18          fault,”; and

19          (v) in the matter in subparagraph (G)  
20          that precedes clause (i), by inserting after  
21          “prepay,” the following: “any payment ten-  
22          dered in the case of acceleration of the  
23          amount due pursuant to default on,”.

1 (e) TEST FOR ALLOWABLE PREPAYMENT.—Section  
2 502(c)(5)(G)(ii) of the Housing Act of 1949 (42 U.S.C.  
3 1472(c)(5)(G)(ii)) is amended to read as follows:

4 “(ii) the Secretary makes a written finding  
5 that—

6 “(I) prepayment, payment in the case of  
7 acceleration, or refinancing will not (a) materi-  
8 ally increase economic hardship for current ten-  
9 ants, and (b) involuntarily displace current ten-  
10 ants (except for good cause), where comparable  
11 and affordable housing is not readily available  
12 at the time of displacement, determined without  
13 regard to the availability of Federal housing as-  
14 sistance that would address any such hardship  
15 or involuntary displacement; and

16 “(II) the supply of vacant, comparable  
17 housing is sufficient to ensure that such pre-  
18 payment will not materially affect (a) the avail-  
19 ability of decent, safe, and sanitary housing af-  
20 fordable to low-income and very low-income  
21 families or persons in the area that the housing  
22 could reasonably be expected to serve, (b) the  
23 ability of low-income and very low-income fami-  
24 lies or persons to find affordable, decent, safe,  
25 and sanitary housing near employment opportu-



1           nities, or (c) the housing opportunities of mi-  
2           norities in the community within which the  
3           housing is located.”.

4 **SEC. 507. DESIGNATION OF UNDERSERVED AREAS AND**  
5 **RESERVATION OF ASSISTANCE.**

6           (a) REAUTHORIZATION AND SET-ASIDE.—Section  
7 509(f)(4) of the Housing Act of 1949 (42 U.S.C.  
8 1479(f)(4)) is amended—

9           (1) in subparagraph (A)—

10           (A) in the first sentence—

11           (i) by striking “5.0 percent in fiscal  
12           years 1993 and 1994” and inserting “not  
13           less than 5 percent or more than 10 per-  
14           cent for each of fiscal years 1995 and  
15           1996”; and

16           (ii) by striking “514, 515, and 524”  
17           and inserting “and 515”; and

18           (B) in the second sentence, by striking  
19           “sections 514 and 515” and inserting “section  
20           515”; and

21           (2) in subparagraph (B)(ii), by striking “5 per-  
22           cent” and inserting “10 percent”.

23           (b) POVERTY LEVEL FOR DESIGNATION.—Section  
24 509(f)(1) of the Housing Act of 1949 is amended—

1 (1) in subparagraph (A), by striking “20 per-  
2 cent” and inserting “15 percent”; and

3 (2) in subparagraph (B), by striking “10 per-  
4 cent” and inserting “5 percent”.

5 (c) POVERTY LEVEL FOR PREFERENCE.—Section  
6 509(f)(2) of the Housing Act of 1949 is amended—

7 (1) in subparagraph (A), by striking “28 per-  
8 cent” and inserting “20 percent”; and

9 (2) in subparagraph (B), by striking “13 per-  
10 cent” and inserting “7 percent”.

11 (d) ADDITIONAL QUALIFICATION AS UNDERSERVED  
12 AREA.—Section 509(f)(1) of the Housing Act of 1949 is  
13 amended by inserting after subparagraph (B) the follow-  
14 ing new flush sentence:

15 “The Secretary may also designate a county or com-  
16 munity as a targeted underserved area if the Sec-  
17 retary determines that the county or community has  
18 severe unmet housing needs, including needs caused  
19 by severe economic and social dislocation such as  
20 natural disasters, structural employment changes, or  
21 persistent poverty, or has experienced long-term pop-  
22 ulation and job losses.”.

23 (e) GEOGRAPHICAL DIVERSITY.—Section 509(f)(1)  
24 of the Housing Act of 1949 is amended by adding at the  
25 end the following: “In designating targeted underserved

1 areas under this paragraph for any fiscal year, the Sec-  
2 retary may not designate more than 10 counties and com-  
3 munities located in any single State or in the Common-  
4 wealth of Puerto Rico. If more than 10 counties and com-  
5 munities in any single State or the Commonwealth of  
6 Puerto Rico qualify under this paragraph for designation  
7 as an underserved area, the Secretary shall designate the  
8 counties and communities for which the sum of the per-  
9 centages under subparagraphs (A) and (B) are the great-  
10 est.”.

11 (f) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section  
12 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f))  
13 is amended—

14 (1) in paragraph (1)—

15 (A) in the 1st sentence, by striking “in  
16 each fiscal year”; and

17 (B) in the 2d sentence, by striking “year  
18 in” and inserting “first year for”;

19 (2) in paragraph (2)—

20 (A) in the first sentence, by striking  
21 “paragraph (4)” and inserting “paragraph  
22 (5)”; and

23 (B) by striking the last sentence;

24 (3) in paragraph (3)(B), by striking “para-  
25 graph (2)” and inserting “paragraph (3)”;

1 (4) in paragraph (4)(A), by striking “paragraph  
2 (7)” and inserting “paragraph (8)”;

3 (5) by redesignating paragraphs (2) through  
4 (8) as paragraphs (3) through (9), respectively; and

5 (6) by inserting after paragraph (1) the follow-  
6 ing new paragraph:

7 “(2) TIMING AND DURATION OF DESIGNA-  
8 TIONS.—

9 “(A) IN GENERAL.—Except as provided in  
10 subparagraph (B), the Secretary shall redesign-  
11 nate the targeted underserved areas under this  
12 subsection once every 2 fiscal years and such  
13 designations shall remain in effect for a period  
14 of 2 fiscal years. The first such 2-year designa-  
15 tion shall be made for fiscal years 1995 and  
16 1996.

17 “(B) DESIGNATIONS FOR INDIAN AREAS.—  
18 The Secretary shall ensure that, at all times,  
19 not less than 5 counties or communities that  
20 contain tribal allotted or Indian trust land are  
21 included among the 100 counties and commu-  
22 nities designated as targeted underserved areas.  
23 The Secretary shall redesignate the counties or  
24 communities designated as a targeted under-  
25 served area in compliance with this subpara-

1 graph once every 3 fiscal years and such des-  
2 ignations shall remain in effect for 3 fiscal  
3 years. The first such 3-year designation shall be  
4 made for fiscal years 1995 through 1997. Upon  
5 designation, the Secretary shall specify any tar-  
6 geted underserved area designated in compli-  
7 ance with this subparagraph.”.

8 **SEC. 508. ADMINISTRATIVE APPEALS.**

9 (a) APPEALS.—Section 510(g) of the Housing Act of  
10 1949 (42 U.S.C. 1480(g)) is amended—

11 (1) by inserting after “termination and” the  
12 following: “, in the case of any eviction not related  
13 to any drug-related or criminal activity, nonpayment  
14 of rent, or activity that threatens the health, safety,  
15 or right to peaceful enjoyment of the premises by  
16 other residents,”; and

17 (2) by inserting after “reverse the decision” the  
18 following: “and is mutually selected within a reason-  
19 able period of time by the person adversely affected  
20 by the reduction or termination of assistance and  
21 the person reducing or terminating assistance”.

22 (b) ATTORNEYS.—Section 510(d)(1) of the Housing  
23 Act of 1949 is amended—

24 (1) in the matter preceding subparagraph (A),  
25 by inserting “or 515” after “502”; and

1           (2) in subparagraph (C)(ii), by inserting “with  
2           respect to litigation under section 502,” before “rep-  
3           resentation”.

4   **SEC. 509. SECTION 515 RURAL RENTAL HOUSING.**

5           (a) LOAN TERM.—Section 515(a)(2) of the Housing  
6 Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by insert-  
7 ing before the semicolon the following: “, except that the  
8 Secretary may also make loans for a period of up to 30  
9 years from the making of the loan”.

10          (b) DEVELOPMENT COST.—Section 515(e)(4) of the  
11 Housing Act of 1949 is amended by inserting “franchise  
12 fees,” after “impact fees,”.

13          (c) LIMITATION ON PROJECT TRANSFERS.—Section  
14 515 of the Housing Act of 1949 (42 U.S.C. 1485) is  
15 amended by inserting after subsection (g) the following  
16 new subsection:

17          “(h) PROJECT TRANSFERS.—After the date of the  
18 enactment of the Housing and Community Development  
19 Act of 1994, any interest in the ownership of a project  
20 for which a loan is made or insured under this section  
21 may be transferred only if the Secretary determines that  
22 such transfer would be in the best interests of the tenants  
23 of the housing for which the loan was made or insured  
24 and of the Federal Government.”.

1 (d) EQUITY LOANS.—Section 515(t) of the Housing  
2 Act of 1949 is amended—

3 (1) by striking paragraphs (4) and (5); and

4 (2) by redesignating paragraphs (6) through  
5 (8) as paragraphs (4) through (6), respectively.

6 (e) SET-ASIDE FOR NONPROFIT ENTITIES.—The  
7 first sentence of section 515(w)(1) of the Housing Act of  
8 1949 (42 U.S.C. 1485(w)(1)) is amended by striking “fis-  
9 cal years 1993 and 1994” and inserting “fiscal years 1995  
10 and 1996”.

11 (f) AUTHORITY FOR STREAMLINED MORTGAGE  
12 MODIFICATIONS.—Section 515 of the Housing Act of  
13 1949 (42 U.S.C. 1485) is amended by adding at the end  
14 the following new subsection:

15 “(aa) MORTGAGE MODIFICATIONS.—

16 “(1) PURPOSE AND AUTHORITY.—In order to  
17 reduce the amount of debt service payments and op-  
18 erating costs of borrowers under loans made or in-  
19 sured under this section, reduce rents paid by resi-  
20 dents of housing financed with such loans, and re-  
21 duce the amount of rental assistance necessary for  
22 such housing, the Secretary may refinance the out-  
23 standing principal obligation of a loan made under  
24 this subsection in accordance with the provisions ap-  
25 plicable (at the time of such refinancing) to loans

1 made under this section that the Secretary deter-  
2 mines are appropriate for purposes of this sub-  
3 section and the terms and conditions of the original  
4 loan. The authority of the Secretary under this sub-  
5 section to modify loans shall be effective for any fis-  
6 cal year only to such extent or in such amounts as  
7 are or have been provided for such costs in appro-  
8 priation Acts for such fiscal year.

9 “(2) USE OF HOUSING.—Any terms of the  
10 original loan relating to use of the housing and re-  
11 lated facilities for the purposes specified in this sec-  
12 tion shall continue to apply to the housing in the  
13 same manner as if the loan were not modified under  
14 this subsection.

15 “(3) TREATMENT OF MODIFIED MORTGAGE  
16 UNDER PREPAYMENT RESTRICTIONS.—Any loan  
17 modified under this subsection shall be considered a  
18 loan originally made under this section, for purposes  
19 of the limitations under subsection (c) on prepay-  
20 ment and refinancing under subsection (b)(3). For  
21 purposes of determining the financial status of the  
22 loan or the housing securing the loan, the Secretary  
23 may consider the terms of the refinancing.

24 “(4) TERMS.—The Secretary shall, by regula-  
25 tion, establish any requirements and conditions the



1 Secretary considers appropriate to provide for refi-  
2 nancing under this subsection, including any limita-  
3 tions on term of the refinancing loan.

4 “(5) EXPEDITED PROCEDURE.—The Secretary  
5 shall establish an expedited procedure for providing  
6 refinancing under this subsection, which—

7 “(A) shall not require application under  
8 the same procedures applicable to loans made  
9 under subsection (a); and

10 “(B) shall take into consideration any in-  
11 formation obtained by the Secretary in making  
12 and servicing the loan under subsection (a) for  
13 which refinancing under this subsection is re-  
14 quested.”.

15 (g) REPEAL OF PROHIBITIONS.—Section 515 of the  
16 Housing Act of 1949 is amended by striking subsection  
17 (z).

18 (h) LOCATION OF PROJECTS.—Section 532 of the  
19 Housing Act of 1949 (42 U.S.C. 1490l) is amended—

20 (1) in subsection (a), by inserting “other than  
21 assistance under section 515” after “in making as-  
22 sistance”; and

23 (2) by adding at the end the following new sub-  
24 section:

25 “(c) ALLOCATION OF SECTION 515 LOANS.—

1           “(1) PROCEDURE.—The Secretary shall make  
2 assistance under section 515 available pursuant to  
3 an objective procedure established by the Secretary,  
4 under which the Secretary shall identify counties  
5 and communities having the greatest need for such  
6 assistance and designate such counties and commu-  
7 nities to receive such assistance. Under such proce-  
8 dure, the Secretary shall use objective measures to  
9 determine the need for rental housing assistance,  
10 which may include the incidence of poverty, sub-  
11 standard housing, lack of mortgage credit, lack or  
12 insufficient amount of affordable housing, and other  
13 factors demonstrating a need for affordable housing.

14           “(2) INFORMATION.—The Secretary shall use  
15 information from the decennial censuses of the Unit-  
16 ed States, relevant comprehensive affordable housing  
17 strategies under section 105 of the Cranston-Gon-  
18 zalez National Affordable Housing Act, and other  
19 reliable sources obtained by the Secretary which  
20 demonstrate the need for affordable rental housing  
21 in rural areas.

22           “(3) DESIGNATION.—A designation under para-  
23 graph (1) shall not be effective for a period of more  
24 than 3 years, but may be renewed by the Secretary  
25 under the procedure under paragraph (1). The Sec-

1       retary shall cause to be published in the Federal  
2       Register a list of areas designated under paragraph  
3       (1) and a reasonable timetable for submission of  
4       preapplications. The Secretary shall take such other  
5       reasonable actions as the Secretary considers appro-  
6       priate to notify the public of such designations.”.

7       **SEC. 510. OPTIONAL CONVERSION OF RENTAL ASSISTANCE**  
8                   **PAYMENTS TO OPERATING SUBSIDY FOR MI-**  
9                   **GRANT FARMWORKER PROJECTS.**

10       (a) IN GENERAL.—Section 521(a) of the Housing  
11       Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding  
12       at the end the following new paragraph:

13           “(5) OPERATING ASSISTANCE FOR MIGRANT FARM-  
14       WORKER PROJECTS.—

15           “(A) AUTHORITY.—In the case of housing (and  
16       related facilities) for migrant farmworkers provided  
17       or assisted with a loan under section 514 or a grant  
18       under section 516, the Secretary may, at the request  
19       of the owner of the project, use amounts provided  
20       for rental assistance payments under paragraph (2)  
21       to provide assistance for the costs of operating the  
22       project. Any project assisted under this paragraph  
23       may not receive rental assistance under paragraph  
24       (2).

1           “(B) AMOUNT.—In any fiscal year, the assist-  
2           ance provided under this paragraph for any project  
3           shall not exceed an amount equal to 90 percent of  
4           the operating costs for the project for the year, as  
5           determined by the Secretary. The amount of assist-  
6           ance to be provided for a project under this para-  
7           graph shall be an amount that makes units in the  
8           project available to migrant farmworkers in the area  
9           of the project at rates generally not exceeding 30  
10          percent of the monthly adjusted incomes of such  
11          farmworkers, based on the prevailing incomes of  
12          such farmworkers in the area.

13          “(C) SUBMISSION OF INFORMATION.—The  
14          owner of a project assisted under this paragraph  
15          shall be required to provide to the Secretary, at least  
16          annually, a budget of operating expenses and esti-  
17          mated rental income, which the Secretary shall use  
18          to determine the amount of assistance for the  
19          project.

20          “(D) DEFINITIONS.—For purposes of this  
21          paragraph, the following definitions shall apply:

22                  “(i) The term ‘migrant farmworker’ shall  
23                  have the same meaning given the term in sec-  
24                  tion 516(k)(7).

1           “(ii) The term ‘operating cost’ means ex-  
2           penses incurred in operating a project, includ-  
3           ing expenses for—

4                   “(I) administration, maintenance, re-  
5                   pair, and security of the project;

6                   “(II) utilities, fuel, furnishings, and  
7                   equipment for the project; and

8                   “(III) maintaining adequate reserve  
9                   funds for the project.”.

10       (b) CONFORMING AMENDMENTS.—Title V of the  
11       Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amend-  
12       ed—

13           (1) in section 502—

14                   (A) in subsection (c)(1)(A)(i), by striking  
15                   “or (a)(2)” and inserting “, (a)(2), or (5)”;

16                   (B) in subsection (c)(4)(B)(ii), by inserting  
17                   before the period at the end the following: “, or  
18                   additional assistance or an increase in assist-  
19                   ance provided under section 521(a)(5)”;

20                   (C) in subsection (c)(4)(B)(iii), by insert-  
21                   ing before the period at the end the following:  
22                   “, or current tenants of projects not assisted  
23                   under section 521(a)(5)”;

24                   (D) in subsection (c)(5)(C)(iii)—

25                           (i) by striking the 2d comma; and

1                   (ii) by inserting “or any assistance  
2                   payments received under section  
3                   521(a)(5),” before “with respect”; and

4                   (E) in subsection (c)(5)(D), by inserting  
5                   before the period at the end the following: “or,  
6                   in the case of housing assisted under section  
7                   521(a)(5), does not exceed the rents established  
8                   for the project under such section”;

9                   (2) in the second sentence of section 509(f)(5)  
10                  (as redesignated by the preceding provisions of this  
11                  title), by striking “an amount of section 521 rental  
12                  assistance” and inserting “, from amounts available  
13                  for assistance under paragraphs (2) and (5) of sec-  
14                  tion 521(a), an amount”;

15                  (3) in section 513(c)(2)—

16                  (A) in the matter preceding subparagraph  
17                  (A), by inserting “or contracts for operating as-  
18                  sistance under section 521(a)(5)” after  
19                  “521(a)(2)(A)”;

20                  (B) in subparagraph (A), by inserting “or  
21                  operating assistance contracts” after “con-  
22                  tracts”;

23                  (C) in subparagraph (B), by striking  
24                  “rental” each place it appears; and

1 (D) in subparagraph (C), by inserting “or  
2 operating assistance contracts” after “con-  
3 tracts”;

4 (4) in section 521(a)(2)(B)—

5 (A) by inserting “or paragraph (5)” after  
6 “this paragraph”; and

7 (B) by striking “which shall” and all that  
8 follows through the period at the end and in-  
9 serting the following: “. The budget (and the  
10 income, in the case of a project assisted under  
11 this paragraph) shall be used to determine the  
12 amount of the assistance for each project.”;

13 (5) in section 521(c), by striking “subsection  
14 (a)(2)” and inserting “subsections (a)(2) and  
15 (a)(5)”;

16 (6) in section 521(e), by inserting after “recipi-  
17 ent” the following: “or any tenant in a project as-  
18 sisted under subsection (a)(5)”;

19 (7) in section 530, by striking “rental assist-  
20 ance payments with respect to such project under  
21 section 521(a)(2)(A)” and inserting “assistance pay-  
22 ments with respect to such project under section  
23 521(a)(2)(A) or 521(a)(5)”.

1 **SEC. 511. DEFINITION OF RURAL AREA.**

2 The last sentence of section 520 of the Housing Act  
3 of 1949 (42 U.S.C. 1490) is amended by striking “city  
4 of” and inserting “cities of South Tucson, Arizona, and”.

5 **SEC. 512. ELIGIBILITY OF MANUFACTURED HOME PARKS**  
6 **FOR BUILDING SITE LOANS FOR COOPERA-**  
7 **TIVES.**

8 The first sentence of section 524(a)(1) of the Hous-  
9 ing Act of 1949 (42 U.S.C. 1490d(a)(1)) is amended by  
10 inserting before the period at the end the following: “, and  
11 for the acquisition and development of manufactured home  
12 parks owned by nonprofit organizations for future owner-  
13 ship by low- and moderate-income residents of the park”.

14 **SEC. 513. RURAL HOUSING ASSISTANCE TARGETING RE-**  
15 **PORT.**

16 Section 532(a) of the Housing Act of 1949 (42  
17 U.S.C. 1490l) is amended by adding at the end the follow-  
18 ing new flush material:

19 “The Secretary shall submit a report to the Congress for  
20 each fiscal year describing the geographical distribution  
21 of housing for which eligible loan applications for assist-  
22 ance under this title are submitted in such year and for  
23 which amounts are obligated in such year. The report shall  
24 describe the areas in which the housing to be assisted  
25 under the applications is located, the number of eligible  
26 applications received for housing in such areas, the num-



1 ber of eligible applications for housing in such areas that  
2 were approved and funded and the amounts of such fund-  
3 ing, the extent of the rural character of such areas, and  
4 any actions taken by the Secretary to comply with the re-  
5 quirement under paragraph (3). The report for a fiscal  
6 year shall be submitted not later than 180 days after the  
7 conclusion of such fiscal year.”.

8 **SEC. 514. PRIORITY FOR RURAL HOUSING VOUCHER AS-**  
9 **SISTANCE.**

10 Section 542 of the Housing Act of 1949 (42 U.S.C.  
11 1490r) is amended by adding at the end the following new  
12 subsection:

13 “(c) PRIORITY.—

14 “(1) REQUIREMENT.—In providing assistance  
15 under this section, the Secretary shall give pref-  
16 erence to providing assistance for rental housing  
17 that—

18 “(A) is financed or assisted with a loan,  
19 guarantee, insurance, or other assistance pro-  
20 vided under this title; and

21 “(B)(i) has a significant number of units,  
22 as determined by the Secretary, that have been  
23 vacant for extended periods; or

24 “(ii) is occupied by a significant number of  
25 families, as determined by the Secretary, who

1           pay as rent for a unit in the housing an amount  
2           exceeding 30 percent of the family’s monthly  
3           adjusted income.

4           “(2) PROJECT-BASED ASSISTANCE.—To provide  
5           assistance according to the preference under para-  
6           graph (1), the Secretary may enter into contracts  
7           with owners of housing described in paragraph (1)  
8           to provide voucher assistance payments that are at-  
9           tached to such housing on behalf of very low-income  
10          families who reside in such housing.”.

11 **SEC. 515. NATIVE AMERICAN RURAL HOUSING CAPACITY**  
12 **DEMONSTRATION PROGRAM.**

13          Title V of the Housing Act of 1949 is amended by  
14          inserting after section 537 (42 U.S.C. 1490p-1) the fol-  
15          lowing new section:

16 **“SEC. 538. RURAL HOUSING CAPACITY DEMONSTRATION**  
17 **PROGRAM FOR NATIVE AMERICANS AND**  
18 **ALASKAN NATIVES.**

19          “(a) AUTHORITY.—The Secretary shall carry out a  
20          program under this section to demonstrate the effective-  
21          ness of assisting Native Americans and Alaskan Natives  
22          in underserved areas to apply for, obtain, and use housing  
23          assistance under this title.

24          “(b) GRANTS.—Under the demonstration under this  
25          section, the Secretary shall make grants to technical as-

1 sistance providers selected under subsection (f) to carry  
2 out activities under subsection (c) with respect to tribes  
3 selected under subsection (e) (and members of the tribes)  
4 in the selected areas. Of the amounts provided to a tech-  
5 nical assistance provider under a grant under this section,  
6 40 percent shall be disbursed to the technical assistance  
7 provider in fiscal year 1995, 30 percent shall be so dis-  
8 bursed in fiscal year 1996, and 30 percent shall be so dis-  
9 bursed in fiscal year 1997.

10 “(c) USE OF ASSISTANCE.—

11 “(1) ELIGIBLE ACTIVITIES.—Any amounts pro-  
12 vided to a technical assistance provider under a  
13 grant under this section shall be used by the tech-  
14 nical assistance provider only—

15 “(A) to train individuals for employment  
16 as local project coordinators under paragraph  
17 (2), which shall include training regarding the  
18 availability, application for, and use of housing  
19 assistance under this title with respect to tribes  
20 and members of tribes;

21 “(B) to provide ongoing technical assist-  
22 ance and training to local project coordinators;

23 “(C) to provide assistance to the tribes se-  
24 lected under subsection (e) in the selected  
25 areas, or to Native American or Alaskan Native

1 housing organizations serving such tribes, to  
2 employ local project coordinators trained pursu-  
3 ant to subparagraph (A); and

4 “(D) to establish a revolving fund to pro-  
5 vide loans to tribes and members of tribes for  
6 customary and reasonable costs incurred in pre-  
7 paring and submitting applications for housing  
8 assistance under this title to be used in the se-  
9 lected areas (including costs of credit reports),  
10 except that not more than \$1,500 may be pro-  
11 vided for the purpose under this subparagraph  
12 to any single tribe or Native American or Alas-  
13 kan Native housing organization.

14 “(2) LOCAL PROJECT COORDINATOR.—For pur-  
15 poses of this section, a local project coordinator shall  
16 be an individual who—

17 “(A) is employed by a tribe selected under  
18 subsection (e) in, or Native American or Alas-  
19 kan Native housing organization serving, the  
20 selected area;

21 “(B) provides advice and assistance to the  
22 tribe or the tribes served by the organization  
23 (and members of such tribes), regarding the  
24 availability, application for, and use of housing  
25 assistance under this title;

1           “(C) otherwise facilitates the use of such  
2           assistance by the tribes and their members; and

3           “(D) assists the tribes and their members  
4           in obtaining loans from the revolving fund es-  
5           tablished under paragraph (1)(D).

6           “(d) TRIBAL CONTRIBUTIONS TO DEMONSTRATION  
7 PROGRAM.—Each tribe selected under subsection (e) for  
8 participation in the demonstration program under this  
9 section shall enter into an agreement with the technical  
10 assistance provider to provide in-kind or financial assist-  
11 ance, in addition to amounts provided under this section,  
12 for activities under the demonstration program, in an  
13 amount determined by the tribe and the technical assist-  
14 ance provider. The assistance provided pursuant to such  
15 agreement may include assistance in the form of office  
16 space, equipment, transportation, salary enhancement,  
17 and fringe benefits, and other forms of assistance.

18           “(e) SELECTION OF TRIBES AND AREAS.—

19           “(1) ELIGIBILITY.—The Secretary shall provide  
20 for the technical assistance providers receiving  
21 grants under this section to select for participation  
22 in the demonstration under this section not more  
23 than a total of 15 tribes—

24           “(A) that are located in counties or com-  
25           munities—

1           “(i) that are eligible for designation  
2           as targeted underserved areas under sec-  
3           tion 509(f); or

4           “(ii) that include tribal allotted or In-  
5           dian trust land; and

6           “(B) that—

7           “(i) have agreed to participate in the  
8           demonstration under this section by des-  
9           ignating individuals for training as local  
10          project coordinators under subsection (c);  
11          or

12          “(ii) are located in a county or com-  
13          munity within which is located a Native  
14          American or Alaskan Native housing orga-  
15          nization that has so agreed to participate  
16          in the demonstration under this section.

17          “(2) CRITERIA FOR SELECTION.—Each tech-  
18          nical assistance provider selecting tribes pursuant to  
19          paragraph (1) shall make such selections according  
20          to criteria that include—

21                 “(A) the extent of substandard housing on  
22                 the reservation of the tribe;

23                 “(B) the extent of the waiting list for  
24                 housing assistance under Federal housing pro-

1           grams in the community or community under  
2           paragraph (1)(A);

3           “(C) the extent of interest in and willing-  
4           ness to participate in the demonstration pro-  
5           gram under this section for a 3-year period;  
6           and

7           “(D) the extent of willingness to provide  
8           in-kind or financial assistance in addition to  
9           amounts provided under this section for activi-  
10          ties under the demonstration program.

11          “(3) TREATMENT AS TARGETED UNDERSERVED  
12          AREAS.—Notwithstanding the designation of coun-  
13          ties and communities as targeted underserved areas  
14          under section 509(f)(1) and the provisions of section  
15          520, any selected area under this section shall be  
16          considered a targeted underserved area for fiscal  
17          years 1995, 1996, and 1997, for purposes of eligi-  
18          bility for assistance with amounts reserved under  
19          section 509(f)(4)(A).

20          “(f) SELECTION OF TECHNICAL ASSISTANCE PRO-  
21          VIDERS.—

22          “(1) ELIGIBILITY.—The Secretary may make a  
23          grant under this section only to a nonprofit organi-  
24          zation having experience in or capable of providing  
25          training and technical assistance regarding the use

1 of housing assistance under this title and in admin-  
2 istering revolving loan funds for costs relating to  
3 housing assistance programs under this title.

4 “(2) APPLICATION.—The Secretary shall pro-  
5 vide for nonprofit organizations meeting the require-  
6 ments under paragraph (1) to submit applications  
7 for a grant under this section during a period of not  
8 more than 45 days that begins upon publication of  
9 the notice of funding availability under subsection  
10 (i).

11 “(3) SELECTION.—Not more than 30 days  
12 after expiration of such period, the Secretary shall  
13 select, to receive grants under this section, 1 or  
14 more nonprofit organizations submitting applications  
15 that are—

16 “(A) capable of carrying out the duties of  
17 technical assistance providers under this sec-  
18 tion;

19 “(B) knowledgeable and experienced re-  
20 garding housing needs and issues of Native  
21 Americans and Alaskan Natives and housing  
22 assistance programs under this title; and

23 “(C) agree to comply with the provisions of  
24 this section.

25 “(g) REPORTS.—



1           “(1) LOCAL PROJECT COORDINATORS.—Each  
2 local project coordinator trained or assisted by a  
3 technical assistance provider with amounts from a  
4 grant under this section shall submit a report to the  
5 technical assistance provider for each of fiscal years  
6 1995 through 1997, regarding the activities of the  
7 coordinator. The report shall be submitted not later  
8 than 30 days after the conclusion of the fiscal year  
9 for which the report is made.

10           “(2) TECHNICAL ASSISTANCE PROVIDERS.—  
11 Each technical assistance provider receiving a grant  
12 under this section shall submit a report to the Sec-  
13 retary for each of fiscal years 1995 through 1997,  
14 summarizing the information submitted under para-  
15 graph (1) for the fiscal year and describing the ac-  
16 tivities of the technical assistance provider under the  
17 demonstration under this section during the fiscal  
18 year. The report shall be submitted not later than  
19 60 days after the conclusion of the fiscal year for  
20 which the report is made.

21           “(3) SECRETARY.—The Secretary shall submit  
22 a report to the Congress for each of fiscal years  
23 1995 through 1997 describing the demonstration  
24 under this section and the findings of the Secretary  
25 as a result of the demonstration. The report shall be

1 submitted not later than 90 days after the conclu-  
2 sion of the fiscal year for which the report is made.

3 “(h) DEFINITIONS.—For purposes of this section:

4 “(1) ALASKAN NATIVE VILLAGE.—The term  
5 ‘Alaskan Native Village’ has the same meaning given  
6 the term ‘Native village’ in section 3 of the Alaska  
7 Native Claims Settlement Act.

8 “(2) NATIVE AMERICAN OR ALASKAN NATIVE  
9 HOUSING ORGANIZATION.—The term ‘Native Amer-  
10 ican or Alaskan Native housing organization’ means  
11 a nonprofit organization that primarily serves a tribe  
12 or tribes, and includes Indian housing authorities  
13 and other housing entities of a tribe.

14 “(3) NONPROFIT ORGANIZATION.—The term  
15 ‘nonprofit organization’ means any private, nonprofit  
16 organization that—

17 “(A) is organized or chartered under State,  
18 tribal, or local laws;

19 “(B) has no part of its net earning inuring  
20 to the benefit of any member, founder, contrib-  
21 utor, or individual;

22 “(C) complies with standards of financial  
23 accountability acceptable to the Secretary; and

24 “(D) through its articles of incorporation  
25 or through resolution of the governing body of

1 a tribe, has among its purposes significant ac-  
2 tivities related to the provision of decent hous-  
3 ing that is affordable to low- and moderate-in-  
4 come families.

5 “(4) SELECTED AREA.—The term ‘selected  
6 area’ means, with respect to any tribe selected under  
7 subsection (e), the county or community meeting the  
8 requirements of subsection (e)(1) in which the tribe  
9 selected is located.

10 “(5) TECHNICAL ASSISTANCE PROVIDER.—The  
11 term ‘technical assistance provider’ means a non-  
12 profit organization (including a tribe and an Indian  
13 housing authority) that is selected under subsection  
14 (f) to receive a grant under this section.

15 “(6) TRIBE.—The term ‘tribe’ means any In-  
16 dian tribe, band, group, or nation, including Alaska  
17 Indians, Aleuts, and Eskimos, and any Alaskan Na-  
18 tive Village, of the United States, that is considered  
19 an eligible recipient under the Indian Self-Deter-  
20 mination and Education Assistance Act or was con-  
21 sidered an eligible recipient under chapter 67 of title  
22 31, United States Code, prior to the repeal of such  
23 chapter.

24 “(i) NOTICE OF FUNDING AVAILABILITY.—

1           “(1) PUBLICATION.—The Secretary shall cause  
2           to be published in the Federal Register notice of the  
3           availability of any amounts made available for  
4           grants under this section. Such notice shall be pub-  
5           lished not later than the expiration of the 90-day pe-  
6           riod beginning on the date that amounts are appro-  
7           priated to carry out this section.

8           “(2) CONTENTS.—The notice referred to in  
9           paragraph (1) shall—

10           “(A) describe the requirements for eligi-  
11           bility to receive a grant, the purposes of the  
12           grant, and the permissible uses of grant  
13           amounts;

14           “(B) contain an address to which requests  
15           for additional information regarding the dem-  
16           onstration under this section may be made; and

17           “(C) state the deadline established by the  
18           Secretary pursuant to subsection (f)(2) for the  
19           submission of applications for a grant.”.

20   **SEC. 516. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

21           Title V of the Housing Act of 1949 (42 U.S.C. 1471  
22   et seq.) is amended by inserting after section 538 (as  
23   added by the preceding provisions of this title) the follow-  
24   ing new section:

1 **“SEC. 539. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

2       “(a) IN GENERAL.—The Secretary is authorized to  
3 provide assistance to develop the capacity and ability of  
4 community development corporations, community housing  
5 development organizations, and other nonprofit organiza-  
6 tions to undertake community development and affordable  
7 housing projects and programs in rural areas.

8       “(b) FORM OF ASSISTANCE.—Assistance under this  
9 section may be used for—

10           “(1) training, education, support, and advice to  
11 enhance the technical and administrative capabilities  
12 of community development corporations, local com-  
13 munity action agencies receiving assistance under  
14 the Community Services Block Grant Act, commu-  
15 nity housing development organizations, and non-  
16 profit organizations in rural areas;

17           “(2) loans, grants, or predevelopment assistance  
18 to community development corporations, community  
19 housing development organizations, and nonprofit  
20 organizations to carry out community development  
21 and affordable housing activities that benefit low-in-  
22 come families in rural areas; and

23           “(3) such other activities for rural areas as may  
24 be determined by the Secretary.

25       “(c) MATCHING REQUIREMENT.—Assistance pro-  
26 vided under this section shall be matched from private

1 sources in an amount equal to 3 times the amount made  
2 available under this section.

3 “(d) IMPLEMENTATION.—The Secretary shall by no-  
4 tice establish such requirements as may be necessary to  
5 carry out the provisions of this section. The notice shall  
6 take effect upon issuance.”.

7 **SEC. 517. LOAN GUARANTEES FOR MULTIFAMILY RENTAL**  
8 **HOUSING IN RURAL AREAS.**

9 Title V of the Housing Act of 1949 (42 U.S.C. 1471  
10 et seq.) is amended by inserting after section 539 (as  
11 added by the preceding provision of this title) the following  
12 new section:

13 **“SEC. 540. LOAN GUARANTEES FOR MULTIFAMILY RENTAL**  
14 **HOUSING IN RURAL AREAS.**

15 “(a) AUTHORITY.—The Secretary may make commit-  
16 ments to guarantee eligible loans for the development costs  
17 of eligible housing and related facilities, and may guaran-  
18 tee such eligible loans, in accordance with this section.

19 “(b) EXTENT OF GUARANTEE.—A guarantee made  
20 under this section shall guarantee repayment of an  
21 amount not exceeding the total of the amount of the un-  
22 paid principal and interest of the loan for which the guar-  
23 antee is made. The liability of the United States under  
24 any guarantee under this section shall decrease or increase

1 pro rata with any decrease or increase of the amount of  
2 the unpaid portion of the obligation.

3 “(c) ELIGIBLE BORROWERS.—A loan guaranteed  
4 under this section may be made to a nonprofit organiza-  
5 tion, an agency or body of any State government or politi-  
6 cal subdivision thereof, or a private entity.

7 “(d) ELIGIBLE HOUSING.—A loan may be guaran-  
8 teed under this section only if the loan is used for the  
9 development costs of housing and related facilities (as  
10 such terms are defined in section 515(e)) that—

11 “(1) consists of 5 or more adequate dwellings;

12 “(2) is available for occupancy only by low or  
13 moderate income families or persons, whose incomes  
14 at the time of initial occupancy do not exceed 115  
15 percent of the median income of the area, as deter-  
16 mined by the Secretary;

17 “(3) will remain available as provided in para-  
18 graph (2), according to such binding commitments  
19 as the Secretary may require, for the period of the  
20 original term of the loan guaranteed, unless the  
21 housing is acquired by foreclosure (or instrument in  
22 lieu of foreclosure) or the Secretary waives the appli-  
23 cability of such requirement for the loan only after  
24 determining, based on objective information, that—

1           “(A) there is no longer a need for low- and  
2 moderate-income housing in the market area in  
3 which the housing is located;

4           “(B) housing opportunities for low-income  
5 households and minorities will not be reduced  
6 as a result of the waiver; and

7           “(C) additional Federal assistance will not  
8 be necessary as a result of the waiver; and

9           “(4) is located in a rural area.

10          “(e) ELIGIBLE LENDERS.—

11           “(1) REQUIREMENT.—A loan may be guaran-  
12 teed under this subsection only if the loan is made  
13 by a lender that the Secretary determines—

14           “(A) meets the qualifications, and has been  
15 approved by the Secretary of Housing and  
16 Urban Development, to make loans for multi-  
17 family housing that are to be insured under the  
18 National Housing Act;

19           “(B) meets the qualifications, and has  
20 been approved by the Federal National Mort-  
21 gage Association and the Federal Home Loan  
22 Mortgage Corporation, to make loans for multi-  
23 family housing that are to be sold to such cor-  
24 porations; or



1           “(C) meets any qualifications that the Sec-  
2           retary may, by regulation, establish for partici-  
3           pation of lenders in the loan guarantee program  
4           under this section.

5           “(2) ELIGIBILITY LIST AND ANNUAL AUDIT.—  
6           The Secretary shall establish a list of eligible lenders  
7           and shall annually conduct an audit of each lender  
8           included in the list for purposes of determining  
9           whether such lender continues to be an eligible  
10          lender.

11          “(f) LOAN TERMS.—Each loan guaranteed pursuant  
12          to this subsection shall—

13                  “(1) provide for complete amortization by peri-  
14                  odic payments to be made for a term not to exceed  
15                  40 years;

16                  “(2) involve a rate of interest agreed upon by  
17                  the borrower and the lender that does not exceed the  
18                  maximum allowable rate established by the Secretary  
19                  for purposes of this section and is fixed over the  
20                  term of the loan;

21                  “(3) involve a principal obligation (including  
22                  initial service charges, appraisal, inspection, and  
23                  other fees as the Secretary may approve) not to  
24                  exceed—

1           “(A) in the case of a borrower that is a  
2           nonprofit organization or an agency or body of  
3           any State or local government, 97 percent of  
4           the development costs of the housing and relat-  
5           ed facilities or the value of the housing and fa-  
6           cilities, whichever is less;

7           “(B) in the case of a borrower that is a  
8           for-profit entity not referred to in subparagraph  
9           (A), 90 percent of the development costs of the  
10          housing and related facilities or the value of the  
11          housing and facilities, whichever is less; and

12          “(C) in the case of any borrower, for such  
13          part of the property as may be attributable to  
14          dwelling use, the applicable maximum per unit  
15          dollar amount limitations under section 207(c)  
16          of the National Housing Act;

17          “(4) be secured by a first mortgage on the  
18          housing and related facilities for which the loan is  
19          made, or otherwise, as the Secretary may determine  
20          necessary to ensure repayment of the obligation; and

21          “(5) for at least 20 percent of the loans made  
22          under this section, the Secretary shall provide the  
23          borrower with assistance in the form of credits pur-  
24          suant to section 521(a)(1)(B) to the extent nec-  
25          essary to reduce the rate of interest under para-

1 graph (2) to the applicable Federal rate, as such  
2 term is used in section 42(i)(2)(D) of the Internal  
3 Revenue Code of 1986.

4 “(g) GUARANTEE FEE.—At the time of issuance of  
5 a loan guaranteed under this section, the Secretary may  
6 collect from the lender a fee equal to not more than 1  
7 percent of the principal obligation of the loan.

8 “(h) AUTHORITY FOR LENDERS TO ISSUE CERTIFI-  
9 CATES OF GUARANTEE.—The Secretary may authorize  
10 certain eligible lenders to determine whether a loan meets  
11 the requirements for guarantee under this section and,  
12 subject to the availability of authority to enter into guar-  
13 antees under this section, execute a firm commitment for  
14 a guarantee binding upon the Secretary and issue a certifi-  
15 cate of guarantee evidencing a guarantee, without review  
16 and approval by the Secretary of the specific loan. The  
17 Secretary may establish standards for approving eligible  
18 lenders for a delegation of authority under this subsection.

19 “(i) PAYMENT UNDER GUARANTEE.—

20 “(1) NOTICE OF DEFAULT.—In the event of de-  
21 fault by the borrower on a loan guaranteed under  
22 this section, the holder of the guarantee certificate  
23 for the loan shall provide written notice of the de-  
24 fault to the Secretary.

1           “(2) FORECLOSURE.—After receiving notice  
2           under paragraph (1) and providing written notice of  
3           action under this paragraph to the Secretary, the  
4           holder of the guarantee certificate for the loan may  
5           initiate foreclosure proceedings for the loan in a  
6           court of competent jurisdiction, in accordance with  
7           regulations issued by the Secretary, to obtain posses-  
8           sion of the security property. After the court issues  
9           a final order authorizing foreclosure on the property,  
10          the holder of the certificate shall be entitled to pay-  
11          ment by the Secretary under the guarantee (in the  
12          amount provided under subsection (b)) upon (A)  
13          conveyance to the Secretary of title to the security  
14          property, (B) submission to the Secretary of a claim  
15          for payment under the guarantee, and (C) assign-  
16          ment to the Secretary of all the claims of the holder  
17          of the guarantee against the borrower or others aris-  
18          ing out of the loan transaction or foreclosure pro-  
19          ceedings, except claims released with the consent of  
20          the Secretary.

21          “(3) ASSIGNMENT BY SECRETARY.—After re-  
22          ceiving notice under paragraph (1), the Secretary  
23          may accept assignment of the loan if the Secretary  
24          determines that the assignment is in the best inter-  
25          ests of the United States. Assignment of a loan

1 under this paragraph shall include conveyance to the  
2 Secretary of title to the security property, assign-  
3 ment to the Secretary of all rights and interests  
4 arising under the loan, and assignment to the Sec-  
5 retary of all claims against the borrower or others  
6 arising out of the loan transaction. Upon assignment  
7 of a loan under this paragraph, the holder of a guar-  
8 antee certificate for the loan shall be entitled to pay-  
9 ment by the Secretary under the guarantee (in the  
10 amount provided under subsection (b)).

11 “(4) REQUIREMENTS.—Before any payment  
12 under a guarantee is made under paragraph (2) or  
13 (3), the holder of the guarantee certificate shall ex-  
14 haust all reasonable possibilities of collection on the  
15 loan guaranteed. Upon payment, in whole or in part,  
16 to the holder, the note or judgment evidencing the  
17 debt shall be assigned to the United States and the  
18 holder shall have no further claim against the bor-  
19 rower or the United States. The Secretary shall then  
20 take such action to collect as the Secretary deter-  
21 mines appropriate.

22 “(j) VIOLATION OF GUARANTEE REQUIREMENTS BY  
23 LENDERS ISSUING GUARANTEES.—

24 “(1) INDEMNIFICATION.—If the Secretary de-  
25 termines that a loan guaranteed by an eligible lender

1 pursuant to delegation of authority under subsection  
2 (h) was not originated in accordance with the re-  
3 quirements under this section and the Secretary  
4 pays a claim under the guarantee for the loan, the  
5 Secretary may require the eligible lender authorized  
6 under subsection (h) to issue the guarantee certifi-  
7 cate for the loan—

8 “(A) to indemnify the Secretary for the  
9 loss, if the payment under the guarantee was  
10 made within a reasonable period specified by  
11 the Secretary; or

12 “(B) to indemnify the Secretary for the  
13 loss regardless of when payment under the  
14 guarantee was made, if the Secretary deter-  
15 mines that fraud or misrepresentation was in-  
16 volved in connection with the origination of the  
17 loan.

18 “(2) TERMINATION OF AUTHORITY TO ISSUE  
19 GUARANTEES.—The Secretary may cancel a delega-  
20 tion of authority under subsection (h) to an eligible  
21 lender if the Secretary determines that the lender  
22 has violated the requirements and procedures for  
23 guaranteed loans under this section or for other  
24 good cause. Any such cancellation shall be made by  
25 giving notice to the eligible lender and shall take ef-

1       fect upon receipt of the notice by the mortgagee or  
2       at a later date, as the Secretary may provide. A de-  
3       cision by the Secretary to cancel a delegation shall  
4       be final and conclusive and shall not be subject to  
5       judicial review.

6       “(k) REFINANCING.—Any loan guaranteed under this  
7       section may be refinanced and extended in accordance  
8       with terms and conditions that the Secretary shall pre-  
9       scribe, but in no event for an additional amount or term  
10      that exceeds the limitations under subsection (f).

11      “(l) NONASSUMPTION.—The borrower under a loan  
12      that is guaranteed under this section and under which any  
13      portion of the principal obligation or interest remains out-  
14      standing may not be relieved of liability with respect to  
15      the loan, notwithstanding the transfer of property for  
16      which the loan was made.

17      “(m) GEOGRAPHICAL TARGETING.—

18              “(1) STUDY.—The Secretary shall provide for  
19      an independent entity to conduct a study to deter-  
20      mine the extent to which borrowers in the United  
21      States will utilize loan guarantees under this section,  
22      the rural areas in the United States in which bor-  
23      rowers can best utilize and most need loans guaran-  
24      teed under this section, and the rural areas in the  
25      United States in which housing of the type eligible

1 for a loan guarantee under this section is most need-  
2 ed by low- and moderate-income families. The Sec-  
3 retary shall require the independent entity conduct-  
4 ing the study to submit a report to the Secretary  
5 and to the Congress describing the results of the  
6 study not later than the expiration of the 90-day pe-  
7 riod beginning on the date of the enactment of the  
8 Housing and Community Development Act of 1994.

9 “(2) TARGETING.—In providing loan guaran-  
10 tees under this section, the Secretary shall establish  
11 standards to target and give priority to rural areas  
12 in which borrowers can best utilize and most need  
13 loans guaranteed under this section, as determined  
14 by the Secretary based on the results of the study  
15 under paragraph (1) and any other information the  
16 Secretary considers appropriate.

17 “(n) INAPPLICABILITY OF CREDIT-ELSEWHERE  
18 TEST.—Section 501(c) shall not apply to guarantees, or  
19 loans guaranteed, under this section.

20 “(o) TENANT PROTECTIONS.—The Secretary shall  
21 establish standards for the treatment of tenants of hous-  
22 ing developed using amounts from a loan guaranteed  
23 under this section, which shall incorporate, to the extent  
24 applicable, existing standards applicable to tenants of  
25 housing developed with loans made under section 515.



1 Such standards shall include standards for fair housing  
2 and equal opportunity, lease and grievance procedures,  
3 and tenant appeals of adverse actions.

4 “(p) HOUSING STANDARDS.—The standards estab-  
5 lished under section 515(m) for housing and related facili-  
6 ties assisted under section 515 shall apply to housing and  
7 related facilities the development costs of which are fi-  
8 nanced in whole or in part with a loan guaranteed under  
9 this section.

10 “(q) LIMITATION ON COMMITMENTS TO GUARANTEE  
11 LOANS.—

12 “(1) REQUIREMENT OF APPROPRIATIONS.—The  
13 authority of the Secretary to enter into commit-  
14 ments to guarantee loans under this section, and to  
15 guarantee loans, shall be effective for any fiscal year  
16 only to the extent or in such amounts as are or have  
17 been provided in appropriations Acts for such fiscal  
18 year.

19 “(2) LIMITATION ON PROJECTS AND OUT-  
20 STANDING AGGREGATE PRINCIPAL AMOUNT.—Sub-  
21 ject to the limitation in paragraph (1), the Secretary  
22 may enter into commitments to guarantee loans  
23 under this section for not more than 25 housing  
24 projects in each of fiscal years 1995 and 1996, hav-

1 ing an aggregate outstanding principal amount not  
2 exceeding \$50,000,000 in each of such fiscal years.

3 “(r) REPORT.—

4 “(1) IN GENERAL.—The Secretary shall submit  
5 a report to the Congress, not later than the expira-  
6 tion of the 2-year period beginning on the date of  
7 the enactment of the Housing and Community De-  
8 velopment Act of 1994, describing the program  
9 under this section for guaranteeing loans.

10 “(2) CONTENTS.—The report shall—

11 “(A) describe the types of borrowers pro-  
12 viding housing with loans guaranteed under this  
13 section, the areas served by the housing pro-  
14 vided and the geographical distribution of the  
15 housing, the levels of income of the residents of  
16 the housing, the number of dwelling units pro-  
17 vided, the extent to which borrowers under such  
18 loans have obtained other financial assistance  
19 for development costs of housing provided with  
20 the loans, and the extent to which borrowers  
21 under such loans have used low-income housing  
22 tax credits provided under section 42 of the In-  
23 ternal Revenue Code of 1986 in connection with  
24 the housing provided with the loans;

1           “(B) analyze the financial viability of the  
2           housing provided with loans guaranteed under  
3           this section and the need for project-based rent-  
4           al assistance for such housing;

5           “(C) include any recommendations of the  
6           Secretary for expanding or improving the pro-  
7           gram under this section for guaranteeing loans;  
8           and

9           “(D) include any other information regard-  
10          ing the program for guaranteeing loans under  
11          this section that the Secretary considers appro-  
12          priate.

13          “(s) DEFINITIONS.—For purposes of this subsection,  
14          the following definitions shall apply:

15                 “(1) The term ‘development cost’ has the mean-  
16                 ing given the term in section 515(e).

17                 “(2) The term ‘eligible lender’ means a lender  
18                 determined by the Secretary to meet the require-  
19                 ments of subparagraph (A), (B), (C), or (D) of sub-  
20                 section (e)(1).

21                 “(3) The terms ‘housing’ and ‘related facilities’  
22                 have the meanings given such terms in section  
23                 515(e).

24          “(t) AUTHORIZATION OF APPROPRIATIONS.—There  
25          are authorized to be appropriated for fiscal years 1995

1 and 1996 such sums as may be necessary for costs (as  
2 such term is defined in section 502 of the Congressional  
3 Budget Act of 1974) of loan guarantees made under this  
4 section.

5 “(u) TERMINATION DATE.—A loan may not be guar-  
6 anteed under this section after September 30, 1996.”.

7 **SEC. 518. RURAL HOUSING LOAN DELEGATED PROCESSING**  
8 **DEMONSTRATION.**

9 (a) AUTHORITY.—Not later than the expiration of  
10 the 180-day period beginning on the date of enactment  
11 of this Act, the Secretary of Agriculture shall implement  
12 a system for making, processing, and servicing loans  
13 under section 502 of the Housing Act of 1949 that dele-  
14 gates such functions to nonprofit organizations approved  
15 by the Secretary of Agriculture. Under the system, the  
16 Secretary shall retain the authority to approve loan  
17 amounts and interest credit agreements and to execute  
18 binding loan commitments and credit agreements.

19 (b) USE IN TARGETED UNDERSERVED AREAS.—The  
20 Secretary of Agriculture shall carry out the delegated  
21 processing system under subsection (a) only with respect  
22 to loans for housing located in, and amounts reserved for  
23 use in, areas for which a designation under section 509(f)  
24 is in effect.

1 (c) REPORT.—The Secretary of Agriculture shall sub-  
2 mit an interim report to the Congress not later than 12  
3 months after the date of the initial implementation of the  
4 delegated processing system under this section describing  
5 the activities taken under the system and evaluating the  
6 effectiveness of the system.

7 (d) TERMINATION OF AUTHORITY.—The Secretary of  
8 Agriculture may not carry out the delegated processing  
9 system under this section after September 30, 1996.

10 **TITLE VI—COMMUNITY**  
11 **DEVELOPMENT**

12 **Subtitle A—Community**

13 **Development Block Grant Program**

14 **SEC. 601. AUTHORIZATION OF APPROPRIATIONS AND**  
15 **GUARANTEE AUTHORITY.**

16 (a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—  
17 The second sentence of section 103 of the Housing and  
18 Community Development Act of 1974 (42 U.S.C. 5303)  
19 is amended to read as follows: “For purposes of assistance  
20 under section 106, there are authorized to be appropriated  
21 \$4,400,000,000 for fiscal year 1995 and \$4,500,000,000  
22 for fiscal year 1996.”.

23 (b) LIMITATION ON LOAN GUARANTEES.—The fifth  
24 sentence of section 108(a) of the Housing and Community  
25 Development Act of 1974 (42 U.S.C. 5308(a)) is amended

1 to read as follows: “Notwithstanding any other provision  
2 of law and subject only to the absence of qualified appli-  
3 cants or proposed activities and to the authority provided  
4 in this section, to the extent approved or provided in ap-  
5 propriation Acts, the Secretary shall enter into commit-  
6 ments to guarantee notes and obligations under this sec-  
7 tion with an aggregate principal amount of  
8 \$2,054,000,000 for fiscal year 1995 and \$2,054,000,000  
9 for fiscal year 1996.”.

10 (c) SPECIAL PURPOSE GRANTS.—Section 107 of the  
11 Housing and Community Development Act of 1974 (42  
12 U.S.C. 5307) is amended—

13 (1) by striking “SEC. 107” and all that follows  
14 through the end of paragraph (1) of subsection (a)  
15 and inserting the following:

16 “SEC. 107. (a) AUTHORIZATION OF APPROPRIA-  
17 TIONS.—

18 “(1) IN GENERAL.—There are authorized to be  
19 appropriated for each of fiscal years 1995 and 1996,  
20 \$60,000,000, for grants under subsection (b). Of  
21 such amounts—

22 “(A) \$7,000,000 shall be available in each  
23 such year for grants under subsection (b)(1);

1           “(B) such sums as may be necessary shall  
2 be available in each such year for grants under  
3 subsection (b)(2);

4           “(C) \$7,000,000 shall be available in each  
5 such year for grants under subsection (b)(3);

6           “(D) \$28,000,000 shall be available in  
7 each such year for grants under subsection  
8 (b)(4);

9           “(E) \$6,000,000 shall be available in each  
10 such year for grants under subsection (b)(5);

11           “(F) \$2,000,000 shall be available in each  
12 such year for grants under subsection (b)(6);

13           “(G) \$8,000,000 shall be available in each  
14 such year for grants under subsection (b)(7);

15           “(H) such sums as may be necessary shall  
16 be available in each such year for grants under  
17 subsection (b)(8);

18           “(I) \$3,000,000 shall be available in each  
19 such year for grants under subsection (c); and

20           “(J) such sums as may be necessary shall  
21 be available in fiscal year 1995 for a grant to  
22 the City of Bridgeport, Connecticut, subject to  
23 binding commitments made by the City of  
24 Bridgeport and the State of Connecticut that  
25 the amount made available pursuant to this

1           subparagraph will be supplemented with an ad-  
2           ditional amount equal to such amount under  
3           this subparagraph, which shall be provided by  
4           the city and the State in equal amounts.”; and  
5           (2) in subsection (b)—

6           (A) in paragraph (6), by striking “and” at  
7           the end;

8           (B) in paragraph (7), by striking the pe-  
9           riod at the end and inserting a semicolon; and

10          (C) by adding at the end the following new  
11          paragraph:

12          “(8) to 10 metropolitan cities and urban coun-  
13          ties that receive grants under section 106, have high  
14          rates of fire incidents, a substantial number of low-  
15          income residents, and a high rate of death and seri-  
16          ous injury caused by fire among youth, elderly, and  
17          minorities, for obtaining a nitrogen enhanced, bio-  
18          degradable, noncorrosive fire suppression liquid and  
19          for training firefighters to use such liquid; and in  
20          any year in which grants are made under this para-  
21          graph, the Secretary shall include in the report re-  
22          quired under section 113 a description of the effec-  
23          tiveness of grants made under this paragraph in pre-  
24          venting loss of life and property; and”.



1 **SEC. 602. DEFINITION OF METROPOLITAN CITY.**

2 Section 102(a)(4) of the Housing and Community  
3 Development Act of 1974 (42 U.S.C. 5302(a)(4)) is  
4 amended—

5 (1) in the second sentence, by striking “2  
6 years” and inserting “1 year after September 30,  
7 1989,”; and

8 (2) by striking the fifth sentence and inserting  
9 the following new sentence: “Notwithstanding that  
10 the population of a unit of general local government  
11 was included, after September 30, 1989, with the  
12 population of an urban county for purposes of quali-  
13 fying for assistance under section 106, the unit of  
14 general local government may apply for assistance  
15 under section 106 as a metropolitan city if the unit  
16 meets the requirements of the second sentence of  
17 this paragraph.”.

18 **SEC. 603. MANAGEMENT INFORMATION SYSTEMS.**

19 Section 103 of the Housing and Community Develop-  
20 ment Act of 1974 (42 U.S.C 5303) is amended—

21 (1) by inserting “(a) IN GENERAL.—” after  
22 “103.”; and

23 (2) by adding at the end the following new sub-  
24 section:

25 “(b) RESERVATION FOR MANAGEMENT INFORMA-  
26 TION SYSTEMS.—Of the amount approved in an appro-

1 priation Act for each of fiscal years 1995 and 1996 under  
2 this section, the Secretary may reserve not more than 0.5  
3 percent for improving management information systems  
4 used by the Secretary and recipients under this title.”.

5 **SEC. 604. ELIGIBLE ACTIVITIES.**

6 (a) RECONSTRUCTION ACTIVITIES AND REMOVAL OF  
7 TOXIC MATERIALS.—Section 105(a) of the Housing and  
8 Community Development Act of 1974 (42 U.S.C.  
9 5305(a)) is amended—

10 (1) in paragraph (4), by striking “, demolition,  
11 removal,” and inserting “(including the removal of  
12 toxic materials and other contaminants from prop-  
13 erties), demolition, removal, reconstruction,”;

14 (2) in paragraph (8)—

15 (A) by striking “and” after “under this  
16 paragraph,”;

17 (B) by striking “fiscal year 1994” and in-  
18 serting “fiscal years 1994, 1995, and 1996”;  
19 and

20 (C) by inserting before the semicolon at  
21 the end the following: “, and except that of any  
22 amount of assistance under this title (including  
23 program income) to the Cities of Vallejo and  
24 Benecia and to Napa County, in California,  
25 such cities and county may use not more than

1           20 percent in fiscal year 1995 and 25 percent  
2           in fiscal year 1996 for activities under this  
3           paragraph”;

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

6           (4) by striking paragraph (19);

7           (5) in paragraph (24), by striking “and” at the  
8           end;

9           (6) in paragraph (25), by striking the period at  
10          the end and inserting “; and”;

11          (7) by redesignating paragraphs (20) through  
12          (25) as paragraphs (19) through (24), respectively;  
13          and

14          (8) by redesignating paragraph (21) (as added  
15          by section 1012(f)(3) of the Housing and Commu-  
16          nity Development Act of 1992 (Public Law 102-  
17          550; 106 Stat. 3905) as paragraph (25).

18          (b)       HOMEOWNERSHIP       ACTIVITIES.—Section  
19          907(b)(2) of the Cranston-Gonzalez National Affordable  
20          Housing Act (42 U.S.C. 5305 note) is hereby repealed.

21       **SEC. 605. REALLOCATIONS.**

22          Section 106(c) of the Housing and Community Devel-  
23          opment Act of 1974 (42 U.S.C. 5304(c)) is amended by  
24          striking paragraph (4).

1 **SEC. 606. PROHIBITION OF USE OF CDBG ASSISTANCE FOR**  
2 **EMPLOYMENT RELOCATION ACTIVITIES.**

3 Section 105 of the Housing and Community Develop-  
4 ment Act of 1974 (42 U.S.C. 5305) is amended by adding  
5 at the end the following new subsection:

6 “(h) PROHIBITION OF USE OF ASSISTANCE FOR EM-  
7 PLOYMENT RELOCATION ACTIVITIES.—Notwithstanding  
8 any other provision of law, no amounts from a grant under  
9 section 106 made in fiscal year 1994 or any succeeding  
10 fiscal year may be used for any activity (including any in-  
11 frastructure improvement) that is intended, or likely, to  
12 facilitate the relocation or expansion of any industrial or  
13 commercial plant, facility, or operation, from one area to  
14 another area, if the relocation or expansion will result in  
15 a loss of employment in the area from which the relocation  
16 or expansion occurs.”.

17 **SEC. 607. LIMITATION ON EXTENT OF USE OF LOAN GUAR-**  
18 **ANTEES FOR HOUSING PURPOSES.**

19 Section 108 of the Housing and Community Develop-  
20 ment Act of 1974 (42 U.S.C. 5308) is amended by insert-  
21 ing after subsection (h) the following new subsection:

22 “(i) LIMITATION ON USE.—Of any amounts obtained  
23 from notes or other obligations issued by an eligible public  
24 entity or public agency designated by an eligible public en-  
25 tity and guaranteed under this section pursuant to an ap-  
26 plication for a guarantee submitted after the date of the

1 enactment of the Housing and Community Development  
2 Act of 1992, the aggregate amount used for the purposes  
3 described in clauses (2) and (4) of subsection (a), and for  
4 other housing activities under the purposes described in  
5 clauses (1) and (3) of subsection (a), may not exceed 10  
6 percent of such amounts obtained by the eligible public  
7 entity or agency.”.

8 **SEC. 608. ECONOMIC DEVELOPMENT GRANTS.**

9 (a) ELIGIBLE ACTIVITIES.—Section 108(q)(2) of the  
10 Housing and Community Development Act of 1974 (42  
11 U.S.C. 5308(q)(2)) is amended by inserting before the pe-  
12 riod at the end the following: “and for the construction,  
13 rehabilitation, or financing of retail and service facilities,  
14 mixed-use projects, projects that link economic develop-  
15 ment and housing, community centers, farmers’ markets,  
16 and community-based business expansions”.

17 (b) ELIGIBLE PUBLIC ENTITIES.—Section 108(q)(1)  
18 of the Housing and Community Development Act of 1974  
19 is amended by inserting after “eligible public entities” the  
20 following: “, and to eligible public entities in conjunction  
21 with community- or neighborhood-based organizations,”.

22 (c) AUTHORIZATION OF APPROPRIATIONS.—Section  
23 108(q) of the Housing and Community Development Act  
24 of 1974 is amended by adding at the end the following  
25 new paragraph:

1           “(5) AUTHORIZATION OF APPROPRIATIONS.—  
2           There are authorized to be appropriated for grants  
3           under this subsection \$100,000,000 for fiscal year  
4           1995 and \$100,000,000 for fiscal year 1996. Using  
5           any amounts appropriated for grants under this sub-  
6           section for fiscal years 1995 and 1996, the Secretary  
7           shall make a grant in the amount of \$3,650,000 in  
8           each such fiscal year to the Earth Conservancy in  
9           Luzerne County, Pennsylvania, which shall be used  
10          for carrying out a demonstration of using innovative  
11          environmental technologies to reclaim land used for  
12          community and economic development purposes that  
13          has been damaged by anthracite coal mining activi-  
14          ties.”.

15   **SEC. 609. USE OF UDAG RECAPTURES.**

16          Section 119(o) of the Housing and Community De-  
17          velopment Act of 1974 (42 U.S.C. 5318(o)) is amended  
18          by striking “October 1, 1993” and inserting in lieu thereof  
19          “April 11, 1994”.

20   **SEC. 610. EXTENSION OF CERTAIN CDBG ASSISTANCE.**

21          (a) EXTENSION.—Section 916(f) of the Cranston-  
22          Gonzalez National Affordable Housing Act (42 U.S.C.  
23          5306 note) is amended by striking “1991” and all that  
24          follows through “1994” and inserting “beginning before  
25          the commencement of fiscal year 1998”.

1 (b) ELIGIBILITY.—Section 916(e)(4) of the Cran-  
2 ston-Gonzalez National Affordable Housing Act (42  
3 U.S.C. 5306 note) is amended by inserting “other than  
4 Riverside County, California,” after “area”.

5 **Subtitle B—Other Community**  
6 **Development Programs**

7 **SEC. 631. NEIGHBORHOOD REINVESTMENT CORPORATION.**

8 The first sentence of section 608(a)(1) of the Neigh-  
9 borhood Reinvestment Corporation Act (42 U.S.C.  
10 8107(a)) is amended to read as follows: “There are au-  
11 thorized to be appropriated to the corporation to carry out  
12 this title \$35,000,000 for fiscal year 1995 and  
13 \$35,000,000 for fiscal year 1996.”.

14 **SEC. 632. JOHN HEINZ NEIGHBORHOOD DEVELOPMENT**  
15 **PROGRAM.**

16 Section 123(g) of the Housing and Urban-Rural Re-  
17 covery Act of 1983 (42 U.S.C. 5318 note) is amended to  
18 read as follows:

19 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
20 are authorized to be appropriated to carry out this section  
21 \$10,000,000 for fiscal year 1995 and \$10,000,000 for fis-  
22 cal year 1996.”.

1 **SEC. 633. CAPACITY BUILDING FOR COMMUNITY DEVELOP-**  
2 **MENT AND AFFORDABLE HOUSING.**

3 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
4 4 of the HUD Demonstration Act of 1993 (42 U.S.C.  
5 9816 note) is amended by striking subsection (e) and in-  
6 serting the following new subsection:

7 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
8 are authorized to be appropriated to carry out this section  
9 \$60,000,000 for fiscal year 1995 and \$60,000,000 for fis-  
10 cal year 1996.”.

11 (b) DELIVERY OF ASSISTANCE.—Section 4 of the  
12 HUD Demonstration Act of 1993 (42 U.S.C. 9816 note)  
13 is amended—

14 (1) in subsection (a)—

15 (A) by inserting “and directly to commu-  
16 nity-based organizations and capacity-building  
17 organizations” after “Initiative”;

18 (B) by inserting “neighborhood” after “un-  
19 dertake”; and

20 (C) by striking “and affordable housing”  
21 and inserting “, affordable housing, revitaliza-  
22 tion, economic development, youth and family  
23 support, and community service”;

24 (2) in subsection (b)—

25 (A) in paragraph (1), by striking “and  
26 community housing development organizations”



1 and inserting “, community housing develop-  
2 ment organizations, and community-based orga-  
3 nizations (including local community action  
4 agencies receiving assistance under the Commu-  
5 nity Services Block Grant Act)” before the  
6 semicolon at the end;

7 (B) in paragraph (2)—

8 (i) by striking “and community hous-  
9 ing development organizations” and insert-  
10 ing “, community housing development or-  
11 ganizations, and community-based organi-  
12 zations (including local community action  
13 agencies receiving assistance under the  
14 Community Services Block Grant Act)”;

15 (ii) by inserting “neighborhood” after  
16 “carry out”; and

17 (iii) by striking “low-income” and in-  
18 serting “low- and moderate-income”; and

19 (C) in paragraph (3), by inserting “or the  
20 community-based organization” after “Initia-  
21 tive”;

22 (3) in subsection (c), by inserting “to the Na-  
23 tional Community Development Initiative” after  
24 “provided”;

1           (4) by redesignating subsection (d) as sub-  
2           section (e); and

3           (5) by inserting after subsection (c) the follow-  
4           ing new subsection:

5           “(d) SELECTION CRITERIA.—The Secretary shall se-  
6           lect community-based organizations and capacity-building  
7           organizations to receive assistance under this section  
8           based upon selection criteria established by the Secretary,  
9           which shall include the extent to which the activities pro-  
10          posed to be conducted by the organization with assistance  
11          under this section will—

12           “(1) develop new community-based organiza-  
13          tions in unorganized or underserved areas;

14           “(2) assist eligible private nonprofit community-  
15          based organizations located in low- or moderate-in-  
16          come neighborhoods or areas having a concentration  
17          of low- and moderate-income persons;

18           “(3) be targeted to areas in economic distress;

19           “(4) be conducted by an organization that pro-  
20          vides for neighborhood resident participation in the  
21          activities of the organization (including participation  
22          of low- and moderate-income residents) and the ex-  
23          tent to which the households and businesses in the  
24          area served are members of the organization;

1           “(5) benefit low- and moderate-income persons  
2           residing in the area served by the applicant;

3           “(6) encourage linking and coordinating hous-  
4           ing, economic, and human development;

5           “(7) be coordinated with local law enforcement  
6           agencies, local public housing agencies, and local  
7           public housing resident management corporations  
8           and resident councils, with respect to anti crime ini-  
9           tiatives; and

10           “(8) leverage contributions to support a wide  
11           variety of community development initiatives from  
12           the private sector, foundations, colleges and univer-  
13           sities, civic groups, social, cultural, religious, and  
14           other institutions, and the national service program,  
15           in a manner that achieves the greatest long-term  
16           private sector support.”.

17           (c) GENO BARONI RECOGNITION AWARDS FOR  
18           NEIGHBORHOOD SELF-HELP ORGANIZATIONS.—Section  
19           4 of the HUD Demonstration Act of 1993 is amended by  
20           inserting after subsection (e) (as so redesignated by sub-  
21           section (b) of this section) the following new subsection:

22           “(f) GENO BARONI RECOGNITION AWARDS FOR  
23           NEIGHBORHOOD SELF-HELP ORGANIZATIONS.—

24           “(1) AUTHORITY.—The Secretary shall estab-  
25           lish an award to be known as the Geno Baroni Rec-

1       ognition Award for Neighborhood Self-Help Organi-  
2       zations, and shall select community-based organiza-  
3       tions and capacity-building organizations for such  
4       award annually pursuant to the criteria under para-  
5       graph (3).

6               “(2) PURPOSE.—The purpose of the awards  
7       under this subsection shall be—

8                       “(A) to focus attention on and provide  
9                       monetary compensation to successful self-help  
10                      organizations that have established and imple-  
11                      mented effective strategies to restore economic  
12                      vitality to neighborhoods in the United States;  
13                      and

14                     “(B) to facilitate training and other forms  
15                     of capacity-building assistance to improve and  
16                     expand the ability of community-based organi-  
17                     zations to carry out activities referred in sub-  
18                     paragraph (A).

19               “(3) CRITERIA.—The Secretary shall prescribe  
20       criteria for the selection of community-based organi-  
21       zations and capacity-building organizations for the  
22       award as the Secretary considers appropriate, which  
23       shall include the extent to which the activities of an  
24       organization meet the criteria under subsection (d)  
25       and the extent to which an organization has—

1           “(A) promoted, implemented and sup-  
2           ported self-help neighborhood activities that in-  
3           tegrate poorer, inner-city neighborhoods into  
4           the greater metropolitan region;

5           “(B) furthered sustainable community de-  
6           velopment by expanding fair housing opportuni-  
7           ties, furthering economic revitalization, reduc-  
8           ing economic isolation of income groups within  
9           communities, expanding housing, education,  
10          and employment opportunities for persons of  
11          low or moderate income, and providing other  
12          amenities in low-income neighborhoods;

13          “(C) promoted and supported neighbor-  
14          hood leadership and responsibility;

15          “(D) leveraged private contributions to  
16          support a wide variety of community develop-  
17          ment initiatives on a long-term basis; and

18          “(E) established and enhanced the mana-  
19          gerial, financial, and administrative capacity of  
20          the organization.

21          “(4) MONETARY AWARD.—In connection with  
22          each award made under this subsection to a commu-  
23          nity-based organization or capacity-building organi-  
24          zation, the Secretary shall, to the extent amounts  
25          are available pursuant to paragraph (6), provide a

1 monetary award to the organization in the amount  
2 of \$50,000.

3 “(5) USE OF FUNDS FOR ADMINISTRATIVE PUR-  
4 POSES.—The Secretary may use amounts made  
5 available to carry out this subsection to defray the  
6 costs of the Secretary in connection with making  
7 awards under this section, including costs for—

8 “(A) printing and disseminating informa-  
9 tion;

10 “(B) holding conferences;

11 “(C) holding competition for awards, in-  
12 cluding travel and per diem costs; and

13 “(D) travel costs of award winners to at-  
14 tend follow-up conferences endorsed by the Sec-  
15 retary and to provide peer-to-peer assistance to  
16 other appropriate individuals and entities.

17 “(6) FUNDING.—

18 “(A) IN GENERAL.—Of any amounts ap-  
19 propriated for fiscal year 1995 to carry out this  
20 section 4, 10 percent shall be used to carry out  
21 this subsection. Of any amounts appropriated  
22 for fiscal year 1996 to carry out this section,  
23 such sums as may be necessary shall be used to  
24 carry out this subsection. The provisions of sub-

1 section (c) shall not apply to any amounts used  
2 to carry out this subsection.

3 “(B) SET-ASIDE FOR ADMINISTRATIVE  
4 PURPOSES.—Of amounts available for any fiscal  
5 year to carry out this subsection pursuant to  
6 subparagraph (A), not more than 2 percent  
7 may be used for the purposes in paragraph  
8 (5).”.

9 **SEC. 634. COLONIAS ASSISTANCE PROGRAM.**

10 (a) GRANT AUTHORITY.—The Secretary may make  
11 grants in accordance with the provisions of this section  
12 to units of general local government, States, nonprofit or-  
13 ganizations, or entities or instrumentalities established  
14 under the authority of any of such entities, for use in ad-  
15 dressing the community development and housing needs  
16 of colonias.

17 (b) ELIGIBLE ACTIVITIES.—Assistance under this  
18 section may be used only to carry out the following activi-  
19 ties:

20 (1) Any activity eligible under section 105 of  
21 the Housing and Community Development Act of  
22 1974 or section 212(a) of the HOME Investment  
23 Partnerships Act.

1           (2) Refinancing the existing debt of home-  
2 owners to convert existing land transactions and in-  
3 terests into mortgages.

4           (3) Constructing new housing, including self-  
5 help, energy-efficient, and innovative housing design  
6 initiatives.

7           (4) Developing new subdivisions for affordable  
8 housing.

9           (5) Re-platting and redeveloping existing sub-  
10 divisions.

11           (6) Planning for and constructing infrastruc-  
12 ture necessary for the development of housing, eco-  
13 nomic development, and community facilities and  
14 amenities.

15           (7) Such other activities as the Secretary deems  
16 appropriate to further the purposes of this section.

17 (c) MODEL PROGRAMS.—

18           (1) IN GENERAL.—Of amounts allocated under  
19 subsection (j)(2), the Secretary shall make grants  
20 under this subsection to the entities referred to in  
21 subsection (a) for the purpose of establishing model  
22 programs of assistance for addressing the commu-  
23 nity development, housing, and other needs of the  
24 residents of the colonias.

25 (d) SELECTION OF GRANTEES.—



1           (1) GEOGRAPHIC DISTRIBUTION.—The Sec-  
2           retary shall designate—

3                   (A) at least one project in each State to re-  
4                   ceive a grant under this subsection; and

5                   (B) at least one project within a metropoli-  
6                   tan area in any State to receive a grant under  
7                   this subsection.

8           (2) SELECTION PROCESS.—The Secretary shall  
9           select grantees under this subsection on a non-  
10          competitive basis, through negotiation with the  
11          grantee.

12          (3) SELECTION CRITERIA.—In selecting  
13          projects for grants under this subsection, the Sec-  
14          retary shall consider—

15                   (A) the extent of need in the colonia;

16                   (B) the likely effectiveness of the proposed  
17                   approach in addressing identified needs;

18                   (C) the extent to which funding for the  
19                   project is committed from sources other than  
20                   under this section;

21                   (D) the need to consider a variety of solu-  
22                   tions to a variety of needs situations; and

23                   (E) such other factors as the Secretary  
24                   deems appropriate to carry out the objectives of  
25                   this section.

1 (e) COMPETITIVE GRANTS.—

2 (1) PURPOSE.—Grants under this subsection  
3 shall be made, in accordance with paragraph (2), to  
4 the entities referred to in subsection (a) for the pur-  
5 pose of assisting the community development and  
6 housing needs of the residents of one or more  
7 colonias in an area or region.

8 (2) RESERVATION OF FUNDS.—Of amounts al-  
9 located under subsection (j)(2), the Secretary shall  
10 reserve a target amount for grants under this sub-  
11 section for use in colonias in each State. The Sec-  
12 retary shall determine the amount be reserved based  
13 on such objective factors of need as the Secretary  
14 deems appropriate, which may include rates of pov-  
15 erty in, and the population of, colonias. The Sec-  
16 retary shall reallocate any amounts set-aside under  
17 this paragraph for which the Secretary determines  
18 there will not be sufficient approvable applications in  
19 a fiscal year.

20 (3) USE OF FUNDS.—Any amount not reserved  
21 or reallocated under paragraph (2) may be used in  
22 colonias in any State.

23 (4) APPLICATIONS.—Applications for grants  
24 under this subsection shall be submitted at such  
25 time and in accordance with such procedures, as the

1 Secretary shall prescribe. Applications shall contain  
2 the following information, which the Secretary shall  
3 consider in selecting projects for grants under this  
4 subsection:

5 (A) The extent of need in the colonia.

6 (B) An estimate of the likely effectiveness  
7 of the proposed approach in addressing identi-  
8 fied needs.

9 (C) A description of the extent to which  
10 funding for the project is committed from  
11 sources other than under this section.

12 (D) Any other information that the Sec-  
13 retary deems appropriate to carry out the objec-  
14 tives of this section.

15 (5) SELECTION OF GRANTEES.—The Secretary  
16 shall select grantees for grants under this subsection  
17 on the basis of a competition, following publication  
18 of a notice of funding availability in the Federal  
19 Register.

20 (f) RECORDS, REPORTS, AND AUDITS.—

21 (1) KEEPING OF RECORDS.—Each grantee  
22 under this section shall keep such records as may be  
23 reasonably necessary to disclose the amounts and  
24 the disposition of grant amounts received under this

1 section and to ensure compliance with the require-  
2 ments of this section.

3 (2) GRANTEE REPORTS.—Each grantee under  
4 this section shall submit to the Secretary a report,  
5 or series of reports, in a form and at a time speci-  
6 fied by the Secretary. Each report shall—

7 (A) describe the use of funds made avail-  
8 able to the grantee under this section; and

9 (B) describe and analyze the effect of as-  
10 sisted activities in addressing the community  
11 development and housing needs of the residents  
12 of colonias.

13 (g) ACCESS TO DOCUMENTS BY SECRETARY.—The  
14 Secretary shall have access for the purpose of audit and  
15 examination to any books, documents, papers, and records  
16 of a grantee that are pertinent to assistance received in  
17 connection with, and the requirements of, this section.

18 (h) ACCESS TO DOCUMENTS BY COMPTROLLER GEN-  
19 ERAL.—The Comptroller General of the United States, or  
20 any of the duly authorized representatives of the Comp-  
21 troller General, shall have access for the purpose of audit  
22 and examination to any books, documents, papers, and  
23 records of a grantee that are pertinent to assistance re-  
24 ceived under, and the requirements of, this section.

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

3 (1) The terms “colonia” and “United States-  
4 Mexico Border Region” have the meanings given the  
5 terms in section 916(e) of the Cranston-Gonzalez  
6 National Affordable Housing Act.

7 (2) The term “metropolitan area” has the  
8 meaning given the term in section 102(a) of the  
9 Housing and Community Development Act of 1974.

10 (3) The term “nonprofit organization” means—

11 (A) an organization—

12 (i) that is described in section 501(c)  
13 of the Internal Revenue Code of 1986; and

14 (ii) is exempt from taxation under  
15 section 501(a) of such Code; or

16 (B) an organization—

17 (i) no part of the net earnings of  
18 which inures to the benefit of any member,  
19 founder, contributor, or individual;

20 (ii) that in the case of a private non-  
21 profit organization, has a voluntary board;

22 (iii) that has an accounting system, or  
23 has designated a fiscal agent in accordance  
24 with requirements established by the Sec-  
25 retary; and

1 (iv) that practices nondiscrimination  
2 in the provision of assistance.

3 (4) The term “Secretary” means the Secretary  
4 of Housing and Urban Development.

5 (5) The term “State” means the States of Cali-  
6 fornia, Arizona, New Mexico, and Texas.

7 (6) The term “unit of general local govern-  
8 ment” means—

9 (A) a city, town, township, county, parish,  
10 village, or other general purpose political sub-  
11 division of a State; and

12 (B) any agency or instrumentality thereof  
13 that is established pursuant to legislation and  
14 designated by the chief executive to act on be-  
15 half of the jurisdiction with regard to provisions  
16 of this section.

17 The term includes a consortium of geographically  
18 contiguous units of general local government, if the  
19 Secretary determines that the consortium—

20 (i) has sufficient authority and administra-  
21 tive capability to carry out the purposes of this  
22 section on behalf of its member jurisdictions;  
23 and

24 (ii) meets such other requirements as the  
25 Secretary may prescribe.

1 (j) FUNDING.—

2 (1) AUTHORIZATION OF APPROPRIATIONS.—

3 There are authorized to be appropriated for grants  
4 under this section \$100,000,000 for each of fiscal  
5 years 1995 and 1996. Any amount appropriated to  
6 carry out this section shall remain available until ex-  
7 pended.

8 (2) ALLOCATION OF FUNDS.—Of the amounts  
9 appropriated under paragraph (1) for any fiscal  
10 year—

11 (A) 80 percent shall be available for grants  
12 to establish model programs under subsection  
13 (c); and

14 (B) 20 percent shall be available for com-  
15 petitive grants under subsection (e).

16 **SEC. 635. GRANTS FOR EMPOWERMENT ZONES AND ENTER-**  
17 **PRISE COMMUNITIES.**

18 (a) GRANT AUTHORITY.—The Secretary of Housing  
19 and Urban Development may make grants to units of gen-  
20 eral local government in which empowerment zones and  
21 enterprise communities have been designated pursuant to  
22 section 1391 of the Internal Revenue Code of 1986.

23 (b) USE.—Grants under this section may be used  
24 only to assist units of general local government in imple-  
25 menting the strategic plan for community revitalization re-

1 quired for each designated empowerment zone and enter-  
2 prise community by expanding business opportunities and  
3 job creation through economic development activities and  
4 by stimulating the use of project-based rental assistance  
5 certificates and other activities to construct or rehabilitate  
6 rental housing, as follows:

7           (1) ECONOMIC DEVELOPMENT ACTIVITIES.—  
8           Grants amounts under this section used for eco-  
9           nomic development activities may be used only for  
10          activities eligible to be carried out with amounts pro-  
11          vided under title I of the Housing and Community  
12          Development Act of 1974.

13          (2) ASSISTED HOUSING.—Grant amounts under  
14          this section used for housing activities may be used  
15          for—

16                 (A) project-based assistance activities eligi-  
17                 ble under section 8 of the United States Hous-  
18                 ing Act of 1937 or similar State and local pro-  
19                 grams;

20                 (B) activities eligible for assistance under  
21                 title II of the Cranston-Gonzalez National Af-  
22                 fordable Housing Act or a similar local afford-  
23                 able housing program; and



1 (C) other housing activities that meet the  
2 requirements of this subsection, as the Sec-  
3 retary may approve.

4 (3) PROHIBITION OF USE OF ASSISTANCE FOR  
5 EMPLOYMENT RELOCATION ACTIVITIES.—Notwith-  
6 standing any other provision of this section, no  
7 grant amounts under this section may be used for  
8 any activity (including any infrastructure improve-  
9 ment) that is intended, or likely, to facilitate the re-  
10 location or expansion of any industrial or commer-  
11 cial plant, facility, or operation, from one area to an-  
12 other area, if the relocation or expansion will result  
13 in a loss of employment in the area from which the  
14 relocation or expansion occurs.

15 (c) TECHNICAL ASSISTANCE.—From amounts re-  
16 served under subsection (i)(2), the Secretary shall carry  
17 out, directly or through contracts, training and informa-  
18 tion activities in connection with the program under this  
19 section.

20 (d) APPLICATIONS.—A locality in which an  
21 empowerment zone or enterprise community has been des-  
22 ignated, which designation remains in effect, may submit  
23 an application to the Secretary for a grant under this sec-  
24 tion. The application shall contain such information and  
25 certifications as the Secretary may require, including a

1 certification that the grant will be used in accordance with  
2 the approved strategic plan. Where a zone or community  
3 is within the jurisdiction of more than one unit of general  
4 local government, the application shall be submitted joint-  
5 ly by the units of general local government and shall speci-  
6 fy whether and, if so, how the grant is to be divided among  
7 the units.

8 (e) FUNDING.—To the extent amounts are available  
9 to carry out this section, for applications approved by the  
10 Secretary the amount of a grant under this section for  
11 a fiscal year shall be—

12 (1) \$50,000,000 for each urban empowerment  
13 zone;

14 (2) \$20,000,000 for each rural empowerment  
15 zone; and

16 (3) \$1,400,000 for each enterprise community.

17 (f) TERMS AND CONDITIONS.—Grants made under  
18 this section shall be subject to such terms and conditions  
19 as the Secretary may establish.

20 (g) USE IN CONJUNCTION WITH LOAN GUARAN-  
21 TEES.—Grants made under this section may be used in  
22 conjunction with loans guaranteed under section 108 of  
23 the Housing and Community Development Act of 1974  
24 and the Home Investment Partnerships Act.

25 (h) RECORDS, REPORTS, AND AUDITS.—

1           (1) KEEPING OF RECORDS.—Each grantee  
2 under this section shall keep such records as may be  
3 reasonably necessary to disclose the amounts and  
4 the disposition of grant amounts received under this  
5 subtitle and to ensure compliance with the require-  
6 ments of this section.

7           (2) GRANTEE REPORTS.—Each grantee under  
8 this section shall submit to the Secretary a report,  
9 or series of reports, in a form and at a time speci-  
10 fied by the Secretary. Each report shall—

11                   (A) describe the use of amounts made  
12 available under this section; and

13                   (B) describe and analyze the effect of as-  
14 sisted activities in addressing the objectives of  
15 this section.

16           (3) ACCESS TO DOCUMENTS BY SECRETARY.—  
17 The Secretary shall have access for the purpose of  
18 audit and examination to any books, documents, pa-  
19 pers, and records of the grantee that are pertinent  
20 to assistance received in connection with, and the re-  
21 quirements of, this section.

22           (4) ACCESS TO DOCUMENTS BY COMPTROLLER  
23 GENERAL.—The Comptroller General of the United  
24 States, or any of the duly authorized representatives  
25 of the Comptroller General, shall have access for the

1 purpose of audit and examination to any books, doc-  
2 uments, papers, and records of the grantee that are  
3 pertinent to assistance received under, and the re-  
4 quirements of, this section.

5 (i) FUNDING.—

6 (1) AUTHORIZATION OF APPROPRIATIONS.—  
7 There are authorized to be appropriated for pur-  
8 poses of this section \$250,000,000 for fiscal year  
9 1995 and \$250,000,000 for fiscal year 1996. Any  
10 amount appropriated to carry out this section shall  
11 remain available until expended.

12 (2) RESERVATION OF AMOUNTS FOR TRAINING  
13 AND INFORMATION ACTIVITIES.—Of the amounts  
14 appropriated pursuant to paragraph (1) for any fis-  
15 cal year, the Secretary shall reserve not more than  
16 0.5 percent for use only to carry out the training  
17 and information activities referred to in subsection  
18 (c).

19 **SEC. 636. USE OF GRANT AMOUNTS.**

20 (a) BUFFALO, NEW YORK.—Notwithstanding any  
21 other provision of law, the City of Buffalo, New York, may  
22 retain amounts provided under an urban development ac-  
23 tion grant under section 119 of the Housing and Commu-  
24 nity Development Act of 1974 for Project No. B-87-AA-  
25 36-0540 and use such funds for the Towne Gardens Plaza

1 project, and may retain amounts provided under such a  
2 grant for Project No. B-87-AA-36-0521 and use such  
3 funds for the American Axle project, if such projects are  
4 commenced not later than 6 months after the date of the  
5 enactment of this Act.

6 (b) PITTSBURGH, PENNSYLVANIA.—Notwithstanding  
7 any other provision of law, the city of Pittsburgh, Penn-  
8 sylvania, may retain any amounts provided under an  
9 urban development action grant for Project No. B-86-  
10 AA-42-0275 and use such funds for the Central Pitts-  
11 burgh Plaza project, if such project is commenced not  
12 later than 6 months after the date of the enactment of  
13 this Act.

14 (c) WILKES-BARRE, PENNSYLVANIA.—Notwithstand-  
15 ing any other provision of law, the city of Wilkes-Barre,  
16 Pennsylvania, may retain any amounts provided under an  
17 urban development action grant for Project No. B-87-  
18 AA-42-1211 and use such funds for the Northeastern  
19 Pennsylvania Economic Development project, if such  
20 project is commenced not later than 6 months after the  
21 date of enactment of this Act.

22 (d) RICHMOND, VIRGINIA.—The Secretary of Hous-  
23 ing and Urban Development shall cancel the indebtedness  
24 of the city of Richmond, Virginia, relating to the categor-  
25 ical program settlement grant provided to the city to settle

1 four urban renewal programs (Project No. B-78-UR-51-  
2 0019). The city of Richmond, Virginia, is hereby relieved  
3 of all liability to the Federal Government for such grant  
4 and any fees and charges payable in connection with such  
5 grant.

6 (e) LOCKPORT TOWNSHIP, ILLINOIS.—The Secretary  
7 of Housing and Urban Development shall cancel the in-  
8 debtedness of Lockport Township, Illinois, relating to the  
9 public facilities loan for Project No. ILL-11-PFL0112.  
10 Lockport Township, Illinois, is hereby relieved of all liabil-  
11 ity to the Federal Government for the outstanding prin-  
12 cipal balance on such loan, the amount of accrued interest  
13 on such loan, and any other fees and charges payable in  
14 connection with such loan.

15 (f) BINGHAMTON, NEW YORK.—Notwithstanding any  
16 other provision of law, the City of Binghamton, New York,  
17 may retain amounts provided under an urban development  
18 action grant under section 119 of the Housing and Com-  
19 munity Development Act of 1974 for Project No. B-88-  
20 AA-36-0535 and use such funds for the High Technology  
21 Center project, if such project is commenced not later than  
22 6 months after the date of the enactment of this Act.

23 (g) BUDGET COMPLIANCE.—Subsections (d) and (e)  
24 of this section shall be effective only to the extent, or in  
25 such amounts, as are provided in appropriation Acts.

1     **TITLE VII—REGULATORY AND**  
2     **MISCELLANEOUS PROGRAMS**

3     **SEC. 701. FAIR HOUSING INITIATIVES PROGRAM.**

4         Section 561(g) of the Housing and Community De-  
5     velopment Act of 1987 (42 U.S.C. 3616 note) is amended  
6     to read as follows:

7         “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
8     are authorized to be appropriated to carry out the provi-  
9     sions of this section \$26,000,000 for fiscal year 1995 and  
10    \$27,000,000 for fiscal year 1996, of which—

11             “(1) not less than \$9,000,000 for fiscal year  
12             1995 and \$9,000,000 for fiscal year 1996 shall be  
13             for private enforcement initiatives authorized under  
14             subsection (b), divided equally between activities  
15             specified under subsection (b)(1) and those specified  
16             under subsection (b)(2);

17             “(2) not less than \$3,000,000 for fiscal year  
18             1995 and \$3,000,000 for fiscal year 1996 shall be  
19             for qualified fair housing enforcement organizations  
20             authorized under subsection (c)(1);

21             “(3) not less than \$7,000,000 for fiscal year  
22             1995 and \$7,000,000 for fiscal year 1996 shall be  
23             for the creation of new fair housing enforcement or-  
24             ganizations authorized under subsection (c)(2); and

1           “(4) not less than \$7,000,000 for fiscal year  
2           1995 and \$7,000,000 for fiscal year 1996 shall be  
3           for education and outreach programs authorized  
4           under subsection (d), to be divided equally between  
5           activities specified under subsection (d)(1) and those  
6           specified under subsections (d)(2) and (d)(3).

7 Any amount appropriated under this section shall remain  
8 available until expended.”.

9 **SEC. 702. HUD PROGRAM MONITORING AND EVALUATION.**

10           The first sentence of section 7(r)(6) of the Depart-  
11           ment of Housing and Urban Development Act (42 U.S.C.  
12           3535(r)(6)) is amended to read as follows: “There are au-  
13           thorized to be appropriated to carry out this subsection  
14           such sums as may be necessary for fiscal years 1995 and  
15           1996.”.

16 **SEC. 703. HUD SALARIES AND EXPENSES.**

17           Section 7(s) of the Department of Housing and  
18           Urban Development Act (42 U.S.C. 3535(s)) is amended  
19           to read as follows:

20           “(s) AUTHORIZATION OF APPROPRIATIONS FOR SAL-  
21           ARIES AND EXPENSES.—Notwithstanding any other provi-  
22           sion of law, there are authorized to be appropriated such  
23           sums as may be necessary for each of fiscal years 1995  
24           and 1996 for salaries and expenses to carry out the pur-  
25           poses of this section. There is also authorized to be appro-



1 priated for fiscal year 1996, \$40,000,000, for the training,  
2 travel to training, continuing education, professional de-  
3 velopment, and improvement of skills of employees of the  
4 Department.”.

5 **SEC. 704. USE OF TECHNICAL ASSISTANCE AMOUNTS BY OR**  
6 **FOR HUD STAFF.**

7 Section 7 of the Department of Housing and Urban  
8 Development Act (42 U.S.C. 3535) is amended by adding  
9 at the end the following new subsection:

10 “(t) USE OF TECHNICAL ASSISTANCE AMOUNTS.—  
11 The Secretary may transfer to any of the accounts of the  
12 Department for salaries and expenses from any other ac-  
13 count from which amounts may be drawn for technical as-  
14 sistance such amounts as the Secretary determines are  
15 reasonable to reimburse such salaries and expenses ac-  
16 count, but only if such reimbursement is made for expend-  
17 itures for the costs of personal services, travel, and trans-  
18 portation, and other object classifications that are in-  
19 curred for the technical assistance, training, and related  
20 activities provided by or to officials and employees of the  
21 Department for a program that is funded from such other  
22 account and in which the costs of technical assistance are  
23 otherwise eligible for expenditure. Up to 10 percent of the  
24 amount transferred may be used for technical assistance,  
25 training, travel, and related expenses provided to officials

1 and employees of the Department. The authority under  
2 this subsection to transfer amounts shall be in addition  
3 to any other authority of the Secretary to transfer funds  
4 among accounts which exists on the date of the enactment  
5 of the Housing and Community Development Act of 1992  
6 or is provided after such date.”.

7 **SEC. 705. ANNUAL REPORT REGARDING REPEAL OF UN-**  
8 **FUNDED PROGRAMS.**

9 Section 8 of the Department of Housing and Urban  
10 Development Act (42 U.S.C. 3536) is amended—

11 (1) by inserting “(a) IN GENERAL.—” after  
12 “SEC. 8.”; and

13 (2) by adding at end the following new sub-  
14 section:

15 “(b) UNFUNDED PROGRAMS.—In each annual report  
16 under this section, the Secretary shall—

17 “(1) identify each program under the jurisdic-  
18 tion of the Department for which amounts have been  
19 authorized to be appropriated for each of the 3 most  
20 recently completed fiscal years but for which, for all  
21 3 of such years, amounts have not been appro-  
22 priated; and

23 “(2) include proposed legislation repealing the  
24 provisions of Federal law authorizing the programs  
25 identified pursuant to paragraph (1) and providing

1 requirements for the treatment, after such repeal, of  
2 any assistance provided under such provisions before  
3 the repeal.”.

4 **SEC. 706. REQUIREMENTS FOR PARTICIPATION OF WOMEN**  
5 **IN CONSTRUCTION ASSISTED UNDER HUD**  
6 **PROGRAMS.**

7 The Department of Housing and Urban Development  
8 Act (42 U.S.C. 3531 et seq.) is amended by adding at  
9 the end the following new section:

10 **“SEC. 15. REQUIREMENTS FOR PARTICIPATION OF WOMEN**  
11 **IN CONSTRUCTION ASSISTED UNDER HUD**  
12 **PROGRAMS.**

13 “(a) BIDS.—Except as provided in subsection (c),  
14 each contractor submitting a bid or contract proposal for  
15 a covered construction contract (and each applicant for  
16 construction assistance that will carry out construction)  
17 shall include in the bid or proposal (or application for con-  
18 struction assistance) documentation sufficient to ensure  
19 that the contractor will comply with the requirements of  
20 this section or certifications that the contractor will make  
21 a good faith effort to comply with such requirements. The  
22 Secretary shall, by regulation, establish standards for such  
23 documentation and certifications and shall provide for con-  
24 tractors (and applicants) making certifications to periodi-

1 cally provide to the Secretary evidence of such good faith  
2 efforts.

3 “(b) PARTICIPATION REQUIREMENTS.—Any contrac-  
4 tor who enters into a covered construction contract (and  
5 any recipient of construction assistance carrying out con-  
6 struction), and any subcontractor thereof, shall employ  
7 and maintain the employment of construction trades work-  
8 ers in construction covered by the covered construction  
9 contract (or assisted with the construction assistance)—

10 “(1) for any contractor or subcontractor (or re-  
11 cipient of construction assistance) whose total num-  
12 ber of employees is not less than 6 and not more  
13 than 19, not less than 1 woman; and

14 “(2) for any contractor or subcontractor (or re-  
15 cipient of construction assistance) whose total num-  
16 ber of employees is 20 or more, a number of women  
17 that is not less than 10 percent of the positions in  
18 each of the construction trades performed by the  
19 contractor or subcontractor (or recipient of construc-  
20 tion assistance).

21 “(c) EXEMPTION FOR SMALL CONTRACTORS.—Any  
22 contractor (or recipient) whose total number of employees  
23 is 5 or less shall not be subject to the requirements of  
24 this section.

25 “(d) DEFINITIONS.—For purposes of this section:

1           “(1) The term ‘construction assistance’ means  
2 any assistance provided under any program adminis-  
3 tered by the Secretary that is used for any construc-  
4 tion, but does not include mortgage insurance under  
5 the National Housing Act.

6           “(2) The term ‘construction trades workers’  
7 means workers in any construction trade, includ-  
8 ing—

9                   “(A) brickmasons, stonemasons, and tile  
10           setters;

11                   “(B) carpenters;

12                   “(C) electricians and power transmission  
13           installers;

14                   “(D) painters, paperhangers, and plaster-  
15           ers;

16                   “(E) plumbers, pipefitters, and steam-  
17           fitters;

18                   “(F) carpet installers;

19                   “(G) drywall installers and drywall finish-  
20           ers;

21                   “(H) concrete and terrazzo finishers;

22                   “(I) glaziers;

23                   “(J) insulation workers;

24                   “(K) paving, surfacing, and tamping  
25           equipment operators;

1           “(L) roofers;

2           “(M) sheetmetal duct installers;

3           “(N) structural metal workers;

4           “(O) power equipment operators (including  
5 truck drivers, and backhoe, bulldozer, crane,  
6 loader, and grader operators);

7           “(P) sprinkler installers;

8           “(Q) elevator installers;

9           “(R) laborers; and

10          “(S) landscapers.

11           “(3) The term ‘contractor’ includes firms, part-  
12 nerships, corporations, and any other persons, and  
13 any combination thereof.

14           “(4) The term ‘covered construction contract’  
15 means an agreement to provide labor and related  
16 materials, supplies, or services for any construction  
17 that—

18           “(A) involves any construction assistance;

19           and

20           “(B) if such construction assistance is pro-  
21 vided—

22           “(i) under the community develop-  
23 ment block grant program under title I of  
24 the Housing and Community Development  
25 Act of 1974 or the HOME Investment

1 Partnerships Act, involves a total project  
2 cost of not less than \$100,000; or

3 “(ii) under any other program admin-  
4 istered by the Secretary, involves a total  
5 project cost of not less than \$200,000.

6 “(5) The term ‘subcontractor’ means any firm,  
7 partnership, corporation, or any other person, or any  
8 combination thereof, who enters into a contract or  
9 agreement with a contractor to perform a substan-  
10 tial specified portion of a covered construction con-  
11 tract.”.

12 **SEC. 707. NOTIFICATION OF HUD FUNDING AWARDS.**

13 Section 102(a)(1) of the Department of Housing and  
14 Urban Development Reform Act of 1989 (42 U.S.C.  
15 3545(a)(1)) is amended by adding at the end the following  
16 new sentence: “Each notice of the availability of assistance  
17 shall include an estimate of the date by which the Depart-  
18 ment will notify applicants for such assistance whose ap-  
19 plications or requests for assistance are approved of such  
20 approval.”.

21 **SEC. 708. EXCLUSION OF GNMA FROM HUD PERSONNEL**  
22 **CEILINGS.**

23 Section 502(a) of the Housing Act of 1948 (12  
24 U.S.C. 1701c(a)) is amended by adding at the end the  
25 following new sentence: “Notwithstanding any other provi-

1 sion of law, employees of the Government National Mort-  
2 gage Association Department in the Department of Hous-  
3 ing and Urban Development shall not be considered em-  
4 ployees of the Department for purposes of any limitation  
5 on the number of employees of the Department.”.

6 **SEC. 709. HUD RESEARCH AND DEVELOPMENT.**

7 The second sentence of section 501 of the Housing  
8 and Urban Development Act of 1970 (12 U.S.C. 1701z-  
9 1) is amended to read as follows: “There are authorized  
10 to be appropriated to carry out this title \$40,000,000 for  
11 fiscal year 1995 and \$42,000,000 for fiscal year 1996.”.

12 **SEC. 710. PREVENTING FRAUD AND ABUSE IN RURAL RENT-**  
13 **AL HOUSING PROGRAM.**

14 Section 904 of the Stewart B. McKinney Homeless  
15 Assistance Amendments Act of 1988 (42 U.S.C. 3544) is  
16 amended—

17 (1) in the heading for the section, by inserting  
18 “**AND RURAL RENTAL HOUSING PROGRAM**” be-  
19 fore the period at the end;

20 (2) by striking paragraph (1) of subsection (a)  
21 and inserting the following new paragraph:

22 “(1) **SECRETARY CONCERNED.**—The term ‘Sec-  
23 retary concerned’ means—

24 “(A) the Secretary of Housing and Urban  
25 Development, with respect to programs of the



1 Department of Housing and Urban Develop-  
2 ment; and

3 “(B) the Secretary of Agriculture, with re-  
4 spect to the program for rural rental housing  
5 under section 515 of the Housing Act of  
6 1949.”;

7 (3) in subsection (b), in the matter preceding  
8 paragraph (1), by inserting after “income,” the fol-  
9 lowing: “and as a condition of initial or continuing  
10 eligibility for participation in the program for rural  
11 rental housing under section 515 of the Housing Act  
12 of 1949,”;

13 (4) in subsection (c)(2)(A)—

14 (A) by inserting before “from the im-  
15 proper” the following: “or the program for  
16 rural rental housing under section 515 of the  
17 Housing Act of 1949”; and

18 (B) by inserting before “and (in” the fol-  
19 lowing: “and the Department of Agriculture”;

20 (5) in the last sentence of subsection (c)(3)(A),  
21 by inserting “an officer or employee of the Depart-  
22 ment of Agriculture,” after “Development,”;

23 (6) in subsection (e), by inserting after “Devel-  
24 opment” the following: “or the program for rural

1 rental housing under section 515 of the Housing Act  
2 of 1949,”;

3 (7) in subsection (a)(2), in the matter in sub-  
4 section (b) that precedes paragraph (1), and in  
5 paragraphs (1) and (2) of subsection (b), by striking  
6 “the Secretary” each place it appears and inserting  
7 “the Secretary concerned”; and

8 (8) in subsection (b)(3)—

9 (A) by striking “the Secretary authorizing  
10 the Secretary” and inserting “the Secretary  
11 concerned authorizing the Secretary con-  
12 cerned”; and

13 (B) by striking “of the Secretary” and in-  
14 serting “of the Secretary concerned”.

15 **SEC. 711. NATIONAL INSTITUTE OF BUILDING SCIENCES.**

16 The second sentence of section 809(i) of the Housing  
17 and Community Development Act of 1974 (12 U.S.C.  
18 1701j-2(i)) is amended to read as follows: “In addition  
19 to the amounts authorized to be appropriated under the  
20 first sentence of this subsection, there are authorized to  
21 be appropriated to the Institute to carry out the provisions  
22 of this section \$2,000,000 for fiscal year 1995 and  
23 \$2,000,000 for fiscal year 1996.”.

1 **SEC. 712. RESIDENTIAL LEAD-BASED PAINT HAZARD RE-**  
2 **DUCTION.**

3 (a) TARGET HOUSING HAZARD REDUCTION.—

4 (1) AUTHORIZATION OF APPROPRIATIONS.—

5 Section 1011(p) of the Housing and Community De-  
6 velopment Act of 1992 (42 U.S.C. 4852(p)) is  
7 amended to read as follows:

8 “(p) AUTHORIZATION OF APPROPRIATIONS.—For the  
9 purposes of carrying out this Act, there are authorized to  
10 be appropriated \$100,000,000 for fiscal year 1995 and  
11 \$110,000,000 for fiscal year 1996.”.

12 (2) TECHNICAL ASSISTANCE AND CAPACITY  
13 BUILDING.—Section 1011(g) of the Housing and  
14 Community Development Act of 1992 (42 U.S.C.  
15 4852(g)) is amended—

16 (A) in paragraph (1)—

17 (i) in the first sentence, by inserting  
18 before the period at the end the following:  
19 “, by providing technical assistance, either  
20 directly, or indirectly under contracts or  
21 otherwise”; and

22 (ii) by striking the second sentence;  
23 and

24 (B) by striking paragraph (2) and insert-  
25 ing the following new paragraph:

1           “(2) SET-ASIDE.—Of the total amount ap-  
2           proved in appropriation Acts under subsection (p),  
3           there shall be set aside to carry out this subsection  
4           \$3,000,000 for fiscal year 1995 and \$3,000,000 for  
5           fiscal year 1996.”.

6           (3) ELIGIBLE HOUSING.—Section 1011 of the  
7           Housing and Community Development Act of 1992  
8           (42 U.S.C. 4852) is amended—

9                   (A) by striking subsection (a) and insert-  
10                  ing the following new subsection:

11           “(a) AUTHORITY AND ELIGIBLE HOUSING.—

12                   “(1) AUTHORITY.—The Secretary may provide  
13                  grants to eligible applicants to evaluate and reduce  
14                  lead-based paint hazards in housing that meets the  
15                  requirements under paragraphs (2) and (3) and is  
16                  not federally assisted housing, federally owned hous-  
17                  ing, or public housing, in accordance with the provi-  
18                  sions of this section.

19                   “(2) ELIGIBLE HOUSING.—Housing that meets  
20                  the requirements under this paragraph is the follow-  
21                  ing housing:

22                           “(A) RENTAL HOUSING.—In the case of  
23                          rental housing, housing in which at least 50  
24                          percent of the dwelling units are occupied by or  
25                          available to households with incomes not ex-

1           ceeding 50 percent of the median income for  
2           the area, as defined by the Secretary, and the  
3           remainder of the dwelling units are occupied by  
4           or available to households with incomes not ex-  
5           ceeding 80 percent of the median income for  
6           the area, as defined by the Secretary.

7           “(B) OWNER-OCCUPIED HOUSING.—In the  
8           case of owner-occupied housing, a dwelling that  
9           is the principal residence of a household with an  
10          income not exceeding 80 percent of the median  
11          income for the area, as defined by the Sec-  
12          retary.

13          “(3) LIMITATIONS ON USE OF AMOUNTS.—

14          “(A) RENTAL HOUSING.—In the case of  
15          rental housing for which lead hazard reduction  
16          activities are conducted using grant amounts  
17          under this section—

18                  “(i) notwithstanding paragraph  
19                  (2)(A), for housing with 5 or more dwell-  
20                  ing units, not more than 20 percent of  
21                  such remaining dwelling units may be oc-  
22                  cupied by households with incomes exceed-  
23                  ing 80 percent of the median income for  
24                  the area, as defined by the Secretary; and

1           “(ii) all vacant dwelling units for  
2           which such activities have been conducted  
3           shall be made available only to households  
4           with a child or children under 6 years of  
5           age, and among such households priority  
6           shall be given to households with incomes  
7           not exceeding 50 percent of the median in-  
8           come for the area, as defined by the Sec-  
9           retary.

10           “(B) OWNER-OCCUPIED HOUSING.—In the  
11           case of owner-occupied housing for which lead  
12           hazard reduction activities are conducted using  
13           grant amounts under this section, 90 percent of  
14           the dwelling units for which such activities are  
15           conducted shall be dwelling units occupied by a  
16           household with a child or children under 6  
17           years of age or dwelling units in which a child  
18           of such age regularly spends a substantial por-  
19           tion of his or her time.

20           “(4) EXCEPTION TO ELIGIBLE HOUSING RE-  
21           QUIREMENTS.—Notwithstanding paragraph (2),  
22           housing that qualifies as affordable housing under  
23           section 215 of the Cranston-Gonzalez National Af-  
24           fordable Housing Act (including housing that re-  
25           ceives assistance under section 8 of the United

1 States Housing Act of 1937) and for which activities  
2 assisted under this section are to be conducted using  
3 amounts made available to carry out this section for  
4 fiscal year 1993 shall be considered housing that  
5 meets the requirements of paragraph (2) and shall  
6 not be subject to the requirements of paragraph (3),  
7 but only if the recipient of such assistance elects, be-  
8 fore commencing such activities with such assist-  
9 ance, to be subject to the provisions of this para-  
10 graph and the Secretary approves such election. Any  
11 such recipient making such an election may not use  
12 such assistance to carry out activities under this sec-  
13 tion with respect to housing that meets the require-  
14 ments of paragraphs (2) and (3).”; and

15 (B) by striking “priority housing” each  
16 place it appears and inserting “housing that  
17 meets the requirements under subsection (a)”.

18 (b) HUD RESEARCH.—

19 (1) CONDUCTING OF RESEARCH.—Section 1052  
20 of the Housing and Community Development Act of  
21 1992 (42 U.S.C. 4854a) is amended by inserting  
22 after “other Federal agencies,” the following: “either  
23 directly, or indirectly under contract or otherwise,”.

1           (2) FUNDING.—Section 1053 of the Housing  
2           and Community Development Act of 1992 (42  
3           U.S.C. 4854b) is amended to read as follows:

4   **“SEC. 1054. FUNDING.**

5           “Of the total amount approved in appropriation Acts  
6           under section 1011(p), there shall be set aside to carry  
7           out this part \$5,000,000 for fiscal year 1995 and  
8           \$5,000,000 for fiscal year 1996.”.

9           (3) OTHER ACTIVITIES.—Part 1 of subtitle D  
10          of title X of the Housing and Community Develop-  
11          ment Act of 1992 (42 U.S.C. 4854 et seq.) is  
12          amended by inserting after section 1052 the follow-  
13          ing new section:

14   **“SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVI-**  
15                                   **TIES.**

16          “The Secretary may use amounts available to carry  
17          out this part to undertake, either directly, or indirectly  
18          under contract or otherwise, pursuant to title V of the  
19          Housing and Urban Development Act of 1970, such stud-  
20          ies, tests (including pilot tests of new or revised pro-  
21          grams), evaluations, demonstrations, education of the pub-  
22          lic, and preparation of training materials, as are consist-  
23          ent with the purposes of this Act.”.



1 (c) DEFINITIONS.—Section 1004 of the Housing and  
2 Community Development Act of 1992 (42 U.S.C. 4851b)  
3 is amended—

4 (1) by striking paragraph (20); and

5 (2) by redesignating paragraphs (21) through  
6 (27) as paragraphs (20) through (26), respectively.

7 **SEC. 713. GAO STUDY OF LEAD-BASED PAINT DETECTION**  
8 **TECHNOLOGIES AND TENANT NOTIFICATION**  
9 **PROCEDURES.**

10 (a) IN GENERAL.—The Comptroller General of the  
11 United States shall conduct a study of the lead-based  
12 paint detection and abatement programs of the Depart-  
13 ment of Housing and Urban Development, which shall in-  
14 clude—

15 (1) analysis of existing lead-based paint detec-  
16 tion technologies including an analysis of the effec-  
17 tiveness of x-ray fluorescence analyzers (in this sec-  
18 tion referred to as “XRF”);

19 (2) evaluation of the qualifications of XRF con-  
20 tractors and whether national certification standards  
21 should be imposed;

22 (3) analysis of whether the 1.0 mg/cm<sup>2</sup> action  
23 level for lead paint, as directed in section 302 of the  
24 Lead-Based Paint Poisoning Prevention Act, is too  
25 high to adequately protect tenant health, and in con-

1       duction such analysis, the Comptroller General shall  
2       consult with the Consumer Product Safety Commis-  
3       sion, the Department of Health and Human Serv-  
4       ices, and the Environmental Protection Agency; and

5               (4) evaluation of the effectiveness of tenant no-  
6       tification procedures of the Department of Housing  
7       and Urban Development pursuant to a finding of  
8       lead-based paint in public housing.

9       (b) REPORT.—Not later than the expiration of the  
10      6-month period beginning on the date of the enactment  
11      of this Act, the Comptroller General shall submit to the  
12      Congress a report describing the results of the study re-  
13      quired by subsection (a).

14      **SEC. 714. CIVIL MONEY PENALTIES FOR VIOLATIONS OF**  
15                              **HOME MORTGAGE DISCLOSURE ACT BY**  
16                              **NONSUPERVISED MORTGAGEES.**

17      Section 305 of the Home Mortgage Disclosure Act  
18      of 1975 (12 U.S.C. 2804) is amended—

19              (1) in subsection (b)—

20                      (A) in paragraph (2), by inserting “and”  
21                      at the end;

22                      (B) in paragraph (3), by striking “; and”  
23                      at the end and inserting a period; and

24                      (C) by striking paragraph (4);

1           (2) by redesignating subsection (c) as sub-  
2           section (d); and

3           (3) by inserting after subsection (b) the follow-  
4           ing new subsection:

5           “(c) POWERS OF THE SECRETARY OF HOUSING AND  
6           URBAN DEVELOPMENT.—

7           “(1) IN GENERAL.—The Secretary of Housing  
8           and Urban Development (in this subsection referred  
9           to as the ‘Secretary’) shall enforce compliance with  
10          the requirements imposed under this title with re-  
11          gard to lending institutions not described in sub-  
12          section (b).

13          “(2) CIVIL MONEY PENALTIES.—Pursuant to  
14          paragraph (1) of this subsection, the Secretary may  
15          impose a civil money penalty for failure to comply  
16          with the requirements of this title.

17          “(3) AMOUNT OF PENALTY.—The amount of  
18          the penalty, as determined by the Secretary, may  
19          not exceed \$5,000 for each violation, except that the  
20          maximum penalty for all violations by any particular  
21          lending institution during any 1-year period shall  
22          not exceed \$1,000,000.

23          “(4) VIOLATIONS FOR WHICH A PENALTY MAY  
24          BE IMPOSED.—A civil money penalty may be im-  
25          posed for the late submission of a report, failure to

1 submit a report, submission of an illegible report,  
2 submission of an erroneous report, and failure to  
3 submit a corrected report for a report that was illeg-  
4 ible or erroneous.

5 “(5) AGENCY PROCEDURES.—

6 “(A) ESTABLISHMENT.—The Secretary  
7 shall establish standards and procedures gov-  
8 erning the imposition of civil money penalties  
9 under this section. The standards and proce-  
10 dures shall provide for the Secretary to make  
11 the determination to impose the penalty or to  
12 use an administrative entity (such as the Mort-  
13 gagee Review Board, established pursuant to  
14 section 202(c) of the National Housing Act) to  
15 make the determination; shall provide for the  
16 imposition of a penalty only after the lending  
17 institution has been given an opportunity for a  
18 hearing on the record; and may provide for re-  
19 view by the Secretary of a determination or  
20 order, or interlocutory ruling, arising from a  
21 hearing.

22 “(B) FINAL ORDERS.—If no hearing is re-  
23 quested within 15 days of receipt of the notice  
24 of opportunity for hearing, the imposition of the  
25 penalty shall constitute a final and

1 unappealable determination. If the Secretary re-  
2 views the determination or order, the Secretary  
3 may affirm, modify, or reverse that determina-  
4 tion or order. If the Secretary does not review  
5 the determination or order within 90 days of  
6 the issuance of the determination or order, the  
7 determination or order shall be final.

8 “(C) FACTORS IN DETERMINING AMOUNT  
9 OF PENALTY.—In determining the amount of a  
10 penalty under this subsection, consideration  
11 shall be given to such factors as the gravity of  
12 the offense, any history of prior offenses, ability  
13 to pay the penalty, deterrence of future viola-  
14 tions, and such other factors as the Secretary  
15 may determine to be appropriate.

16 “(D) REVIEWABILITY OF IMPOSITION OF  
17 PENALTY.—The Secretary’s determination or  
18 order imposing a penalty under this subsection  
19 shall not be subject to review, except as pro-  
20 vided in this subsection.

21 “(6) JUDICIAL REVIEW OF AGENCY DETER-  
22 MINATION.—

23 “(A) IN GENERAL.—After exhausting all  
24 administrative remedies established by the Sec-  
25 retary under this subsection, a lending institu-

1           tion against whom the Secretary has imposed a  
2           civil money penalty under this subsection may  
3           obtain a review of the penalty as may be ad-  
4           dressed in the notice of determination to impose  
5           a penalty in the appropriate court of appeals of  
6           the United States, by filing in such court, with-  
7           in 20 days after the entry of such order or de-  
8           termination, a written petition praying that the  
9           Secretary's determination or order be modified  
10          or set aside in whole or in part.

11           “(B) OBJECTIONS NOT RAISED IN HEAR-  
12          ING.—The court shall not consider any objec-  
13          tion that was not raised in the hearing con-  
14          ducted pursuant to this subsection unless a  
15          demonstration is made of extraordinary cir-  
16          cumstances causing the failure to raise the ob-  
17          jection. If any party demonstrates to the satis-  
18          faction of the court that additional evidence not  
19          presented at the hearing is material and that  
20          there were reasonable grounds for the failure to  
21          present such evidence at the hearing, the court  
22          shall remand the matter to the Secretary for  
23          consideration of the additional evidence.

24           “(C) SCOPE OF REVIEW.—The decisions,  
25          findings, and determinations of the Secretary

1 shall be reviewed pursuant to section 706 of  
2 title 5, United States Code.

3 “(D) ORDER TO PAY PENALTY.—Notwith-  
4 standing any other provision of law, in any such  
5 review, the court shall have the power to order  
6 payment of the penalty imposed by the Sec-  
7 retary.

8 “(7) ACTION TO COLLECT PENALTY.—If a lend-  
9 ing institution fails to comply with the Secretary’s  
10 determination or order imposing a civil money pen-  
11 alty under this subsection, after the determination  
12 or order is no longer subject to review as provided  
13 by this subsection, the Secretary may bring an ac-  
14 tion in an appropriate United States district court to  
15 obtain a monetary judgment against the lending in-  
16 stitution. In such an action, the validity and appro-  
17 priateness of the Secretary’s determination or order  
18 imposing the penalty shall not be subject to review.  
19 The monetary judgment may, in the court’s discre-  
20 tion, include the attorneys fees and other expenses  
21 incurred by the United States in connection with the  
22 action.

23 “(8) SETTLEMENT BY SECRETARY.—The Sec-  
24 retary may compromise, modify, or remit any civil

1 money penalty which may be imposed under this  
2 subsection.

3 “(9) REGULATIONS.—The Secretary shall issue  
4 such regulations as the Secretary deems appropriate  
5 to implement this subsection.

6 “(10) DEPOSIT OF PENALTIES IN TREASURY.—  
7 All civil money penalties collected under this sub-  
8 section shall be deposited in the Miscellaneous Re-  
9 cepts Account of the Treasury.”.

10 **SEC. 715. REMOVAL OF REGULATORY BARRIERS TO AF-**  
11 **FORDABLE HOUSING.**

12 (a) PURPOSES.—Section 1202 of the Housing and  
13 Community Development Act of 1992 (42 U.S.C. 12705a)  
14 is amended—

15 (1) in paragraph (1), by striking “State and  
16 local governments to further identify and remove”  
17 and inserting “the further identification and removal  
18 of”; and

19 (2) by striking paragraph (2) and inserting the  
20 following new paragraph:

21 “(2) to encourage the establishment of partner-  
22 ships between local governments and builders and  
23 developers of affordable housing to facilitate develop-  
24 ment of innovative land use and building practices to  
25 overcome regulatory barriers.”.



1 (b) GRANTS.—Section 1204 of the Housing and  
2 Community Development Act of 1992 (42 U.S.C. 12705c)  
3 is amended—

4 (1) by striking subsection (a) and inserting the  
5 following new subsection:

6 “(a) IN GENERAL.—The amounts available for use  
7 under this Act may be used for grants under subsections  
8 (b) and (c), for evaluation of grantees, and for contracts  
9 with intermediaries for the administration of such  
10 grants.”;

11 (2) in subsection (b)—

12 (A) in the heading for the subsection, by  
13 striking “GRANTS” and inserting “AND RE-  
14 GIONAL STRATEGIES FOR BARRIER REMOVAL”;

15 (B) in matter preceding paragraph (1), by  
16 inserting after “States” the following: “, con-  
17 sortia of units of general local government, as-  
18 sociations of units of general local government,  
19 and metropolitan or regional governments”;

20 (C) in paragraph (3), by striking “a State  
21 program to reduce State and local” and insert-  
22 ing “State or regional programs to reduce”;

23 (D) in paragraph (4), by inserting “or  
24 local” after “State”;

1 (E) in paragraph (5), by striking “State”;

2 and

3 (F) by striking paragraph (6) and insert-  
4 ing the following new paragraph:

5 “(6) developing proposed legislation or adminis-  
6 trative policies for enactment by the State or local  
7 government addressing expanded housing oppor-  
8 tunity and barrier removal, including implementation  
9 of active programs encouraging housing opportuni-  
10 ties for low- and moderate-income families through  
11 activities such as comprehensive planning require-  
12 ments, metropolitan fair-share requirements for af-  
13 fordable housing, inclusionary zoning legislation, es-  
14 tablishment of new land development standards, and  
15 review of zoning standards and plans.”;

16 (3) by striking subsection (c) and inserting the  
17 following new subsection:

18 “(c) BARRIER REMOVAL DEMONSTRATION.—The  
19 Secretary may make grants to units of general local gov-  
20 ernment to encourage the establishment of partnerships  
21 between local governments and builders and developers  
22 under which the local government commits to modify exist-  
23 ing land use and building practices and the builder or de-  
24 veloper agrees to use innovative land planning and devel-  
25 opment approaches to build affordable housing in ways

1 which would overcome regulatory barriers. Assistance  
2 under this subsection may be used to assist the builder  
3 or developer obtain additional architectural, engineering,  
4 and land planning services to build affordable housing and  
5 to provide assistance to the locality in providing special-  
6 ized review and in meeting technical responsibilities result-  
7 ing from the removal of the regulatory barriers. During  
8 and after completion of these demonstration projects, the  
9 Secretary may evaluate the cost impact of the modified  
10 regulations and the long-term impact of the project on  
11 regulatory reform.”;

12 (4) by striking subsections (d) through (g) and  
13 inserting the following new subsection:

14 “(d) APPLICATION AND SELECTION.—

15 “(1) APPLICATION.—The Secretary shall pro-  
16 vide for the form and manner of applications for  
17 grants under this section, which in the case of  
18 grants under subsection (c), shall include resolutions  
19 and other evidence by the applicable regulating bod-  
20 ies evidencing commitments—

21 “(A) to waive or modify existing applicable  
22 zoning, building code, site planning, and other  
23 related development requirements;

24 “(B) to approve the project based upon an  
25 individual review of the technical data, site

1 plans, and architectural submissions of the  
2 project, utilizing the most recent research and  
3 practices of building engineering and land de-  
4 velopment; and

5 “(C) to accelerate development review and  
6 processing.

7 “(2) CRITERIA FOR APPROVAL.—The Secretary  
8 shall establish criteria for approval of applications  
9 under this subsection and for the competitive selec-  
10 tion of grantees under this section.”;

11 (5) in subsection (h), by striking “State and  
12 unit of general local government receiving” and in-  
13 serting “recipient of”; and

14 (6) by redesignating subsections (h) and (i) as  
15 subsections (e) and (f), respectively.

16 (c) REPORTS.—Section 1207 of the Housing and  
17 Community Development Act of 1992 (42 U.S.C. 12705a  
18 note) is amended by striking “this Act” and inserting “the  
19 Housing and Community Development Act of 1994”.

20 (d) CDBG SPECIAL PURPOSE GRANTS.—Section  
21 107(b) of the Housing and Community Development Act  
22 of 1974 (42 U.S.C. 5307(b)) is amended by inserting at  
23 the end the following new paragraph:

1           “(9) to eligible grantees, and for other pur-  
2           poses, under the Removal for Regulatory Barriers to  
3           Affordable Housing Act of 1992.”.

4   **SEC. 716. NEW TOWNS DEMONSTRATION PROGRAM FOR**  
5           **EMERGENCY RELIEF OF LOS ANGELES.**

6           (a) **INSURANCE AUTHORITY.**—The first sentence of  
7           section 1104(d) of the Housing and Community Develop-  
8           ment Act of 1992 (42 U.S.C. 5318 note) is amended to  
9           read as follows: “To the extent provided in appropriation  
10          Acts, the Secretary shall use any authority provided pur-  
11          suant to section 531(b) of the National Housing Act to  
12          enter into commitments to insure loans and mortgages  
13          under this section in fiscal years 1995 and 1996 with an  
14          aggregate principal amount not exceeding such sums as  
15          may be necessary to carry out the demonstration under  
16          this title.”.

17          (b) **SECOND MORTGAGE ASSISTANCE.**—Section  
18          1105(e) of the Housing and Community Development Act  
19          of 1992 (42 U.S.C. 5318 note) is amended to read as fol-  
20          lows:

21          “(e) **AUTHORIZATION OF APPROPRIATIONS.**—There  
22          are authorized to be appropriated for fiscal years 1995  
23          and 1996 such sums as may be necessary for providing  
24          assistance under this section.”.

1 (c) COMMUNITY DEVELOPMENT ASSISTANCE.—Sec-  
2 tion 1106(h) of the Housing and Community Development  
3 Act of 1992 (42 U.S.C. 5318 note) is amended to read  
4 as follows:

5 “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
6 are authorized to be appropriated for fiscal years 1995  
7 and 1996 such sums as may be necessary for assistance  
8 under this section.”.

9 **SEC. 717. AUTHORIZATION OF APPROPRIATIONS FOR PUB-**  
10 **LIC SERVICES FACILITY.**

11 (a) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated for fiscal year 1995  
13 such sums as may be necessary for a grant by the Sec-  
14 retary of Housing and Urban Development to the City of  
15 Springfield, Massachusetts (in this section referred to as  
16 the “City”), for the redevelopment of a facility formerly  
17 used as a United States Post Office for use as a consoli-  
18 dated facility for city public services in accordance with  
19 the plans, budgets, and timetables for such facility devel-  
20 oped by the City.

21 (b) CITY CONTRIBUTION.—Notwithstanding any  
22 other provision of this section, the Secretary may not  
23 make any amount provided pursuant to this section avail-  
24 able to the City unless the City contributes for redevelop-  
25 ment of the facility referred to in subsection (a) an

1 amount constituting not less than 25 percent of the total  
2 cost of the redevelopment project.

3 (c) AVAILABILITY OF AMOUNTS.—Of any amounts  
4 appropriated pursuant to this section, the Secretary shall  
5 provide \$2,500,000 to the City in fiscal year 1995 and  
6 the remainder shall remain available until the end of fiscal  
7 1996 and shall be provided to the City in such year.

8 (d) REPORTS.—The Secretary may require the City  
9 to submit such reports and other information as the Sec-  
10 retary considers necessary to ensure that the amounts pro-  
11 vided under this section are used in accordance with this  
12 section and that amounts are provided by the City in ac-  
13 cordance with subsection (b).

14 **SEC. 718. NATIONAL AMERICAN INDIAN HOUSING COUNCIL.**

15 There is authorized to be appropriated for assistance  
16 for the National American Indian Housing Council  
17 \$1,000,000 for fiscal year 1995 and \$1,000,000 for fiscal  
18 year 1996, for providing training and technical assistance  
19 to Indian Housing Authorities.

20 **SEC. 719. HOUSING ASSISTANCE COUNCIL.**

21 There is authorized to be appropriated for assistance  
22 for the Housing Assistance Council \$5,000,000 for fiscal  
23 year 1995 and \$5,000,000 for fiscal year 1996, for provid-  
24 ing training, technical assistance, and financial assistance  
25 to develop affordable housing in rural areas.

1 **SEC. 720. DEMONSTRATION PROGRAM FOR OUTREACH TO**  
2 **AVOID DISCONNECTION OF UTILITIES.**

3 (a) ACTION OF SECRETARY.—The Secretary of Hous-  
4 ing and Urban Development shall provide technical advice  
5 and assistance to Maryland Energy Advocates to establish  
6 and carry out a program under (b).

7 (b) OUTREACH PROGRAM.—The program under this  
8 subsection shall be a program, carried out by Maryland  
9 Energy Advocates, to—

10 (1) identify low-income families living in Balti-  
11 more, Maryland, and the surrounding areas, includ-  
12 ing low-income families residing in housing for which  
13 assistance is provided by the Federal Government,  
14 whose electricity or other utility services have been  
15 disconnected because of failure to pay amounts  
16 owed;

17 (2) provide counseling and advice to such fami-  
18 lies regarding utility payments, family budgeting,  
19 sources and programs of assistance for utility pay-  
20 ments, and such other matters as may be necessary  
21 to avoid the disconnection of utility service in the fu-  
22 ture; and

23 (3) determine the most effective manners of  
24 identifying low-income families in need of advice or  
25 assistance to avoid disconnection of utility services



1 and the most effective actions to help low-income  
2 families avoid such disconnection.

3 (c) REPORT.—After consultation with Maryland En-  
4 ergy Advocates regarding the implementation and results  
5 of the program under subsection (b), but not later than  
6 the expiration of the 18-month period beginning on the  
7 date of the enactment of this Act, the Secretary of Hous-  
8 ing and Urban Development shall submit a report to the  
9 Congress that—

10 (1) describes the program and the activities  
11 carried out under the program;

12 (2) describes the extent to which the utility  
13 services of low-income families are disconnected; and

14 (3) identifies the most effective manners of  
15 identifying low-income families in need of advice or  
16 assistance to avoid disconnection of utility services  
17 and the most effective actions to help low-income  
18 families avoid such disconnection, including any such  
19 actions appropriate for the Federal Government.

20 **SEC. 721. FEDERAL DEPOSIT INSURANCE CORPORATION**  
21 **AFFORDABLE HOUSING PROGRAM.**

22 (a) REAUTHORIZATION.—Section 40(b) of the Fed-  
23 eral Deposit Insurance Act (12 U.S.C. 1831q(b)) is  
24 amended—

1 (1) in paragraph (1), by striking “during” and  
2 all that follows through “paragraph (2)(A)” and in-  
3 sserting “until the end of fiscal year 1997”;

4 (2) in paragraph (2)(A), in the matter preced-  
5 ing clause (i), by striking “3-year”; and

6 (3) in paragraph (2)(C), by striking “3-year”.

7 (b) FACILITATION OF PROGRAM.—Section 40 of the  
8 Federal Deposit Insurance Act is amended by adding at  
9 the end the following new subsection:

10 “(r) FACILITATION OF PROGRAM.—Notwithstanding  
11 any provision of this section or any other provision of law,  
12 the Corporation shall be considered to be in compliance  
13 with this section if (in the sole discretion of the Corpora-  
14 tion) the Corporation at any time modifies, amends, or  
15 waives any provisions of this section to maximize the effi-  
16 cient use of amounts appropriated to carry out this sec-  
17 tion. The Corporation shall not be subject to suit for any  
18 failure to comply with the requirements of this section.”.

19 **SEC. 722. STATE AGENCIES AS SURETIES.**

20 Section 9304 of title 31, United States Code, is  
21 amended by adding at the end the following new sub-  
22 section:

23 “(c) STATE AGENCIES.—A State agency, including  
24 any financing authority established by any State, which  
25 meets the requirements of paragraphs (2) and (3) of sub-

1 section (a) may be treated as a surety corporation for pur-  
2 poses of this chapter. Notwithstanding any other provision  
3 of law, user fees collected by the Financial Management  
4 Services incident to sections 9304 through 9309 of this  
5 title shall be credited to the appropriation of that agency  
6 and may be retained without fiscal year limitation to carry  
7 out the provisions of such sections.”.

8 **SEC. 723. INSURED COMMUNITY DEVELOPMENT FINANCIAL**  
9 **INSTITUTION ACCESS TO FEDERAL HOME**  
10 **LOAN BANK ADVANCES.**

11 (a) IN GENERAL.—Section 10 of the Federal Home  
12 Loan Bank Act (12 U.S.C. 1430) is amended by adding  
13 at the end the following new subsection:

14 “(k) COMMUNITY DEVELOPMENT FINANCIAL INSTI-  
15 TUTION ACCESS TO ADVANCES.—Any insured community  
16 development financial institution (as defined in section  
17 3(e) of the Community Development Banking and Finan-  
18 cial Institutions Act of 1993) which meets the require-  
19 ments of subparagraphs (A) and (B) of section 4(a)(1)  
20 may obtain advances from the appropriate Federal home  
21 loan bank in accordance with this section in the same  
22 manner and to the same extent as members of such bank  
23 without regard to any stock purchase requirement imposed  
24 on members under this Act.”.

25 (b) INCREASE IN LENDING CAP.—

1           (1) IN GENERAL.—Paragraph (2) of the 1st  
2           subsection (e) of section 10 of the Federal Home  
3           Loan Bank Act (12 U.S.C. 1430(e)(2)) is amended  
4           by striking “30 percent” and inserting “40 per-  
5           cent”.

6           (2) EFFECTIVE DATE.—The amendment made  
7           by paragraph (1) shall apply after October 1, 1995.

8   **SEC. 724. PURCHASE OF AMERICAN-MADE EQUIPMENT AND**  
9                                   **PRODUCTS.**

10          (a) IN GENERAL.—It is the sense of the Congress  
11          that, to the greatest extent practicable, all equipment and  
12          products purchased with amounts made available under  
13          this Act should be American-made.

14          (b) NOTICE REQUIREMENT.—In providing financial  
15          assistance to, or entering into any contract with, any en-  
16          tity using amounts made available under this Act, the  
17          head of each Federal agency shall, to the greatest extent  
18          practicable, provide to such entity a notice describing the  
19          statement of the sense of the Congress under subsection  
20          (a).

1 **TITLE VIII—HOUSING PRO-**  
2 **GRAMS UNDER STEWART B.**  
3 **MCKINNEY HOMELESS AS-**  
4 **SISTANCE ACT**

5 **SEC. 801. SHORT TITLE.**

6 This title may be cited as the “Stewart B. McKinney  
7 Homeless Housing Assistance Amendments Act of 1994”.

8 **Subtitle A—Housing Assistance**

9 **CHAPTER 1—REORGANIZATION OF CER-**  
10 **TAIN MCKINNEY ACT HOUSING PROVI-**  
11 **SIONS**

12 **SEC. 811. FLEXIBLE GRANT PROGRAM.**

13 Title IV of the Stewart B. McKinney Homeless As-  
14 sistance Act (42 U.S.C. 11361 et seq.) is amended—

15 (1) by striking subtitles A, B, C, D, and F;

16 (2) by striking the headings for subtitles E and  
17 G;

18 (3) by redesignating sections 441 (as amended  
19 by the preceding provisions of this Act), 491, and  
20 592 (as added by section 1414 of the Housing and  
21 Community Development Act of 1992) as sections  
22 451, 453, and 454, respectively;

23 (4) by striking sections 442 and 443; and

24 (5) by inserting after the heading for the title  
25 the following:

1           **“Subtitle A—Flexible Grant**  
2                           **Program**

3           **“CHAPTER 1—GENERAL PROVISIONS**

4   **“SEC. 401. PURPOSES.**

5           “The purposes of this subtitle are to—

6                   “(1) expand and reorganize the Federal com-  
7                   mitment to alleviate homelessness by providing  
8                   States, Indian tribes, and localities with the re-  
9                   sources to more efficiently and effectively design a  
10                  comprehensive system to address the shelter, service,  
11                  and permanent housing needs of homeless individ-  
12                  uals and families in the United States;

13                  “(2) help very low-income families avoid becom-  
14                  ing homeless;

15                  “(3) meet the emergency shelter needs of home-  
16                  less persons and families;

17                  “(4) provide transitional or specialized perma-  
18                  nent housing to facilitate the movement of homeless  
19                  persons and families to independent living;

20                  “(5) provide supportive services to help home-  
21                  less persons and families lead independent and dig-  
22                  nified lives;

23                  “(6) encourage the cooperation and participa-  
24                  tion of the States and units of general local govern-  
25                  ment, together with private nonprofit organizations,

1 in planning and implementing comprehensive home-  
2 less assistance programs;

3 “(7) reduce the costs to States, units of general  
4 local government, and private nonprofit organiza-  
5 tions in applying for and using Federal housing as-  
6 sistance for families and persons who are homeless;  
7 and

8 “(8) begin meeting the needs of most of the  
9 Nation’s homeless population through the existing  
10 Federal programs providing basic assistance for low-  
11 income families and persons.

12 **“SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

13 “There are authorized to be appropriated—

14 “(1) \$735,000,000 for fiscal year 1995 for  
15 grants in accordance with section 812(b) of the  
16 Housing and Community Development Act of 1994;  
17 and

18 “(2) \$925,000,000 for fiscal year 1996 for  
19 grants under this subtitle.

20 Any amounts appropriated pursuant to this section shall  
21 remain available until expended.

22 **“SEC. 403. DEFINITIONS.**

23 “For purposes of this subtitle, the following defini-  
24 tions shall apply:

1           “(1) The term ‘allocation unit of general local  
2 government’ means a metropolitan city and an  
3 urban county.

4           “(2) The term ‘applicant’ means an eligible  
5 grantee that submits an application under section  
6 408 for a grant under this subtitle.

7           “(3) The term ‘disability’ means—

8               “(A) a disability as defined in section 223  
9 of the Social Security Act;

10               “(B) to be determined to have, pursuant to  
11 regulations issued by the Secretary, a physical,  
12 mental, or emotional impairment which (i) is  
13 expected to be a long-continued and indefinite  
14 duration, (ii) substantially impedes an individ-  
15 ual’s ability to live independently, and (iii) of  
16 such a nature that such ability could be im-  
17 proved by more suitable housing conditions;

18               “(C) a developmental disability as defined  
19 in section 102 of the Developmental Disabilities  
20 Assistance and Bill of Rights Act; or

21               “(D) the disease of acquired  
22 immunodeficiency syndrome or any conditions  
23 arising from the etiologic agency for acquired  
24 immunodeficiency syndrome.



1 Subparagraph (D) shall not be construed to limit eli-  
2 gibility under subparagraphs (A) through (C) or the  
3 provisions referred to in subparagraphs (A) through  
4 (C).

5 “(4) The term ‘eligible grantee’ means—

6 “(A) an allocation unit of general local  
7 government, Indian Tribe, or insular area, or a  
8 consortium of such entities, that elects to ad-  
9 minister a grant under section 410(a)(1);

10 “(B) a public agency or a private nonprofit  
11 organization (or a consortium of such organiza-  
12 tions) designated by the Secretary under section  
13 410(a)(3) to administer grant amounts for an  
14 allocation unit of general local government, In-  
15 dian tribe, or insular area;

16 “(C) an entity eligible to receive grant  
17 amounts from the Secretary under section  
18 410(a)(4);

19 “(D) a State that elects under section  
20 410(b)(1)(A) to administer a grant;

21 “(E) a unit of general local government se-  
22 lected under section 410(b)(5) to receive grant  
23 amounts from the Secretary; and

1           “(F) a private nonprofit organization se-  
2           lected under section 410(b)(4) to receive grant  
3           amounts from the Secretary.

4           “(5) The term ‘families’ has the same meaning  
5           given the term under section 3(b) of the United  
6           States Housing Act of 1937.

7           “(6) The term ‘grantee’ means—

8           “(A) an allocation unit of general local  
9           government, Indian tribe, or insular area, or a  
10          consortium of such entities, that receives a  
11          grant under this subtitle and administers the  
12          grant under section 410(a)(1);

13          “(B) an allocation unit of general local  
14          government, Indian tribe, or insular area that  
15          receives a grant under this subtitle and des-  
16          ignates a public agency or private nonprofit or-  
17          ganization (or a consortium of such organiza-  
18          tions) to administer grant amounts for the ju-  
19          risdiction under section 410(a)(2);

20          “(C) a public agency or a private nonprofit  
21          organization (or a consortium or such organiza-  
22          tions) designated by the Secretary under section  
23          410(a)(3) to administer grant amounts for an  
24          allocation unit of general local government, In-

1           dian tribe, or insular area, and that receives  
2           grant amounts under this subtitle;

3           “(D) an entity that receives grant amounts  
4           from the Secretary under section 410(a)(4);

5           “(E) a State that receives grant amounts  
6           under this subtitle and administers such  
7           amounts under section 410(b)(1)(A);

8           “(F) a unit of general local government  
9           that receives grant amounts from the Secretary  
10          under section 410(b)(5); and

11          “(G) a private nonprofit organization that  
12          receives grant amounts from the Secretary  
13          under section 410(b)(4).

14          “(7) The term ‘homeless family’ means a group  
15          of one or more related individuals who are homeless  
16          individuals.

17          “(8) The term ‘Indian tribe’ means any Indian  
18          tribe, band, group, and nation, including Alaska In-  
19          dians, Aleuts, and Eskimos, and any Alaskan Native  
20          Village, of the United States, which is considered an  
21          eligible recipient under the Indian Self-Determina-  
22          tion and Education Assistance Act or was considered  
23          an eligible recipient under chapter 67 of title 31,  
24          United States Code, before the repeal of such  
25          chapter.

1           “(9) The term ‘insular area’ means the Virgin  
2 Islands, Guam, American Samoa, and the Common-  
3 wealth of the Northern Mariana Islands.

4           “(10) The term ‘low-demand services and refer-  
5 rals’ means the provision of health care, mental  
6 health, substance abuse, and other supportive serv-  
7 ices and referrals for services in a noncoercive man-  
8 ner, which may include medication management,  
9 education, counseling, job training, and assistance in  
10 obtaining entitlement benefits and in obtaining other  
11 supportive service including mental health treatment  
12 and substance abuse treatment.

13           “(11) The term ‘metropolitan city’ has the  
14 meaning given the term in section 102(a) of the  
15 Housing and Community Development Act of 1974.

16           “(12) The term ‘operating costs’ means ex-  
17 penses of operating any housing assisted under this  
18 subtitle with respect to—

19                   “(A) the administration, maintenance, re-  
20 pair, and security of such housing;

21                   “(B) utilities, fuels, furnishings, and equip-  
22 ment for such housing; and

23                   “(C) the conducting of the assessments of  
24 and the provision of supportive services to the  
25 residents of such housing.

1           “(13) The term ‘outpatient health services’  
2 means outpatient health care, outpatient mental  
3 health services, outpatient substance abuse services,  
4 case management services and child immunization.

5           “(14) The term ‘private nonprofit organization’  
6 means an organization—

7                   “(A) no part of the net earnings of which  
8 inures to the benefit of any member, founder,  
9 contributor, or individual;

10                   “(B) that has a voluntary board;

11                   “(C) that has an accounting system or has  
12 designated a fiscal agent in accordance with re-  
13 quirements established by the Secretary; and

14                   “(D) that practices nondiscrimination in  
15 the provision of assistance.

16           “(15) The term ‘project’ means a structure or  
17 a portion of a structure that is acquired or rehabili-  
18 tated with assistance provided under this subtitle or  
19 with respect to which the Secretary provides tech-  
20 nical assistance or annual payments for operation  
21 costs.

22           “(16) The term ‘project sponsor’ means an en-  
23 tity that—

24                   “(A) provides housing or assistance for  
25 homeless individuals or families by carrying out

1 eligible activities under chapter 2 that are as-  
2 sisted under this subtitle; and

3 “(B) meets such minimum standards as  
4 the Secretary considers appropriate.

5 “(17) The term ‘recipient’ means a grantee  
6 (other than a State distributing grant amounts to  
7 State recipients) and a State recipient.

8 “(18) The term ‘Secretary’ means the Secretary  
9 of Housing and Urban Development.

10 “(19) The term ‘State’ means a State of the  
11 United States and the Commonwealth of Puerto  
12 Rico, or any agency or instrumentality thereof that  
13 is established pursuant to legislation and designated  
14 by the chief executive to act on behalf of the juris-  
15 diction with regard to provisions of this subtitle.

16 “(20) The term ‘State recipient’ means—

17 “(A) a unit of general local government  
18 within a State (other than an allocation unit of  
19 general local government) that receives grant  
20 amounts from the State under section  
21 410(b)(3); and

22 “(B) a private nonprofit organization that  
23 receives grant amounts from a State under sec-  
24 tion 410(b)(4).

1           “(21)(A) The term ‘supportive services’ means  
2 assistance that—

3           “(i) addresses the special needs of home-  
4 less person, such as deinstitutionalized persons,  
5 families with children, persons with mental dis-  
6 abilities, other persons with disabilities, the el-  
7 derly, and veterans intended to be served by a  
8 project; and

9           “(ii) assists in accomplishing the purposes  
10 of the different types of housing for the home-  
11 less eligible for assistance under this subtitle.

12          “(B) Such term includes—

13           “(i) food services, child care, substance  
14 abuse treatment, assistance in obtaining perma-  
15 nent housing, outpatient health services, em-  
16 ployment counseling, nutritional counseling, se-  
17 curity arrangements for the protection of resi-  
18 dents of facilities to assist the homeless, and  
19 such other services essential for maintaining or  
20 moving toward independent living as the Sec-  
21 retary determines to be appropriate; and

22           “(ii) assistance to homeless persons in ob-  
23 taining other Federal, State, and local assist-  
24 ance available for such individuals, including  
25 public assistance benefits, mental health bene-

1 fits, employment counseling, and medical assist-  
2 ance.

3 “(C) Such term does not include the provision  
4 of major medical equipment.

5 “(D) All or part of the supportive services may  
6 be provided directly by the project sponsor or by ar-  
7 rangements with other public or private service pro-  
8 viders.

9 “(22) The term ‘unit of general local govern-  
10 ment’ means—

11 “(A) a city, town, township, county, parish,  
12 village, or other general purpose political sub-  
13 division of a State;

14 “(B) the District of Columbia; and

15 “(C) any agency or instrumentality thereof  
16 that is established pursuant to legislation and  
17 designated by the chief executive to act on be-  
18 half of the jurisdiction with regard to provisions  
19 of this subtitle.

20 The term includes a consortium of geographically  
21 contiguous units of general local government if the  
22 Secretary determines that the consortium—

23 “(i) has sufficient authority and adminis-  
24 trative capability to carry out the purposes of



1           this subtitle on behalf of its member jurisdic-  
2           tions; and

3           “(ii) will, according to a written certifi-  
4           cation by the State (or State, if the consortium  
5           includes jurisdictions in more than one State),  
6           direct its activities to alleviation of problems of  
7           homeless individuals or families within the  
8           State or States.

9           “(23) The term ‘urban county’ has the meaning  
10          given the term in section 102(a) of the Housing and  
11          Community Development Act of 1974.

12          “(24) The term ‘very low-income families’ has  
13          the same meaning given the term under section 104  
14          of the Cranston-Gonzalez National Affordable Hous-  
15          ing Act.

16       **“SEC. 404. PROVISION OF GRANTS.**

17          “(a) AUTHORITY AND USE.—The Secretary may  
18          make grants to eligible grantees in accordance with the  
19          provisions of this subtitle. Grants under this subtitle may  
20          be used only—

21               “(1) to carry out activities under chapter 2 for  
22               assisting homeless individuals and families that are  
23               conducted to provide comprehensive homeless assist-  
24               ance required under section 405; and

1           “(2) for administrative expenses, to the extent  
2           provided in section 436.

3           “(b) GENERAL RULE FOR AWARD OF GRANTS.—Ex-  
4           cept as provided in subsection (c), the Secretary shall  
5           make grants using amounts appropriated under section  
6           402 in the manner provided in this subtitle.

7           “(c) INSUFFICIENT APPROPRIATIONS.—

8           “(1) TRIGGER.—If the amounts appropriated  
9           pursuant to section 402 for any fiscal year are less  
10          than 50 percent of the amount authorized to be ap-  
11          propriated under such section for the year, the Sec-  
12          retary shall use such amounts to make grants under  
13          the provisions of this title as in effect immediately  
14          before the enactment of the Housing and Commu-  
15          nity Development Act of 1994.

16          “(2) GRANT REQUIREMENTS.—The Secretary  
17          shall establish requirements for grants made under  
18          this subsection, as the Secretary considers appro-  
19          priate, that are additional or alternative to the re-  
20          quirements under the provisions of this title as in ef-  
21          fect immediately before the enactment of the Hous-  
22          ing and Community Development Act of 1994.

23          “(3) GRANT CRITERIA.—The criteria for award-  
24          ing grants under this subsection shall include—

1           “(A) the extent to which there is a need  
2           for assistance for homeless individuals and fam-  
3           ilies in the jurisdiction in which the grant will  
4           be used;

5           “(B) the extent to which the activities pro-  
6           posed to be carried out with grant amounts will  
7           further the provision of comprehensive homeless  
8           assistance required under section 405(b)(1);

9           “(C) the extent to which private nonprofit  
10          organizations providing assistance to homeless  
11          individuals and families in the jurisdiction have  
12          been, and will be, included in planning for the  
13          receipt of assistance under this subtitle, the de-  
14          velopment of the application under section 408,  
15          and the execution of the proposed activities;  
16          and

17          “(D) such other criteria as the Secretary  
18          considers appropriate to further the purposes of  
19          this subsection and this subtitle.

20          “(4) SET ASIDE FOR INDIAN TRIBES AND INSU-  
21          LAR AREAS.—In making grants under this sub-  
22          section, the Secretary may to set aside such amounts  
23          as the Secretary considers appropriate for grants for  
24          Indian tribes and insular areas.

1 **“SEC. 405. COMPREHENSIVE HOMELESS ASSISTANCE.**

2       “(a) ESTABLISHMENT AND MAINTENANCE.—Each  
3 applicant shall, based on information provided in the cur-  
4 rent comprehensive affordable housing strategy for the ap-  
5 propriate jurisdiction under section 105 of the Cranston-  
6 Gonzalez National Affordable Housing Act or such other  
7 plan as the Secretary may prescribe, use assistance pro-  
8 vided under this subtitle in a manner that ensures that  
9 comprehensive homeless assistance is established and  
10 maintained within the jurisdiction of the applicant.

11       “(b) REQUIREMENTS.—For purposes of this subtitle,  
12 comprehensive homeless assistance required under this  
13 section shall include—

14               “(1) providing a system of outreach and assess-  
15 ment for—

16                       “(A) determining whether an individual or  
17 family is homeless, needs assistance to avoid  
18 being homeless, or needs other assistance; and

19                       “(B) ensuring that individuals and families  
20 so identified receive appropriate housing and  
21 supportive services;

22               “(2) providing assistance to the extent nec-  
23 essary to avoid eviction (or foreclosure) and termi-  
24 nation of utility services of low- and very low-income  
25 families to prevent such families from becoming  
26 homeless;

1           “(3) making emergency shelters with appro-  
2           priate supportive services available to the extent nec-  
3           essary to ensure that homeless individuals and fami-  
4           lies for which such housing is appropriate receive  
5           adequate shelter, including during any period in  
6           which an assessment referred to in paragraph (1) is  
7           performed for such an individual or family;

8           “(4) making transitional housing with appro-  
9           priate supportive services available to the extent nec-  
10          essary to ensure that homeless individuals and fami-  
11          lies for which such housing is appropriate are pre-  
12          pared for increased responsibility and permanent  
13          housing, or permanent supportive housing, after the  
14          transition period;

15          “(5) making permanent supportive housing,  
16          available to the extent necessary to meet the long-  
17          term housing needs of all homeless individuals and  
18          families;

19          “(6) providing assistance to meet specific needs  
20          of various subpopulations of the homeless, especially  
21          the unique needs of homeless veterans; and

22          “(7) providing for coordination of assistance  
23          provided under this subtitle and assistance provided  
24          under other Federal, State, and local programs that

1 may be used to assist homeless individuals and fami-  
2 lies, including—

3 “(A) assistance under the programs for  
4 public and Indian housing and section 8 rental  
5 assistance under the United States Housing Act  
6 of 1937 (including the program for section 8  
7 assistance for moderate rehabilitation under  
8 section 451 of this Act and the shelter plus care  
9 program for such assistance under section 452  
10 of this Act), the HOME Investment Partner-  
11 ships Act, the community development block  
12 grant program under title I of the Housing and  
13 Community Development Act of 1974, the pro-  
14 gram for supportive housing for the elderly  
15 under section 202 of the Housing Act of 1959,  
16 the program for supportive housing for persons  
17 with disabilities under section 811 of the Cran-  
18 ston-Gonzalez National Affordable Housing Act,  
19 and the program for housing opportunities for  
20 persons with AIDS under subtitle D of title  
21 VIII of the Cranston-Gonzalez National Afford-  
22 able Housing Act;

23 “(B) programs administered by the Direc-  
24 tor of the Federal Emergency Management  
25 Agency;

1           “(C) programs administered by the Sec-  
2           retary of Labor, including programs for employ-  
3           ment and training;

4           “(D) programs administered by the Sec-  
5           retary of Health and Human Services, including  
6           programs for health care, mental health care,  
7           social services, income support services, run-  
8           away youth, and unfit transient facilities;

9           “(E) programs administered by the Sec-  
10          retary of Veterans Affairs (including programs  
11          for compensation benefits, health care, and  
12          mental health care, and other services and pro-  
13          grams) that are specifically designed to assist  
14          homeless veterans;

15          “(F) programs administered by the Sec-  
16          retary of Education, including programs for  
17          adult education and education for homeless  
18          children and youth;

19          “(G) programs administered by the Cor-  
20          poration for National and Community Service,  
21          including programs for national service; and

22          “(H) such other assistance as the Sec-  
23          retary shall prescribe upon consultation with  
24          the Interagency Council on the Homeless.

1 **“SEC. 406. MATCHING REQUIREMENTS.**

2       “(a) IN GENERAL.—Except as provided in subsection  
3 (c), each recipient shall supplement the amount of grants  
4 provided under this subtitle to the recipient with an equal  
5 amount of funds from non-Federal sources, which shall  
6 include funds from project sponsors receiving assistance  
7 from the recipient.

8       “(b) SUPPLEMENTAL FUNDS.—Supplemental funds  
9 may include (1) the value of any donated material or  
10 building, the value of any lease on a building, (2) any sal-  
11 ary paid to staff to carry out the program of a project  
12 sponsor, (3) the value of the time and services contributed  
13 by volunteers to carry out the program of project sponsor  
14 at a rate determined by the Secretary, and (4) the pro-  
15 ceeds from bond financing validly issued by a State or unit  
16 of general local government, agency, or instrumentality  
17 thereof, and repayable with revenues derived from a  
18 project assisted under this subtitle, except that not more  
19 than 25 percent of the contribution required may be de-  
20 rived from the proceeds of such bond financings. Any  
21 State or local government funds used independently from  
22 the program under this title, or designated for such use,  
23 to assist the homeless by carrying out activities that would  
24 be eligible for assistance under this subtitle shall be con-  
25 sidered supplemental funds under this section.

26       “(c) STATES.—



1           “(1) REQUIRED SUPPLEMENTATION.—Except  
2 as provided in paragraph (3), in the case of a State  
3 administering grant amounts under section  
4 410(b)(1)(A), in each fiscal year, the State shall  
5 supplement the amount of grants provided under  
6 this subtitle with an amount of funds from sources  
7 other than this subtitle equal to the difference be-  
8 tween the amount received under this subtitle and  
9 \$100,000.

10           “(2) BENEFIT OF MATCH.—Each grantee that  
11 is a State shall obtain any supplemental amounts re-  
12 quired under paragraph (1) from State recipients re-  
13 ceiving amounts under the grant in a manner so  
14 that the benefit of the \$100,000 subtrahend under  
15 paragraph (1) is appropriately divided among State  
16 recipients for which providing such supplemental  
17 amounts would—

18           “(A) create a significant hardship for the  
19 recipient; or

20           “(B) interfere with the overall purpose of  
21 the homeless assistance program of the recipi-  
22 ent.

23           “(3) EXCEPTION.—If, in any fiscal year, a  
24 State receives \$100,000 or less in grant amounts

1 under this subtitle, paragraph (1) shall not apply to  
2 the State for the fiscal year.

3 “(d) PROHIBITION OF SUBSTITUTION OF FUNDS.—  
4 Assistance provided under this subtitle may not be used  
5 to replace other public funds previously used, or des-  
6 ignated for use, to assist persons who are homeless.

7 “(e) CERTIFICATION.—Each recipient shall certify, to  
8 the satisfaction of the Secretary, its compliance with the  
9 provisions of this section, which shall describe the sources  
10 and amounts of supplemental funds provided pursuant to  
11 this section.

12 **“SEC. 407. RESPONSIBILITIES OF RECIPIENTS AND**  
13 **PROJECT SPONSORS.**

14 “(a) USE OF ASSISTANCE THROUGH PRIVATE NON-  
15 PROFIT ORGANIZATIONS.—Each recipient shall make  
16 available more than 50 percent of the grant amounts it  
17 receives for any fiscal year to project sponsors that are  
18 private nonprofit organizations to carry out eligible activi-  
19 ties under chapter 2, except that the Secretary may waive  
20 the applicability of this requirement if the recipient dem-  
21 onstrates to the Secretary that the requirement interferes  
22 with the ability of the recipient to provide assistance under  
23 this subtitle because of a paucity of qualified private non-  
24 profit organizations in the jurisdiction of the recipient.

1       “(b) HOUSING QUALITY.—Each recipient shall en-  
2 sure that housing assisted with grant amounts provided  
3 under this subtitle is decent, safe, and sanitary and, when  
4 appropriate, complies with all applicable State and local  
5 housing codes, building codes, and licensing requirements  
6 in the jurisdiction in which the housing is located.

7       “(c) PREVENTION OF UNDUE BENEFIT.—The Sec-  
8 retary may prescribe such terms and conditions as the  
9 Secretary considers necessary to prevent project sponsors  
10 from unduly benefiting from the sale or other disposition  
11 of projects other than a sale or other disposition resulting  
12 in the use of the project for the direct benefit of very low-  
13 income families.

14       “(d) CONFIDENTIALITY.—Each recipient shall de-  
15 velop and implement procedures to ensure the confiden-  
16 tiality of records pertaining to any individual provided  
17 family violence prevention or treatment services under any  
18 project and to ensure that the address or location or any  
19 family violence shelter project assisted with grant amounts  
20 under this subtitle will, except with written authorization  
21 of the person or person responsible for the operation of  
22 such shelter, not be made public.

23       “(e) EMPLOYMENT OF HOMELESS INDIVIDUALS.—  
24 To the maximum extent practicable, the Secretary shall  
25 ensure that recipients involve, through employment, volun-

1    teer services, or otherwise, homeless individuals and fami-  
2    lies in constructing, renovating, maintaining, and operat-  
3    ing facilities assisted with grant amounts under this sub-  
4    title, in providing services so assisted, and in providing  
5    services for occupants of facilities so assisted.

6       “(f) PARTICIPATION OF HOMELESS INDIVIDUALS.—  
7    The Secretary shall, by regulation, provide that each recip-  
8    ient shall require each project sponsor receiving assistance  
9    under this subtitle from the recipient to provide for the  
10   participation of not less than one homeless individual or  
11   formerly homeless individual on the board of directors or  
12   other equivalent policy making entity of the project spon-  
13   sor, to the extent that such entity considers and makes  
14   policies and decision regarding any project, facility, serv-  
15   ices, or other activities assisted with grant amounts under  
16   this subtitle. A recipient may grant waivers to project  
17   sponsors unable to meet the requirement under the pre-  
18   ceding sentence if the project sponsor agrees to otherwise  
19   consult with homeless or formerly homeless individuals in  
20   considering and making such policies and decisions.

21   **“SEC. 408. APPLICATION.**

22       “(a) REQUIREMENT.—Except as otherwise provided  
23   in section 404(c), the Secretary may make a grant under  
24   this subtitle only to an eligible grantee that submits an

1 application under this section that is approved by the Sec-  
2 retary.

3 “(b) FORM AND PROCEDURE.—Applications shall be  
4 submitted in such form and in accordance with such proce-  
5 dures as the Secretary shall, by regulation, establish.

6 “(c) CONTENT.—An application under this section  
7 shall—

8 “(1) include a detailed description, based on in-  
9 formation provided in the current comprehensive  
10 housing affordability strategy under section 105 of  
11 the Cranston-Gonzalez National Affordable Housing  
12 Act for the appropriate jurisdiction or such other  
13 plan as the Secretary may prescribe, of—

14 “(A) the existing population of homeless  
15 individuals and families for the jurisdiction of  
16 the applicant; and

17 “(B) the existing facilities and services de-  
18 signed to assist such population;

19 “(2) include a detailed description of the com-  
20 prehensive homeless assistance under section 405 to  
21 be established and maintained within the jurisdiction  
22 of the applicant;

23 “(3) provide an assessment of what is required  
24 to establish and maintain the provision of com-

1       prehensive homeless assistance required under sec-  
2       tion 405 for the jurisdiction of the applicant;

3               “(4) set forth a multiyear strategy for estab-  
4       lishing and maintaining the provision of comprehen-  
5       sive homeless assistance for the jurisdiction, as de-  
6       scribed pursuant to paragraph (2), and include time-  
7       tables, goals, and budget estimates for accomplishing  
8       each element of the strategy;

9               “(5) set forth a 1-year action plan that identi-  
10       fies all activities to be carried out with assistance  
11       under this subtitle and demonstrates how such ac-  
12       tivities will further the strategy set forth pursuant to  
13       paragraph (4);

14              “(6) except in the case of an application by a  
15       State that elects under section 410(b)(1)(A) to ad-  
16       minister grants under this subtitle, describe the  
17       means the applicant will use to distribute grant  
18       amounts to project sponsors and whether such  
19       amounts will be awarded on a competitive or non-  
20       competitive basis;

21              “(7) contain certifications or other such forms  
22       of proof of commitments of financial and other re-  
23       sources from each public agency or private nonprofit  
24       organization that has a role in establishing and  
25       maintaining the provision of comprehensive homeless

1 assistance for the jurisdiction of the applicant, re-  
2 quired under section 405;

3 “(8) contain assurances satisfactory to the Sec-  
4 retary that activities carried out under chapter 2  
5 with grant amounts under this subtitle will comply  
6 with the requirements of this subtitle;

7 “(9) in the case of an application by a State  
8 that elects to under section 410(b)(1)(A) administer  
9 grants under this subtitle, describe the method of  
10 distribution of such amounts to State recipients;

11 “(10) except with respect to an application by  
12 a State that elects to under section 410(b)(1)(A) to  
13 administer grants under this subtitle, contain a cer-  
14 tification from the public official responsible for sub-  
15 mitting the comprehensive housing affordability  
16 strategy under section 105 of the Cranston-Gonzalez  
17 National Affordable Housing Act for the State or  
18 unit of general local government within which a  
19 project is to be located (or such other plan as the  
20 Secretary may require) that the proposed project is  
21 consistent with the approved housing strategy of  
22 such State or unit of general local government;

23 “(11) contain a certification that the applicant  
24 will comply with the requirements of the Fair Hous-  
25 ing Act, title VI of the Civil Rights Act of 1964, sec-

1 tion 504 of the Rehabilitation Act of 1973, and the  
2 Age Discrimination Act of 1975, and will affirma-  
3 tively further fair housing; and

4 “(12) contain a certification that the applicant  
5 will comply with the requirements of this subtitle  
6 and other applicable laws.

7 “(d) RELATIONSHIP TO CHAS AND CONSOLIDATED  
8 PLAN.—In establishing requirements for applications  
9 under this section, the Secretary shall provide that if an  
10 applicant includes in the application information also re-  
11 quired under the comprehensive housing affordability  
12 strategy for the appropriate jurisdiction under section 105  
13 of the Cranston-Gonzalez National Affordable Housing  
14 Act or such other plan as the Secretary may require, the  
15 requirements under such subsection regarding such infor-  
16 mation shall be considered to be fulfilled by the submission  
17 of the application.

18 **“SEC. 409. ALLOCATION AND DISTRIBUTION OF FUNDS.**

19 “(a) INSULAR AREAS.—In each fiscal year, from any  
20 amounts appropriated for such year to carry out this sub-  
21 title, the Secretary shall allocate amounts to insular areas  
22 in accordance with an allocation formula established by  
23 the Secretary.

24 “(b) STATES AND ALLOCATION UNITS OF GENERAL  
25 LOCAL GOVERNMENT.—



1 “(1) FORMULA ALLOCATION.—

2 “(A) IN GENERAL.—For each fiscal year,  
3 of the amounts that remain after amounts are  
4 reserved for insular areas under subsection (a),  
5 the Secretary shall allocate assistance according  
6 to this paragraph.

7 “(B) FORMULA.—The Secretary shall allo-  
8 cate amounts under this paragraph using a for-  
9 mula established by the Secretary that allocates  
10 amounts for allocation units of general local  
11 government and States, and for Indian tribes,  
12 in a manner that provides that the percentage  
13 of the total amount referred to in subparagraph  
14 (A) for any fiscal year that is allocated for any  
15 State or allocation unit of general local govern-  
16 ment, or for Indian tribes, is equal to the per-  
17 centage of the total amount available for section  
18 106 of the Housing and Community Develop-  
19 ment Act of 1974 for the prior fiscal year that  
20 was allocated for such State or allocation unit  
21 of general local government, or for Indian  
22 tribes.

23 “(C) MINIMUM AMOUNT.—If, in any fiscal  
24 year, allocation under the provisions of subpara-  
25 graphs (A) and (B) would result in any alloca-

1           tion unit of general local government receiving  
2           a grant of less than 0.05 percent of the  
3           amounts appropriated to carry out this subtitle  
4           for the fiscal year, such amount shall instead be  
5           reallocated to the State for use under section  
6           410(b).

7           “(D) 70 PERCENT FOR UNITS OF GENERAL  
8           LOCAL GOVERNMENT.—In each fiscal year, the  
9           amount allocated under this paragraph for each  
10          allocation unit of general local government shall  
11          be the amount that results from increasing all  
12          of the amounts determined pursuant to the pre-  
13          ceding subparagraphs for allocation units of  
14          general local government on a pro rata basis so  
15          that the sum of such amounts is equal to 70  
16          percent of the remainder of the amount appro-  
17          priated for the year to carry out this subtitle  
18          after amounts are allocated for insular areas  
19          under subsection (a).

20          “(E) 30 PERCENT FOR STATES.—In each  
21          fiscal year, the amount allocated under this  
22          paragraph for each State shall be the amount  
23          that results from decreasing all of the amounts  
24          determined pursuant to the preceding subpara-  
25          graphs for States on a pro rata basis so that

1 the sum of such amounts is equal to 30 percent  
2 of the remainder of the amount appropriated  
3 for the year to carry out this subtitle after  
4 amounts are allocated for insular areas under  
5 subsection (a).

6 “(2) GRANT AMOUNT FOR STATES AND ALLO-  
7 CATION UNITS OF GENERAL LOCAL GOVERNMENT.—

8 “(A) IN GENERAL.—The amount allocated  
9 for a fiscal year under paragraph (1) for an al-  
10 location unit of general local government or a  
11 State shall be the maximum amount that the  
12 allocation unit or State may receive under this  
13 subtitle for the fiscal year.

14 “(B) REDUCTION.—In any fiscal year, the  
15 Secretary may provide a grant under this sub-  
16 title for a State or for an allocation unit of gen-  
17 eral local government in an amount less than  
18 the amount allocated under paragraph (1), if  
19 the Secretary determines based upon review of  
20 the application of the jurisdiction under section  
21 408 or as a result of the annual performance  
22 review and audit under section 413, that the ju-  
23 risdiction has failed to comply fully with the re-  
24 quirements under section 408 or 411 or that  
25 such action is otherwise appropriate.

1           “(3) MINIMUM STATE ALLOCATION.—Notwith-  
2           standing paragraph (2), if, in allocating amounts for  
3           States under paragraph (1) for any fiscal year, the  
4           amount allocated for the year for a State is less  
5           than \$2,000,000, the allocation for the State shall  
6           instead be \$2,000,000 and the increase shall be de-  
7           ducted pro rata from the allocations of other States.

8           “(c) REALLOCATIONS.—Any amounts that a State or  
9           an allocation unit of general local government is eligible  
10          to receive for a fiscal year under subsection (b) that are  
11          not received for use in the jurisdiction, as provided by sub-  
12          sections (a) and (b) of section 410, or that become avail-  
13          able as a result of actions under section 413(b), shall be  
14          added to amounts available for allocation under this sec-  
15          tion for the succeeding fiscal year.

16       **“SEC. 410. ADMINISTRATION OF PROGRAM.**

17          “(a) GRANTS TO ALLOCATION UNITS OF GENERAL  
18          LOCAL GOVERNMENT, INDIAN TRIBES, AND INSULAR  
19          AREAS.—

20               “(1) IN GENERAL.—Except as provided in para-  
21               graphs (2), (3), and (4), an allocation unit of gen-  
22               eral local government, Indian tribe, or insular area  
23               shall administer grant amounts for any fiscal year  
24               received under section 409 by such grantees.

1           “(2) ADMINISTRATION BY DESIGNEES OF JU-  
2           RISDICTION.—

3           “(A) AUTHORITY TO ELECT.—An alloca-  
4           tion unit of general local government, Indian  
5           tribe, or insular area may elect for any fiscal  
6           year to designate a public agency or a private  
7           nonprofit organization (or a consortium of such  
8           organizations) to administer grant amounts  
9           under section 409 for the jurisdiction.

10          “(B) ELECTION REQUIREMENTS.—The  
11          Secretary shall prescribe the manner and time  
12          for making an election under subparagraph (A),  
13          and shall establish criteria for the approval of  
14          agencies and organizations designated, which  
15          shall require such agencies and organizations to  
16          demonstrate experience of the entity in provid-  
17          ing assistance to homeless individuals and fami-  
18          lies in the jurisdiction.

19          “(C) DIRECT PROVISION OF ASSIST-  
20          ANCE.—The Secretary may, at the request of  
21          the jurisdiction, provide grant amounts directly  
22          to the agency or organization designated under  
23          this paragraph.

24          “(3) ADMINISTRATION BY DESIGNEES OF SEC-  
25          RETARY.—If an allocation unit of general local gov-

1 ernment, Indian tribe, or insular area, or (if appro-  
2 priate) a public agency or private nonprofit organi-  
3 zation designated by the jurisdiction under para-  
4 graph (2), does not receive a grant under section  
5 409 for any fiscal year because of failure to meet the  
6 application requirements of section 408, the Sec-  
7 retary may designate an agency or organization  
8 meeting the criteria established under paragraph  
9 (2)(B) to receive the grant.

10 “(4) ADMINISTRATION BY SECRETARY.—If for  
11 any fiscal year the Secretary determines that the  
12 grant amounts allocated under section 409 for an al-  
13 location unit of general local government, Indian  
14 tribe, or insular area will not be used in the jurisdic-  
15 tion as provided by the preceding provisions of this  
16 subsection, the Secretary may administer such  
17 amounts for the jurisdiction. The Secretary shall  
18 prescribe such procedures and requirements as the  
19 Secretary considers appropriate for administering  
20 grant amounts under this paragraph.

21 “(b) GRANTS TO STATES.—

22 “(1) IN GENERAL.—To receive an allocation  
23 under section 409, each State shall elect—

1           “(A) to administer grant amounts received  
2           under section 409, as provided in paragraphs  
3           (2) and (3); or

4           “(B) to have the Secretary administer such  
5           grant amounts for the State, as provided in  
6           paragraph (5).

7           If a State elects to administer grant amounts under  
8           subparagraph (A), the election shall be irrevocable.

9           “(2) STATE PROGRAM.—A State administering  
10          grant amounts as provided in paragraph (1)(A)—

11           “(A) shall distribute the amounts remain-  
12           ing after use in accordance with subparagraph  
13           (B) to State recipients for use under this sub-  
14           title;

15           “(B) may use up to 15 percent of the  
16           grant amounts received under section 409 to  
17           carry out its own homeless assistance program  
18           under this subtitle, except that—

19           “(i) such amounts may only be used  
20           for eligible activities under chapter 2 for  
21           which States are eligible recipients under  
22           this subtitle; and

23           “(ii) the Secretary may increase the  
24           percentage limitation under this subpara-  
25           graph in the case of any State homeless

1 assistance program that is limited to pro-  
2 viding assistance in areas of the State that  
3 are not allocation units of general local  
4 government; and

5 “(C) may retain not to exceed 5.0 percent  
6 of the amount to be distributed under subpara-  
7 graph (A) to State recipients to defray the cost  
8 of carrying out its responsibilities under this  
9 subtitle.

10 Unless a State demonstrates to the satisfaction of  
11 the Secretary that the needs for assistance for ac-  
12 tivities under this subtitle in areas of the State that  
13 are not allocation units of general local government  
14 have been fulfilled, grant amounts received by State  
15 may only be used to carry out activities in areas of  
16 the State that do not include allocation units of gen-  
17 eral local government.

18 “(3) DISTRIBUTION OF AMOUNTS TO STATE RE-  
19 CIPIENTS.—

20 “(A) CHOICE OF ADMINISTRATION.—A  
21 State administering grant amounts as provided  
22 in paragraph (1)(A) shall, for each fiscal year,  
23 afford each such recipient the options of—

24 “(i) administering the grant amounts  
25 on its own behalf;



1           “(ii) designating a public agency or a  
2           private nonprofit organization (as provided  
3           by subsection (a)(2)) to administer the  
4           grant amounts for the jurisdiction; or

5           “(iii) entering into an agreement with  
6           the State, in consultation with private non-  
7           profit organizations providing assistance to  
8           homeless individuals and families in the ju-  
9           risdiction, under which the State will ad-  
10          minister the grant amounts for the juris-  
11          diction.

12          A recipient may choose to exercise such options  
13          at such time and in accordance with such cri-  
14          teria as the Secretary may prescribe.

15          “(B) DIRECT PROVISION OF ASSIST-  
16          ANCE.—A State may, at the request of the  
17          State recipient, provide grant amounts directly  
18          to the agency or organization designated under  
19          subparagraph (A)(ii).

20          “(C) DISTRIBUTION OF AMOUNTS.—The  
21          State shall distribute amounts to State recipi-  
22          ents (or to agencies or organizations designated  
23          under subparagraph (A)(ii), as appropriate) on  
24          the basis of an application containing such in-  
25          formation as the State may prescribe. Each ap-

1 plication shall evidence an intent to establish  
2 and maintain the provision of comprehensive  
3 homeless assistance in the jurisdiction of the re-  
4 cipient, except that the State may waive this re-  
5 quirement with respect to one or more proposed  
6 activities, where the State determines that—

7 “(i) the activities are necessary to  
8 meet the needs of homeless individuals and  
9 families within the jurisdiction; and

10 “(ii) comprehensive homeless assist-  
11 ance is not necessary, due to the nature  
12 and extent of homelessness in the jurisdic-  
13 tion.

14 “(D) PREFERENCE FOR CERTAIN STATE  
15 RECIPIENTS.—In selecting State recipients and  
16 making awards under subparagraph (C), the  
17 State shall give preference to applications that  
18 demonstrate higher relative levels of homeless  
19 need and fiscal distress.

20 “(4) STATE OR HUD ADMINISTRATION OF  
21 GRANTS FOR INDIVIDUAL STATE RECIPIENTS.—If in  
22 any fiscal year a State distributes grant amounts to  
23 a State recipient, but the recipient fails to receive  
24 the amounts pursuant to paragraph (3)(A), the Sec-  
25 retary or the State, as the Secretary may provide,

1 may distribute the amounts to private nonprofit or-  
2 ganizations in the jurisdiction. If the Secretary dis-  
3 tributes the amounts, the Secretary shall deduct the  
4 amounts distributed from the grant provided to the  
5 State for the fiscal year.

6 “(5) HUD ADMINISTRATION OF STATE PRO-  
7 GRAM.—If a State elects pursuant to paragraph  
8 (1)(B) to have the Secretary administer grant  
9 amounts for the State received under section 409,  
10 the Secretary may distribute grant amounts to State  
11 recipients for the State, in accordance with require-  
12 ments and procedures prescribed by the Secretary.  
13 The Secretary shall establish criteria for selecting  
14 recipients and making awards under this paragraph,  
15 which shall include giving preference to applications  
16 that demonstrate higher relative levels of homeless  
17 need and fiscal distress.

18 **“SEC. 411. CITIZEN PARTICIPATION.**

19 “(a) IN GENERAL.—Each grantee who is not a State  
20 recipient shall ensure that citizens, and appropriate pri-  
21 vate nonprofit organizations and other interested groups  
22 and entities, participate fully in developing and carrying  
23 out the program for providing assistance under this sub-  
24 title in the jurisdiction of the recipient. The Secretary  
25 shall prescribe such requirements to carry out this section

1 as the Secretary deems appropriate, which shall include  
2 requirements applicable to the homeless assistance plan-  
3 ning boards referred to in subsection (b) and the citizen  
4 participation provisions of subsection (c), and the timing  
5 of, and sequence for, carrying out the requirements of  
6 such subsections.

7 “(b) HOMELESS ASSISTANCE PLANNING BOARDS.—

8 “(1) ESTABLISHMENT.—As a condition of a  
9 grantee who is not a State recipient receiving assist-  
10 ance under this subtitle, the chief executive officer of  
11 the appropriate unit government in the jurisdiction  
12 of the grantee shall establish and provide support  
13 for the operation of a homeless assistance planning  
14 board under this subsection.

15 “(2) FUNCTIONS.—Each board under this sub-  
16 section shall assist the recipient in—

17 “(A) determining whether grant amounts  
18 of the grantee should be administered by the  
19 grantee, a public agency or private nonprofit or-  
20 ganization, or the State or the Secretary, under  
21 subsections (a) and (b) of section 410;

22 (B) developing the application under sec-  
23 tion 408;

24 (C) overseeing the activities carried out  
25 with assistance under this subtitle; and

1 (D) evaluating the performance of the  
2 grantee (and recipients of the grantee) in carry-  
3 ing out such activities.

4 “(3) MEMBERSHIP.—Each board under this  
5 subsection shall consist of members appointed by the  
6 chief executive officer referred to in paragraph (1)  
7 (subject to recommendations in accordance with  
8 paragraph (4)), and shall include—

9 “(A) not less than one member represent-  
10 ing homeless individuals and families;

11 “(B) not less than one member represent-  
12 ing homeless advocates;

13 “(C) not less than one member represent-  
14 ing individuals and entities providing assistance  
15 to homeless individuals and families, including  
16 agencies of units of general local government  
17 providing Federal assistance;

18 “(D) not less than one member represent-  
19 ing the business community;

20 “(E) not less than 1 member representing  
21 labor;

22 “(F) not less than one member who is a  
23 community representative;

24 “(G) not less than one member of the local  
25 board established for the jurisdiction for pur-

1 poses of allocating amounts under the emer-  
2 gency food and shelter program of the Federal  
3 Emergency Management Agency;

4 “(H) not less than one member represent-  
5 ing the grantee; and

6 “(I) in the case of a grantee that is a  
7 State—

8 “(i) one member representing the  
9 State agency or instrumentality dealing  
10 with mental health; and

11 “(ii) one member representing the  
12 State agency or instrumentality dealing  
13 with education.

14 “(4) DISTRIBUTION OF MEMBERSHIP.—Not less  
15 than 50 percent of the members of each board under  
16 this subsection (including the members required  
17 under subparagraphs (A), (B), (C), and (G) of para-  
18 graph (3)) shall be members of the board that rep-  
19 resent homeless individuals and families, homeless  
20 advocates, or nongovernmental entities that provide  
21 assistance to homeless individuals and families. They  
22 shall be individuals who were recommended for  
23 membership by individuals and entities other than a  
24 unit of general local government or any agency  
25 thereof.

1           “(5) BOARD REVIEW.—

2           “(A) APPLICANTS.—No eligible grantee  
3           may submit an application to the Secretary  
4           under section 408, and no grantee may submit  
5           to the Secretary a performance report under  
6           subsection 413(a), unless the board under this  
7           subsection for the jurisdiction of the grantee  
8           has reviewed, and been provided an opportunity  
9           to include any comments of the board in, the  
10          application or report.

11          “(B) STATE RECIPIENTS.—No State recip-  
12          ient may submit an application under section  
13          410(b)(3) or a performance report to a State,  
14          unless the board under this subsection for the  
15          jurisdiction has reviewed, and been provided an  
16          opportunity to include any comments of the  
17          board in, the application or report.

18          “(6) REVIEW BY SECRETARY.—A member or  
19          members of the board under this subsection for a ju-  
20          risdiction or other members of the community may  
21          request the Secretary to review process for constitut-  
22          ing or operating the board to determine whether the  
23          process is fair. If the Secretary finds that the proc-  
24          ess is unfair and submits a written justification to  
25          the board within 15 days of the request for review,

1 the Secretary may disapprove the application under  
2 section 408 for the jurisdiction or refuse to accept  
3 a performance report under section 413(a).

4 “(7) CONFLICTS OF INTEREST.—The Secretary  
5 shall prescribe standards governing potential con-  
6 flicts of interest under which members of boards  
7 under this subsection may participate in activities  
8 carried out under this subtitle.

9 “(c) INVOLVEMENT OF CITIZENS AND OTHERS.—

10 “(1) IN GENERAL.—Each recipient shall—

11 “(A) make available to its citizens, public  
12 agencies, and other interested parties informa-  
13 tion concerning the amount of assistance the ju-  
14 risdiction expects to receive and the range of  
15 activities that may be undertaken with the as-  
16 sistance;

17 “(B) publish the proposed application in a  
18 manner that, in the determination of the Sec-  
19 retary, affords affected citizens, public agencies,  
20 and other interested parties a reasonable oppor-  
21 tunity to examine its content and to submit  
22 comments on it;

23 “(C) hold one or more public hearings to  
24 obtain the views of citizens, public agencies, and



1 other interested parties on the housing needs of  
2 the jurisdiction; and

3 “(D) provide citizens, public agencies, and  
4 other interested parties with reasonable access  
5 to records regarding any uses of any assistance  
6 the recipient may have received under this sub-  
7 title during the preceding 5 years.

8 “(2) NOTICE AND COMMENT.—Before submit-  
9 ting any performance report under section 413(a) or  
10 any substantial amendment to an application under  
11 section 408, a recipient shall provide citizens with  
12 reasonable notice of, and opportunity to comment  
13 on, the performance report or application.

14 “(3) CONSIDERATION OF COMMENTS.—A recipi-  
15 ent shall consider any comments or views of citizens  
16 in preparing a final application, amendment to an  
17 application, or performance report for submission. A  
18 summary of such comments or views shall be at-  
19 tached when an application, amendment to an appli-  
20 cation, or performance report is submitted. The sub-  
21 mitted application, amendment, or report shall be  
22 made available to the public.

23 “(4) AUTHORITY OF SECRETARY.—The Sec-  
24 retary shall establish procedures appropriate and  
25 practicable for providing a fair hearing and timely

1 resolution of citizen complaints related to applica-  
2 tions or performance reports under this subtitle.

3 “(d) REQUIREMENTS FOR CITIZEN PARTICIPATION  
4 FOR STATE RECIPIENTS AND RECIPIENTS OF AMOUNTS  
5 FROM THE SECRETARY.—

6 “(1) STATE RECIPIENTS.—The State may pre-  
7 scribe citizen participation requirements comparable  
8 (to the extent appropriate) to the requirements  
9 under the preceding provisions of this section for  
10 cases in which a State distributes grant amounts to  
11 State recipients, as provided in section 410(b)(2).

12 “(2) RECIPIENTS FROM SECRETARY.—The Sec-  
13 retary may prescribe citizen participation require-  
14 ments comparable (to the extent appropriate) to the  
15 requirements under the preceding provisions of this  
16 section for cases in which the Secretary—

17 “(A) administers the grant amounts of an  
18 allocation unit of general local government, as  
19 provided in section 410(a)(4); or

20 “(B) distributes grant amounts to recipi-  
21 ents, as provided in paragraph (3), (4), or (5)  
22 of section 410(b).

23 “(3) INAPPLICABLE LAWS.—The Federal Advi-  
24 sory Committee Act and section 12 of the Depart-  
25 ment of Housing and Urban Development Act shall

1 not apply with respect to the actions of the Sec-  
2 retary referred to in paragraph (2). The Secretary  
3 shall establish appropriate standards under this  
4 paragraph to ensure the integrity of the process for  
5 awarding assistance.

6 **“SEC. 412. APPLICABILITY OF OTHER PROVISIONS.**

7 “(a) FLOOD ELEVATION REQUIREMENTS.—Flood  
8 protection standards applicable to housing acquired, reha-  
9 bilitated, or assisted under this subtitle shall be no more  
10 restrictive than the standards applicable to any other pro-  
11 gram administrated by the Secretary.

12 “(b) ENVIRONMENTAL PROTECTION.—The provi-  
13 sions of, and regulations and procedures applicable under,  
14 section 104(g) of the Housing and Community Develop-  
15 ment Act of 1974 shall apply to assistance and projects  
16 under this subtitle.

17 “(c) GAO AUDITS.—Insofar as they relate to funds  
18 provided under this subtitle, the financial transactions of  
19 grantees and project sponsors may be audited by the Gen-  
20 eral Accounting Office under such rules and regulations  
21 as may be prescribed by the Comptroller General of the  
22 United States. The representatives of the General Ac-  
23 counting Office shall have access to all books, accounts,  
24 records, reports, files and other papers, things, or property  
25 belonging to, or in use by such grantees, and project spon-

1 sors pertaining to the financial transactions and necessary  
2 to facilitate the audit.

3 **“SEC. 413. REPORTS, REVIEWS, AND AUDITS.**

4       “(a) GRANTEE PERFORMANCE REPORT.—Each  
5 grantee shall submit to the Secretary a performance and  
6 evaluation report concerning the use of funds made avail-  
7 able under this subtitle. The report shall be submitted at  
8 such time and contain such information as the Secretary  
9 shall prescribe, and shall be made available to the relevant  
10 boards referred to in section 411(b) and to citizens, public  
11 agencies, and other interested parties in the jurisdiction  
12 of the grantee in sufficient time to permit the board and  
13 the citizens, public agencies, and other interested parties  
14 to comment on the report before submission.

15       “(b) REVIEWS AND AUDITS.—The Secretary shall, at  
16 least on an annual basis, make such reviews and audits  
17 as may be necessary or appropriate to determine—

18               “(1) in the case of a grantee (other than a  
19 grantee referred to in paragraph (2)), whether the  
20 grantee—

21                       “(A) has carried out its activities in a  
22 timely manner;

23                       “(B) has made progress toward establish-  
24 ing and maintaining the comprehensive home-

1 less assistance system in conformity with its ap-  
2 plication under this subtitle;

3 “(C) has carried out its activities and cer-  
4 tifications in accordance with the requirements  
5 of this subtitle and other applicable laws; and

6 “(D) has a continuing capacity to carry  
7 out its activities in a timely manner; and

8 “(2) in the case of States distributing grant  
9 amounts to State recipients, whether the State—

10 “(A) has distributed amounts to State re-  
11 cipients in a timely manner and in conformance  
12 with the method of distribution described in its  
13 application;

14 “(B) has carried out its activities and cer-  
15 tifications in compliance with the requirements  
16 of this subtitle and other applicable laws; and

17 “(C) has made such reviews and audits of  
18 the State recipients as may be necessary or ap-  
19 propriate to determine whether they have satis-  
20 fied the applicable performance criteria con-  
21 tained in paragraph (1).

22 The Secretary may make appropriate adjustments in the  
23 amount of grants in accordance with the Secretary’s find-  
24 ings under this subsection. With respect to assistance  
25 made available for State recipients, the Secretary may ad-

1 just, reduce, or withdraw such assistance, or take other  
2 action as appropriate in accordance with the Secretary's  
3 reviews and audits under this subsection, except that  
4 amounts already properly expended on eligible activities  
5 under this subtitle shall not be recaptured or deducted  
6 from future assistance to such recipients.

7 **“SEC. 414. NONDISCRIMINATION IN PROGRAMS AND AC-**  
8 **TIVITIES.**

9 “(a) IN GENERAL.—No person in the United States  
10 shall on the ground of race, color, national origin, religion,  
11 or sex be excluded from participation in, be denied the  
12 benefits of, or be subjected to discrimination under any  
13 program or activity funded in whole or in part with funds  
14 made available under this subtitle. Any prohibition against  
15 discrimination on the basis of age under the Age Discrimi-  
16 nation Act of 1975 or with respect to an otherwise quali-  
17 fied handicapped individual, as provided in section 504 of  
18 the Rehabilitation Act of 1973, shall also apply to any  
19 such program or activity.

20 “(b) LIMITATIONS.—

21 “(1) INDIAN TRIBES.—No grant may be made  
22 under this subtitle to an Indian tribe unless the ap-  
23 plicant provides satisfactory assurances that its pro-  
24 gram will be conducted and administered in con-  
25 formity with title II of Public Law 90–284. The Sec-

1       retary may waive, in connection with grants to In-  
2       dian tribes, the provisions of subsection (a).

3           “(2) HAWAIIAN HOME LANDS.—The provisions  
4       of this subtitle relating to discrimination on the  
5       basis of race shall not apply to the provision of as-  
6       sistance under this subtitle to the Hawaiian Home  
7       Lands.

8       **“SEC. 415. CONSULTATION.**

9           “‘In carrying out the provisions of this subtitle, in-  
10      cluding the issuance of regulations, the Secretary shall  
11      consult with other Federal agencies administering pro-  
12      grams affecting homeless individuals and families through  
13      the Interagency Council on the Homeless established  
14      under title II.

15      **“SEC. 416. RECORDS, REPORTS, AND AUDITS.**

16           “(a) KEEPING OF RECORDS.—Any recipient (includ-  
17      ing a State distributing grant amounts to State recipients  
18      as provided in section 410(b)(2)) shall keep such records  
19      as may be reasonably necessary—

20           “(1) to disclose the amounts and the disposition  
21      of the grant amounts; and

22           “(2) to ensure compliance with the require-  
23      ments of this subtitle.

24           “(b) ACCESS TO DOCUMENTS BY SECRETARY.—The  
25      Secretary shall have access for the purpose of audit and

1 examination to any books, documents, papers, and records  
2 of any recipient specified in subsection (a) that are perti-  
3 nent to grant amounts received in connection with, and  
4 the requirements of, this subtitle.

5       “(c) ACCESS TO DOCUMENTS BY COMPTROLLER  
6 GENERAL.—The Comptroller General of the United  
7 States, or any of the duly authorized representatives of  
8 the Comptroller General, shall have access for the purpose  
9 of audit and examination to any books, documents, papers,  
10 and records of any recipient specified in subsection (a)  
11 that are pertinent to grant amounts received in connection  
12 with, and the requirements of, this subtitle.

13 **“SEC. 417. REPORTS TO CONGRESS.**

14       “The Secretary shall submit a report to the Congress  
15 annually, summarizing the activities carried out under this  
16 subtitle and setting forth the findings, conclusions, and  
17 recommendations of the Secretary as a result of the activi-  
18 ties. The report shall be submitted not later than 4  
19 months after the end of each fiscal year (except that, in  
20 the case of fiscal year 1995, the report shall be submitted  
21 not later than 6 months after the end of the fiscal year).

22 **“CHAPTER 2—ELIGIBLE ACTIVITIES**

23 **“SEC. 431. HOMELESSNESS PREVENTION.**

24       “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
25 grant amounts under this subtitle for activities designed



1 to help persons and families described in subsection (b)  
2 avoid becoming homeless, which shall include assistance  
3 for making mortgage payments, rental payments, and util-  
4 ity payments and any activities other than those found by  
5 the Secretary to be inconsistent with the purposes of this  
6 Act.

7 “(b) REQUIREMENTS FOR ASSISTANCE.—Assistance  
8 may be provided under this section only to very low-income  
9 persons and families who have received eviction (or mort-  
10 gage delinquency or foreclosure) notices or notices of ter-  
11 mination of utility services and who—

12 “(1) are unable to make the required payments  
13 due to a sudden reduction in income;

14 “(2) need such assistance to avoid the eviction  
15 or termination of services; and

16 “(3) have a reasonable prospect of being able to  
17 resume payments within a reasonable period of time.

18 **“SEC. 432. EMERGENCY SHELTER.**

19 “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
20 grant amounts under this subtitle for—

21 “(1) the renovation, major rehabilitation, or  
22 conversion of a building or buildings to be used as  
23 emergency shelters;

24 “(2) the provision of supportive services, if such  
25 services do not supplant any services provided by the

1 local government during any part of the 12-month  
2 period ending on the date of the commencement of  
3 the operation of the emergency shelter; and

4 “(3) maintenance, operation, insurance, utili-  
5 ties, and furnishings for emergency shelters.

6 “(b) DEFINITION.—A project shall be considered  
7 emergency shelter for purposes of this section if the  
8 project is designed to provide overnight sleeping accom-  
9 modations for homeless persons. An emergency shelter  
10 may include appropriate eating and cooking accommoda-  
11 tions.

12 “(c) PROGRAM REQUIREMENTS.—A recipient may  
13 use grant amounts under this subtitle for an emergency  
14 shelter project only if the project sponsor has agreed that  
15 it will—

16 “(1) in the case of assistance involving major  
17 rehabilitation or conversion of a building, maintain  
18 the building as a shelter for homeless individuals  
19 and families for not less than a 10-year period un-  
20 less, within such 10-year period, the need for main-  
21 taining the building as a full-time shelter ceases to  
22 exist and the building is used for the remainder of  
23 such period to carry out other eligible activities  
24 under this subtitle;

1           “(2) in the case of assistance involving rehabili-  
2           tation (other than major rehabilitation or conversion  
3           of a building), maintain the building as a shelter for  
4           homeless individuals and families for not less than  
5           a 3-year period; or

6           “(3) in the case of assistance involving only ac-  
7           tivities described in paragraphs (2) and (3) of sub-  
8           section (a), provide services or shelter to homeless  
9           individuals and families at the original site or struc-  
10          ture or other sites or structures serving the same  
11          general population for the period during which such  
12          assistance is provided;

13          “(4) comply with the standards of habitability  
14          prescribed under subsection (d) by the Secretary and  
15          (if applicable) the State or unit of general local gov-  
16          ernment; and

17          “(5) assist homeless persons in obtaining—

18                 “(A) appropriate supportive service, includ-  
19                 ing permanent housing, medical and mental  
20                 health treatment, counseling, supervision, and  
21                 other services essential for achieving independ-  
22                 ent living; and

23                 “(B) other Federal, State, local, and pri-  
24                 vate assistance available for homeless persons.

1       “(d) MINIMUM STANDARDS OF HABITABILITY.—The  
2 Secretary shall prescribe such minimum standards of hab-  
3 itability as the Secretary determines to be appropriate to  
4 ensure that emergency shelters assisted under this section  
5 are environments that provide appropriate privacy, safety,  
6 and sanitary and other health-related conditions for home-  
7 less persons and families. Grantees may establish stand-  
8 ards of habitability in addition to those prescribed by the  
9 Secretary.

10 **“SEC. 433. SUPPORTIVE HOUSING FOR THE HOMELESS.**

11       “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
12 grant amounts under this subtitle to provide assistance to  
13 a project sponsor of supportive housing in the following  
14 manners:

15               “(1) ACQUISITION AND REHABILITATION.—As-  
16 sistance may be provided in the form of an advance  
17 in an amount not exceeding cost of acquisition, sub-  
18 stantial rehabilitation, or acquisition and rehabilita-  
19 tion of an existing structure for use as supportive  
20 housing. The repayment of any outstanding debt  
21 owed on a loan made to purchase an existing struc-  
22 ture shall be considered to be a cost of acquisition  
23 eligible for an advance under this paragraph if the  
24 structure was not used as supportive housing before  
25 the receipt of assistance.

1           “(2) MODERATE REHABILITATION.—Assistance  
2           may be provided in the form of a grant for moderate  
3           rehabilitation of an existing structure for use as sup-  
4           portive housing. Assistance under this paragraph  
5           shall not preclude assistance under paragraph (1).

6           “(3) OPERATING COSTS.—Assistance may be  
7           provided in the form of annual payments for operat-  
8           ing costs of supportive housing (including supportive  
9           housing that is newly constructed with assistance  
10          provided from sources other than this subtitle) in an  
11          amount not exceeding 75 percent of the annual oper-  
12          ating costs of such housing.

13          “(4) TECHNICAL ASSISTANCE.—Technical as-  
14          sistance may be provided in—

15                 “(A) establishing supportive housing in an  
16                 existing structure;

17                 “(B) operating supportive housing in exist-  
18                 ing structures and in structures that are newly  
19                 constructed with assistance provided from  
20                 sources other than this subtitle; and

21                 “(C) providing supportive services to the  
22                 residents of supportive housing (including sup-  
23                 portive housing that is newly constructed with  
24                 assistance provided from sources other than  
25                 this subtitle).

1           “(5) EMPLOYMENT ASSISTANCE PROGRAM.—  
2 Assistance may be provided in the form of a grant  
3 for establishing and operating an employment assist-  
4 ance program for the residents of supportive hous-  
5 ing, which shall include—

6                   “(A) employment of residents in the oper-  
7 ation and maintenance of the housing; and

8                   “(B) the payment of the transportation  
9 costs of residents to places of employment.

10           “(6) SUPPORTIVE SERVICES.—Assistance may  
11 be provided in the form of a grant for costs of sup-  
12 portive services provided to homeless individuals.  
13 Any project sponsor, including program recipients  
14 under title IV of this Act before the date of the en-  
15 actment of the Housing and Community Develop-  
16 ment Act of 1994, may reapply for such assistance  
17 or for the renewal of such assistance to continue  
18 services funded under prior grants or to provide  
19 other services.

20           “(7) CHILD CARE SERVICES.—Assistance may  
21 be provided in the form of a grant to establish and  
22 operate a child care services program for homeless  
23 families, which shall—

24                   “(A) include—

1           “(i) establishing, licensing, and oper-  
2           ating an onsite child care facility for the  
3           residents of transitional housing;

4           “(ii) making contributions for the  
5           child care costs of residents of transitional  
6           housing to existing community child care  
7           programs and facilities; and

8           “(iii) counseling designed to inform  
9           the residents of transitional housing of  
10          public and private child care services for  
11          which they are eligible; and

12          “(B) provide only child care services that  
13          comply with any applicable State and local laws  
14          and regulations.

15          A grant under this paragraph for any child care  
16          services program may not exceed the amount equal  
17          to 75 percent of the cost of operating the program  
18          for a period not exceeding 5 years.

19          “(b) SUPPORTIVE HOUSING.—Housing for homeless  
20          individuals shall be considered to be supportive housing  
21          for purposes of this section if—

22                 “(1) the housing is safe and sanitary and meets  
23                 any applicable State and local housing codes and li-  
24                 censing requirements in the jurisdiction in which the  
25                 housing is located;

1 “(2) the housing is—

2 “(A) transitional housing;

3 “(B) permanent housing for homeless per-  
4 sons with disabilities; or

5 “(C) a particularly innovative project for,  
6 or alternative methods of, meeting the imme-  
7 diate and long-term needs of homeless individ-  
8 uals and families (or is part of such a project);  
9 and

10 “(3) supportive services are provided in connec-  
11 tion with the housing to address the special needs of  
12 homeless individuals intended to be served by the  
13 housing.

14 “(c) TRANSITIONAL HOUSING.—For purposes of this  
15 section, the term ‘transitional housing’ means housing, the  
16 purpose of which is to facilitate the movement of homeless  
17 individuals and families to permanent housing within 24  
18 months or such longer period as the Secretary determines  
19 necessary.

20 “(d) PERMANENT HOUSING FOR HOMELESS PER-  
21 SONS WITH DISABILITIES.—For purposes of this section,  
22 the term ‘permanent housing for homeless persons with  
23 disabilities’ means community-based housing for homeless  
24 persons with disabilities that—



1           “(1) is a home designed solely for housing  
2 homeless persons with disabilities or dwelling units  
3 in a multifamily housing project, condominium  
4 project, or cooperative project;

5           “(2) in the case of a home, is located on a site  
6 that does not contain another home used for the  
7 same purposes and that is not contiguous to another  
8 site containing a home used for the same purposes;  
9 and

10           “(3) provides long-term housing and supportive  
11 services for not more than—

12                   “(A) 8 such persons in a single structure  
13 or contiguous structures;

14                   “(B) 16 such persons, but only if not more  
15 than 20 percent of the units in a structure are  
16 designated for such persons; or

17                   “(C) more than 16 persons if the applicant  
18 demonstrates that local market conditions dic-  
19 tate the development of a large project and  
20 such development will achieve the neighborhood  
21 integration objectives of the program within the  
22 context of the affected community.

23           “(e) PROGRAM REQUIREMENTS.—

24                   “(1) REQUIRED AGREEMENTS.—A recipient  
25 may use grant amounts under this subtitle for a

1 supportive housing project under this section only if  
2 the project sponsor for the project has agreed—

3 “(A) to operate the proposed project as  
4 supportive housing for not less than 10 years;

5 “(B) to conduct an ongoing assessment of  
6 the supportive services required by the residents  
7 of the project;

8 “(C) to provide such residential supervision  
9 as the Secretary determines is necessary to fa-  
10 cilitate the adequate provision of supportive  
11 services to the residents of the project; and

12 “(D) to comply with such other terms and  
13 conditions as the Secretary or recipient may es-  
14 tablish for purposes of carrying out this pro-  
15 gram in an effective and efficient manner.

16 “(2) OCCUPANT CHARGE.—Each homeless indi-  
17 vidual or family residing in a project assisted under  
18 this section that provides supportive housing may be  
19 required to pay an occupancy charge in an amount  
20 determined by the project sponsor, which may not  
21 exceed the amount determined under section 3(a) of  
22 the United States Housing Act of 1937. Occupancy  
23 charges paid may be reserved, in whole or in part,  
24 to assist residents in moving to permanent housing.

1       “(f) SINGLE ROOM OCCUPANCY DWELLINGS.—A  
2 project assisted under this section may provide supportive  
3 housing or supportive services in dwelling units that do  
4 not contain bathrooms or kitchen facilities and are appro-  
5 priate for use as supportive housing or in projects contain-  
6 ing some or all such dwelling units.

7       **“SEC. 434. SAFE HAVENS FOR HOMELESS INDIVIDUALS.**

8       “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
9 grant amounts under this subtitle for—

10           “(1) the construction of a structure for use in  
11 providing a safe haven or the acquisition, rehabilita-  
12 tion, or acquisition and rehabilitation of an existing  
13 structure for use in providing a safe haven;

14           “(2) the leasing of an existing structure for use  
15 in providing a safe haven;

16           “(3) operating costs of a safe haven;

17           “(4) costs of administering a safe haven pro-  
18 gram, in an amount not exceeding 10 percent of the  
19 amounts made available for activities under para-  
20 graphs (1) through (3);

21           “(5) conducting outreach activities designed to  
22 inform eligible persons about and attract them to a  
23 safe haven program;

24           “(6) the provision of low-demand services and  
25 referrals for residents of a safe haven; and

1           “(7) conducting other activities that further the  
2           purposes of this section, including the modification  
3           of an existing facility to use a portion of a facility  
4           to provide a safe haven.

5           “(b) DEFINITION.—For purposes of this section, the  
6           term ‘safe haven’ means housing for homeless persons  
7           who, at the time, are unwilling or unable to participate  
8           in mental health treatment programs or to receive other  
9           supportive services. Such a facility may provide—

10           “(1) 24-hour residence for eligible persons who  
11           may reside for an unspecified duration;

12           “(2) private or semiprivate accommodations;

13           “(3) common use of kitchen facilities, dining  
14           rooms, and bathrooms;

15           “(4) supportive services to eligible persons who  
16           are not residents on a drop-in basis; and

17           “(5) overnight occupancy limited to no more  
18           than 25 persons.

19           **“SEC. 435. SHELTER PLUS CARE.**

20           “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
21           grant amounts under this subtitle to provide shelter plus  
22           care for homeless persons with disabilities (primarily per-  
23           sons who have severe and persistent mental or emotional  
24           impairments that seriously limit a person’s ability to live  
25           independently, have chronic programs with alcohol, drugs,

1 or both, or have acquired immunodeficiency syndrome and  
2 related diseases) and the families of such persons.

3 “(b) DEFINITION.—For purposes of this section, the  
4 term ‘shelter plus care’ means rental housing assistance,  
5 in connection with supportive services funded from sources  
6 other than under this section. Such rental housing assist-  
7 ance may be tenant-based, project-based, or sponsor-  
8 based.

9 **“SEC. 436. ADMINISTRATIVE AND CAPACITY-BUILDING EX-**  
10 **PENSES.**

11 “(a) AVAILABILITY OF GRANT AMOUNTS.—A recipi-  
12 ent may use grant amounts under this subtitle for the fol-  
13 lowing expenses:

14 “(1) ADMINISTRATIVE EXPENSES.—During—

15 “(A) the first year in which a recipient re-  
16 ceives grant amounts under this subtitle, for  
17 administrative expenses in connection with  
18 planning the development of, and establishing,  
19 its program under this subtitle;

20 “(B) subsequent years, to defray the cost  
21 of administering the program; and

22 “(C) any year in which a recipient receives  
23 grant amounts under this subtitle, to defray the  
24 cost of establishing and operating the board re-  
25 ferred to in section 411(b).

1 Not more than 5 percent of any amounts provided  
2 to a recipient under this subtitle for a fiscal year  
3 may be used for activities under this paragraph.

4 “(2) CAPACITY BUILDING FOR NONPROFIT OR-  
5 GANIZATIONS.—For building the capacity of private  
6 nonprofit organizations to participate in the com-  
7 prehensive homeless assistance system of the recipi-  
8 ent, except that not more than 2 percent of any  
9 amounts provided to a recipient under this subtitle  
10 for a fiscal year may be used for activities under this  
11 paragraph.

12 “(b) PROVISION OF ADMINISTRATIVE EXPENSES FOR  
13 CERTAIN ENTITIES.—

14 “(1) PROVISION OF AMOUNTS.—Any recipient  
15 under paragraph (2) shall make available, to defray  
16 the administrative expenses of the designee or the  
17 State, not more than 5 percent from amounts eligi-  
18 ble for this purpose under subsection (a)(1).

19 “(2) RECIPIENTS COVERED.—The recipients  
20 under this paragraph shall be—

21 “(A) any allocation unit of general local  
22 government, Indian Tribe, or insular area, that  
23 designates a public agency or a private non-  
24 profit organization under section 410(a)(2);

1           “(B) any State recipient that designates a  
2           public agency or a private nonprofit organiza-  
3           tion under section 410(b)(3)(A)(ii); and

4           “(C) any State recipient that enters into  
5           an agreement under section 410(b)(3)(A)(iii)  
6           with a State.

7   **“SEC. 437. INNOVATIVE HOMELESS INITIATIVES.**

8           “(a) ELIGIBLE ACTIVITIES.—A recipient may use  
9           grant amounts under this subtitle for—

10           “(1) establishing innovative programs to dem-  
11           onstrate methods of undertaking comprehensive  
12           strategies for assisting homeless individuals and  
13           families (including homeless individuals who have  
14           the disease of acquired immunodeficiency syndrome  
15           or who are infected with HIV), through cooperative  
16           efforts in partnership with other levels of govern-  
17           ment and the private sector (including nonprofit or-  
18           ganizations, foundations, and communities) and  
19           through a variety of activities, including the coordi-  
20           nation of efforts and the filling of gaps in available  
21           services and resources; and

22           “(2) to obtain technical assistance in establish-  
23           ing a program for providing homeless assistance in  
24           accordance with the provisions of this subtitle, ex-  
25           cept that not more than 10 percent of the amount

1 provided to a recipient under this subtitle for a fiscal  
2 year may be used under this paragraph.

3 “(b) REQUIREMENTS.—A recipient may use grant  
4 amounts to establish an innovative program under sub-  
5 section (a)(1) only if—

6 “(1) the existing public and private systems for  
7 homelessness prevention, outreach, assessment, shel-  
8 ter, services, transitional services, transitional hous-  
9 ing, and permanent housing available within the ju-  
10 risdiction of the recipient would benefit from addi-  
11 tional resources to achieve a comprehensive ap-  
12 proach to meeting the needs of individuals and fami-  
13 lies who are homeless, or who are very low-income  
14 and at risk of homelessness;

15 “(2) the recipient works cooperatively with the  
16 Department of Housing and Urban Development,  
17 nonprofit organizations, foundations, other private  
18 entities, and the community, to the extent feasible,  
19 to design and implement the program; and

20 “(3) the recipient obtains a commitment from  
21 the jurisdiction to make necessary changes in policy  
22 and procedure to provide sufficient flexibility and re-  
23 sources as necessary to implement and sustain the  
24 program.



1 **“SEC. 438. OTHER APPROVED ACTIVITIES.**

2 “The Secretary, in cooperation with grantees, recipi-  
3 ents, and other appropriate parties, shall develop addi-  
4 tional activities to carry out the purposes of this subtitle.  
5 A recipient may use grants amounts under this subtitle  
6 to carry out any such activities developed and approved  
7 by the Secretary.

8 **“Subtitle B—Other Permanent**  
9 **Housing Assistance Programs**  
10 **for the Homeless”.**

11 **SEC. 812. REGULATIONS AND TRANSITION PROVISIONS.**

12 (a) IN GENERAL.—Not later than April 1, 1995, the  
13 Secretary of Housing and Urban Development (in this sec-  
14 tion referred to as the “Secretary”) shall publish final reg-  
15 ulations to implement the amendments made by this chap-  
16 ter. The final rule shall be published after notice and op-  
17 portunity for public comment in accordance with section  
18 553 of title 5, United States Code.

19 (b) TRANSITION PROVISIONS.—

20 (1) EMERGENCY SHELTER GRANTS PROGRAM.—  
21 Notwithstanding any other provision of law, during  
22 fiscal year 1995, the Secretary shall allocate grants  
23 from amounts available for such year under subtitle  
24 A of title IV of the Stewart B. McKinney Homeless  
25 Assistance Act (as amended by this Act) in accord-  
26 ance with the provisions of subtitle B of title IV of

1 the Stewart B. McKinney Homeless Assistance Act  
2 (Emergency Shelter Grants), as such provisions ex-  
3 isted immediately before the enactment of this Act.

4 (2) FAILURE TO PUBLISH REGULATIONS.—

5 (A) IN GENERAL.—If the Secretary fails to  
6 publish final regulations as provided by sub-  
7 section (a), the Secretary shall distribute the  
8 amounts available for fiscal year 1995 under  
9 subtitle A of title IV of the Stewart B. McKin-  
10 ney Homeless Assistance Act (as amended by  
11 this Act) (excluding amounts allocated under  
12 paragraph (1)) in accordance with the following  
13 provisions of title IV of the Stewart B. McKin-  
14 ney Homeless Assistance Act, as such provi-  
15 sions existed immediately before the enactment  
16 of this Act—

17 (i) subtitle C (Supportive Housing);

18 (ii) subtitle D (Safe Havens); and

19 (iii) subtitle F (Shelter Plus Care).

20 (B) PROCEDURE.—For purposes of award-  
21 ing assistance under this paragraph, the Sec-  
22 retary may, as appropriate—

23 (i) provide for use of a single applica-  
24 tion; and

1 (ii) publish a single notice of funding  
2 availability.

3 (3) MINIMUM AMOUNTS.—The Secretary shall  
4 determine the amount to be allocated for each of the  
5 programs referred to in this subsection, but the  
6 amount so allocated for each such program shall not  
7 be less than the amount appropriated for the pro-  
8 gram for fiscal year 1994.

9 (c) TECHNICAL ASSISTANCE.—Of any amounts ap-  
10 propriated to carry out section 2 of the HUD Demonstra-  
11 tion Act of 1993 in fiscal year 1995, the Secretary may  
12 use not more than 10 percent for providing technical as-  
13 sistance to assist recipients under subtitle A of title IV  
14 of the Stewart B. McKinney Homeless Assistance Act (as  
15 amended by this chapter) to establish a program for pro-  
16 viding homeless assistance in accordance with the provi-  
17 sions of such subtitle.

18 **SEC. 813. REPORT ON SINGLE ROOM OCCUPANCY ASSIST-**  
19 **ANCE.**

20 Not later than July 1, 1995, the Secretary shall sub-  
21 mit a report to the Congress evaluating the effectiveness  
22 of combining the programs for assistance for single room  
23 occupancy dwellings under sections 451 and 452 of the  
24 Stewart B. McKinney Homeless Assistance Act (as so re-  
25 designated and amended by this Act) into the program

1 for assistance under subtitle A of title IV of such Act and,  
2 if effective, describing how to provide such assistance  
3 under the program under such subtitle A.

4 **CHAPTER 2—OTHER HOUSING ASSIST-**  
5 **ANCE PROGRAMS FOR THE HOMELESS**  
6 **UNDER MCKINNEY ACT**

7 **SEC. 821. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCU-**  
8 **PANCY DWELLINGS.**

9 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
10 451(a) of the Stewart B. McKinney Homeless Assistance  
11 Act (42 U.S.C. 11401(a)), as so redesignated by section  
12 811(3) of this Act, is amended to read as follows:

13 “(a) INCREASE IN BUDGET AUTHORITY.—The budg-  
14 et authority available under section 5(c) of the United  
15 States Housing Act of 1937 for assistance under section  
16 8(e)(2) of such Act (as in effect immediately before Octo-  
17 ber 1, 1991) is authorized to be increased by  
18 \$200,000,000 on or after October 1, 1994, and by  
19 \$200,000,000 on or after October 1, 1995.”.

20 (b) PROGRAM CHANGES.—Section 451 of the Stewart  
21 B. McKinney Homeless Assistance Act (42 U.S.C.  
22 11401(a)), as so redesignated by section 811(3) of this  
23 Act, is amended—

24 (1) in the second sentence of subsection (c), in  
25 the matter preceding paragraph (1), by striking

1 “containing” and inserting the following: “for the  
2 provision of assistance under this section that is spe-  
3 cifically provided for in the comprehensive homeless  
4 assistance described in the application under section  
5 408 of the relevant eligible grantee and that con-  
6 tains”; and

7 (2) in subsection (j)(1), by inserting “recipient  
8 under subtitle A,” after “authority,”.

9 **SEC. 822. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE**  
10 **SINGLE ROOM OCCUPANCY DWELLINGS.**

11 Title IV of the Stewart B. McKinney Homeless As-  
12 sistance Act (42 U.S.C. 11361 et seq.) is amended by in-  
13 serting after section 451, as so redesignated by section  
14 811(3) of this Act, the following new section:

15 **“SEC. 452. SECTION 8 ASSISTANCE FOR SHELTER PLUS**  
16 **CARE SINGLE ROOM OCCUPANCY DWELL-**  
17 **INGS.**

18 “(a) PURPOSE.—The purpose of the program under  
19 this section is to provide assistance for the moderate reha-  
20 bilitation of single room occupancy housing to be made  
21 available for rental, in connection with supportive services  
22 funded from sources other than this section, to homeless  
23 persons with disabilities (primarily persons who are seri-  
24 ously mentally ill, have chronic problems with alcohol,  
25 drugs, or both, or have acquired immunodeficiency syn-

1 drome and related diseases) and the families of such per-  
2 sons.

3 “(b) MODERATE REHABILITATION ASSISTANCE.—

4 The Secretary may use amounts made available to carry  
5 out this section for moderate rehabilitation of single room  
6 occupancy housing described in section 8(l) of the United  
7 States Housing Act of 1937 for occupancy by eligible per-  
8 sons in accordance with this section. Such amounts may  
9 be used in connection with the moderate rehabilitation of  
10 efficiency units if the building owner agrees to pay the  
11 additional cost of rehabilitating and operating the effi-  
12 ciency units.

13 “(c) FUNDING LIMITATIONS.—

14 “(1) TARGETED POPULATIONS.—To the maxi-  
15 mum extent practicable, the Secretary shall reserve  
16 not less than 50 percent of all amounts made avail-  
17 able to carry out this section for homeless individ-  
18 uals who are seriously mentally ill or have chronic  
19 problems with alcohol, drugs, or both.

20 “(2) GEOGRAPHICAL LIMITATION.—Of the as-  
21 sistance made available under this section for any  
22 fiscal year, not more than 10 percent may be used  
23 for programs located within any one unit of general  
24 local government.

25 “(d) SUPPORTIVE SERVICES REQUIREMENTS.—

1           “(1) REQUIREMENT OF MATCHING AMOUNTS.—  
2       Each recipient of assistance under this section shall  
3       supplement the assistance provided under this sec-  
4       tion with an equal amount of funds for supportive  
5       services from sources other than this section. Each  
6       recipient shall certify to the Secretary its compliance  
7       with this paragraph, and shall include with the cer-  
8       tification a description of the sources and amounts  
9       of such supplemental funds.

10           “(2) DETERMINATION OF MATCHING  
11       AMOUNTS.—In calculating the amount of supple-  
12       mental funds provided under this section, a recipient  
13       may include the value of any lease on a building, any  
14       salary paid to staff to carry out the program of the  
15       recipient, and the value of the time and services con-  
16       tributed by volunteers to carry out the program of  
17       the recipient at a rate determined by the Secretary.

18           “(3) RECAPTURE.—If the supportive services  
19       and funding for the supportive services required by  
20       this subsection are not provided by a recipient, the  
21       Secretary may recapture any unexpended housing  
22       assistance provided under this section to the recipi-  
23       ent.

24           “(e) CONTRACT REQUIREMENTS.—Each contract for  
25       annual contributions entered into by the Secretary with

1 a public housing agency to obligate budget authority made  
2 available to carry out this section shall—

3 “(1) commit the Secretary to make the author-  
4 ity available to the public housing agency for an ag-  
5 gregate period of 10 years, and require that any  
6 amendments increasing the authority shall be avail-  
7 able for the remainder of such 10-year period;

8 “(2) provide the Secretary with the option to  
9 renew the contract for an additional period of 10  
10 years, subject to the availability of authority;

11 “(3) provide that, notwithstanding any other  
12 provision of law, first priority for occupancy of hous-  
13 ing rehabilitated under this section shall be given to  
14 homeless persons; and

15 “(4) require installation in the housing assisted  
16 of a sprinkler system that protects all major spaces,  
17 hard-wired smoke detectors, and any other fire safe-  
18 ty improvements as may be required by State or  
19 local law.

20 For purposes of this subsection, the term ‘major spaces’  
21 means hallways, large common areas, and other areas  
22 specified in local fire, building, or safety codes.

23 “(f) APPLICATIONS.—

24 “(1) IN GENERAL.—An application for rental  
25 housing assistance under this section shall be sub-



1       mitted by an applicant in such form and in accord-  
2       ance with such procedures as the Secretary shall es-  
3       tablish.

4           “(2) MINIMUM CONTENTS.—The Secretary  
5       shall require that an application identify the need  
6       for the assistance in the community to be served and  
7       shall contain at a minimum—

8           “(A) a request for housing assistance  
9       under this section specifying the number of  
10      units requested and the amount of necessary  
11      budget authority;

12          “(B) a description of the size and charac-  
13      teristics of the population of eligible persons;

14          “(C) an identification of the need for the  
15      program in the community to be served;

16          “(D) the identity of the proposed service  
17      provider or providers (which may be, or include,  
18      the applicant) and a statement of the qualifica-  
19      tions of the provider or providers;

20          “(E) a description of the supportive serv-  
21      ices that the applicant proposes to assure will  
22      be available for eligible persons;

23          “(F) a description of the resources that  
24      are expected to be made available to provide the  
25      supportive services required by subsection (d);

1           “(G) a description of the mechanisms for  
2           developing a housing and supportive services  
3           plan for each person and for monitoring each  
4           person’s progress in meeting that plan;

5           “(H) reasonable assurances satisfactory to  
6           the Secretary that the supportive services will  
7           be provided for the full term of the housing as-  
8           sistance under this section and a certification  
9           from the applicant that it will fund the support-  
10          ive services itself if the planned resources do  
11          not become available for any reason;

12          “(I) a certification by the public official re-  
13          sponsible for submitting the comprehensive  
14          housing affordability strategy under section 105  
15          of the Cranston-Gonzalez National Affordable  
16          Housing Act that the proposed activities are  
17          consistent with the approved housing strategy  
18          of the unit of general local government within  
19          which housing assistance under this section will  
20          be provided; and

21          “(J) identification of the specific struc-  
22          tures that the recipient is proposing for assist-  
23          ance.

1       “(g) SELECTION CRITERIA.—The Secretary shall es-  
2       tablish selection criteria for a national competition for as-  
3       sistance under this section which shall include—

4               “(1) the ability of the applicant to develop and  
5       operate the proposed assisted housing and support-  
6       ive services program, taking into account the quality  
7       of any ongoing program of the applicant;

8               “(2) geographic diversity among the projects to  
9       be assisted;

10              “(3) the need for a program providing housing  
11       assistance and supportive services for eligible per-  
12       sons in the area to be served;

13              “(4) the quality of the proposed program for  
14       providing supportive services and housing assistance;

15              “(5) the extent to which the proposed funding  
16       for the supportive services is or will be available;

17              “(6) the extent to which the project would meet  
18       the needs of the homeless persons proposed to be  
19       served by the program;

20              “(7) the extent to which the program integrates  
21       program recipients into the community served by the  
22       program;

23              “(8) the cost-effectiveness of the proposed pro-  
24       gram; and

1           “(9) such other factors as the Secretary speci-  
2           fies in regulations to be appropriate for purposes of  
3           carrying out the program established by this section  
4           in an effective and efficient manner.

5           “(h) PARTICIPATION OF HOMELESS INDIVIDUALS.—  
6           The Secretary shall, by regulation, require each recipient  
7           of assistance under this section to provide for the consulta-  
8           tion and participation of not less than one homeless indi-  
9           vidual or former homeless individual on the board of direc-  
10          tors or other equivalent policymaking entity of the recipi-  
11          ent, to the extent that such entity considers and makes  
12          policies and decisions regarding any housing assisted  
13          under this section or services for such housing. The Sec-  
14          retary may grant waivers to recipients unable to meet the  
15          requirement under the preceding sentence if the recipient  
16          agrees to otherwise consult with homeless or formerly  
17          homeless individuals in considering and making such poli-  
18          cies and decisions.

19          “(i) REQUIRED AGREEMENTS.—The Secretary may  
20          not approve assistance under this section for an applicant  
21          unless the applicant agrees—

22                  “(1) to operate the proposed program in ac-  
23          cordance with the provisions of this section;

1           “(2) to conduct an ongoing assessment of the  
2           housing assistance and supportive services required  
3           by the participants in the program;

4           “(3) to ensure the adequate provision of sup-  
5           portive services to the participants in the program;

6           “(4) to comply with such other terms and con-  
7           ditions as the Secretary may establish for purposes  
8           of carrying out the program in an effective and effi-  
9           cient manner; and

10           “(5) to the maximum extent practicable, to in-  
11           volve homeless individuals and families, through em-  
12           ployment volunteer services, or otherwise, in con-  
13           structing or rehabilitating housing assisted under  
14           this section and in providing services required under  
15           this section.

16           “(j) HOUSING STANDARDS AND RENT REASONABLE-  
17           NESS.—

18           “(1) STANDARDS REQUIRED.—The Secretary  
19           shall require that—

20           “(A) before any assistance may be pro-  
21           vided to or on behalf of a person, each unit as-  
22           sisted under this section shall be inspected by  
23           the applicant directly or by another entity, in-  
24           cluding the local public housing agency, to de-  
25           termine that the unit meets the housing quality

1 standards under section 8 of the United States  
2 Housing Act of 1937 and that the occupancy  
3 charge for the dwelling unit is reasonable; and

4 “(B) the recipient shall make at least an-  
5 nual inspections of each unit assisted under this  
6 section during the term of the contract for such  
7 assistance.

8 “(2) PROHIBITION.—No assistance may be pro-  
9 vided under this section for a dwelling unit (A) for  
10 which the occupancy charge is not reasonable, or (B)  
11 which fails to meet the housing standards, unless the  
12 owner promptly corrects the deficiency and the re-  
13 cipient verifies the correction.

14 “(k) TENANT RENT.—Each tenant of a dwelling unit  
15 assisted under this section shall pay as rent an amount  
16 determined in accordance with the provisions of section  
17 3(a)(1) of the United States Housing Act of 1937.

18 “(l) ADMINISTRATIVE FEES.—From amounts made  
19 available to carry out this section, the Secretary shall  
20 make amounts available to pay the entity administering  
21 the housing assistance an administrative fee in an amount  
22 determined appropriate by the Secretary for the costs of  
23 administering the housing assistance.

24 “(m) OCCUPANCY.—

1           “(1) OCCUPANCY AGREEMENT.—The occupancy  
2 agreement between a tenant and an owner of a  
3 dwelling unit assisted under this section shall be for  
4 at least 1 month.

5           “(2) VACANCY PAYMENTS.—If an eligible per-  
6 son vacates a dwelling unit assisted under this sec-  
7 tion before the expiration of the occupancy agree-  
8 ment, no assistance payment may be made with re-  
9 spect to the unit after the month that follows the  
10 month during which the unit was vacated, unless it  
11 is occupied by another eligible person.

12           “(n) TERMINATION OF ASSISTANCE.—

13           “(1) AUTHORITY.—If an eligible individual who  
14 receives assistance under this section violates pro-  
15 gram requirements, the recipient may terminate as-  
16 sistance in accordance with the process established  
17 pursuant to paragraph (2).

18           “(2) PROCEDURE.—In terminating assistance  
19 under this paragraph, the recipient shall provide a  
20 formal process that recognizes the rights of individ-  
21 uals receiving such assistance to due process of law.

22           “(o) DEFINITIONS.—For purposes of this section, the  
23 following definitions shall apply:

24           “(1) The term ‘acquired immunodeficiency syn-  
25 drome and related diseases’ has the meaning given

1 such term in section 853 of the Cranston-Gonzalez  
2 National Affordable Housing Act.

3 “(2) The term ‘applicant’ means a State, unit  
4 of general local government, Indian tribe, or public  
5 housing agency.

6 “(3) The term ‘eligible person’ means a home-  
7 less person with disabilities (primarily persons who  
8 are seriously mentally ill, have chronic problems with  
9 alcohol, drugs, or both, or have acquired  
10 immunodeficiency syndrome and related diseases)  
11 and the family of such a person.

12 “(4) The term ‘Indian tribe’ has the meaning  
13 given such term in section 102 of the Housing and  
14 Community Development Act of 1974.

15 “(5) The term ‘nonprofit organization’ has the  
16 meaning given such term by section 104 of the  
17 Cranston-Gonzalez National Affordable Housing  
18 Act, and includes community mental health centers  
19 established as public nonprofit organizations.

20 “(6) The term ‘person with disabilities’ has the  
21 meaning given such term in section 811 of the Cran-  
22 ston-Gonzalez National Affordable Housing Act.

23 “(7) The term ‘public housing agency’ has the  
24 meaning given such term in section 3(b) of the Unit-  
25 ed States Housing Act of 1937.



1           “(8) The term ‘recipient’ means an applicant  
2 approved for participation in the program to provide  
3 assistance under this section.

4           “(9) The term ‘Secretary’ means the Secretary  
5 of Housing and Urban Development.

6           “(10) The term ‘seriously mentally ill’ means  
7 having a severe and persistent mental or emotional  
8 impairment that seriously limits a person’s ability to  
9 live independently.

10           “(11) The term ‘State’ means each of the sev-  
11 eral States, the District of Columbia, the Common-  
12 wealth of Puerto Rico, the Commonwealth of the  
13 Northern Mariana Islands, the Virgin Islands,  
14 Guam, American Samoa, and any other territory or  
15 possession of the United States.

16           “(12) The term ‘supportive services’ means as-  
17 sistance that the Secretary determines (A) addresses  
18 the special needs of eligible persons; and (B) pro-  
19 vides appropriate services or assists such persons in  
20 obtaining appropriate services, including health care,  
21 mental health services, substance and alcohol abuse  
22 services, child care services, case management serv-  
23 ices, counseling, supervision, education, job training,  
24 and other services essential for achieving and main-

1       taining independent living. Inpatient acute hospital  
2       care shall not qualify as a supportive service.

3           “(13) The term ‘unit of general local govern-  
4       ment’ has the meaning given such term in section  
5       102 of the Housing and Community Development  
6       Act of 1974.

7       “(p) AUTHORIZATION OF APPROPRIATIONS.—For  
8       purposes of providing assistance under this section, there  
9       are authorized to be appropriated \$75,000,000 for fiscal  
10      year 1995 and \$75,000,000 for fiscal year 1996.”.

11      **SEC. 823. RURAL HOMELESSNESS GRANT PROGRAM.**

12      (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
13      453(l)(1) of the Stewart B. McKinney Homeless Assist-  
14      ance Act (42 U.S.C. 11408(l)(1)), as so redesignated by  
15      section 811(3) of this Act, is amended to read as follows:

16           “(1) IN GENERAL.—There are authorized to be  
17      appropriated to carry out this section \$30,000,000  
18      for fiscal year 1995 and \$30,000,000 for fiscal year  
19      1996.”.

20      (b) TRANSFER TO DEPARTMENT OF AGRICULTURE.—Section 453 of the Stewart B. McKinney  
21      Homeless Assistance Act, as so redesignated by section  
22      811(3) of this Act, is amended—  
23

1 (1) in subsection (a), by striking “Secretary of  
 2 Housing and Urban Development” and inserting  
 3 “Secretary of Agriculture”; and

4 (2) in subsection (k), by striking paragraph (3)  
 5 and inserting the following new paragraph:

6 “(3) The term ‘Secretary’ means the Secretary  
 7 of Agriculture.”.

8 **SEC. 824. CLERICAL AMENDMENT.**

9 The table of contents in section 101(b) of the Stewart  
 10 B. McKinney Homeless Assistance Act is amended by  
 11 striking the items relating to title IV and inserting the  
 12 following new items:

“TITLE IV—HOUSING ASSISTANCE

“Subtitle A—Flexible Grant Program

“CHAPTER 1—GENERAL PROVISIONS

- “Sec. 401. Purposes.
- “Sec. 402. Authorization of appropriations.
- “Sec. 403. Definitions.
- “Sec. 404. Provision of grants.
- “Sec. 405. Comprehensive homeless assistance.
- “Sec. 406. Matching requirements.
- “Sec. 407. Responsibilities of grantees and project sponsors.
- “Sec. 408. Application.
- “Sec. 409. Allocation and distribution of funds.
- “Sec. 410. Administration of program.
- “Sec. 411. Citizen participation.
- “Sec. 412. Applicability of other provisions.
- “Sec. 413. Reports, reviews, and audits.
- “Sec. 414. Nondiscrimination in programs and activities.
- “Sec. 415. Consultation.
- “Sec. 416. Records, reports, and audits.
- “Sec. 417. Reports to Congress.

“CHAPTER 2—ELIGIBLE ACTIVITIES

- “Sec. 431. Homelessness prevention.
- “Sec. 432. Emergency shelter.
- “Sec. 433. Supportive housing for the homeless.
- “Sec. 434. Safe havens for homeless individuals.

“Sec. 435. Shelter plus care.

“Sec. 436. Administrative and capacity-building expenses.

“Sec. 437. Innovative homeless initiatives.

“Sec. 438. Other approved activities.

“Subtitle B—Other Permanent Housing Assistance Programs for the Homeless

“Sec. 451. Section 8 assistance for single room occupancy dwellings.

“Sec. 452. Section 8 assistance for shelter plus care single room occupancy dwellings.

“Sec. 453. Rural homelessness grant program.

“Sec. 454. Use of FMHA inventory for transitional housing for homeless persons and for turnkey housing.”.

## 1 **CHAPTER 3—MISCELLANEOUS HOMELESS**

### 2 **HOUSING PROVISIONS**

#### 3 **SEC. 831. FHA SINGLE FAMILY PROPERTY DISPOSITION.**

4 Section 1407 of the Housing and Community Devel-  
5 opment Act of 1992 (Public Law 102–550; 106 Stat.  
6 4034) is amended by adding at the end the following new  
7 subsection:

8 “(d) DEMONSTRATION PROGRAM FOR IMMEDIATE  
9 AVAILABILITY.—

10 “(1) AUTHORITY.—Notwithstanding sub-  
11 sections (a) and (b), in carrying out the program re-  
12 ferred to in subsection (a) in each of 3 States se-  
13 lected by the Secretary of Housing and Urban De-  
14 velopment, during the 18-month period beginning on  
15 the date of the enactment of the Housing and Com-  
16 munity Development Act of 1994 the Secretary shall  
17 make any eligible property available for lease under  
18 such program without listing and making such prop-

1       erty generally available for sale for any intervening  
2       period.

3           “(2) DISCOUNT.—Any property made available  
4       for sale pursuant to this subsection under the pro-  
5       gram referred to in subsection (a) shall be made  
6       available at a price equal to the fair market value  
7       of the property less a 20 percent discount.

8           “(3) STATE AND LOCAL TAXES.—The provi-  
9       sions of subsection (c) shall apply to the demonstra-  
10      tion program under this subsection.

11          “(4) REPORT.—Upon the expiration of the 18-  
12      month period referred to in paragraph (1), the Sec-  
13      retary of Housing and Urban Development shall  
14      submit a report to the Congress analyzing the extent  
15      to which single family properties are made available  
16      for use by the homeless under the program referred  
17      to in subsection (a), as carried out under subsections  
18      (a) and (b) and as carried out under this subsection.  
19      The report shall also analyze the effect of carrying  
20      out the program under each of such provisions on  
21      the Mutual Mortgage Insurance Fund.”.

1 **SEC. 832. STRATEGY TO ELIMINATE UNFIT TRANSIENT FA-**  
2 **CILITIES.**

3 Section 825(b) of the Cranston-Gonzalez National  
4 Affordable Housing Act (42 U.S.C. 11301 note) is amend-  
5 ed—

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

8 (2) in paragraph (3), by striking the period at  
9 the end and inserting “; and”; and

10 (3) by adding at the end the following new  
11 paragraph:

12 “(4) that States and units of general local gov-  
13 ernment shall eliminate the use of unfit transient fa-  
14 cilities as housing for homeless families with children  
15 not later than July 1, 1997, in the manner provided  
16 under the strategy.”.

17 **Subtitle B—Interagency Council on**  
18 **the Homeless**

19 **SEC. 841. AUTHORIZATION OF APPROPRIATIONS.**

20 Section 208 of the Stewart B. McKinney Homeless  
21 Assistance Act (42 U.S.C. 11318) is amended to read as  
22 follows:

23 **“SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

24 “There are authorized to be appropriated to carry out  
25 this title \$1,609,890 for fiscal year 1995 and \$1,658,187  
26 for fiscal year 1996.”.

1 **SEC. 842. CHAIRPERSON.**

2 Section 202(b) of the Stewart B. McKinney Homeless  
3 Assistance Act (42 U.S.C. 11312(b)) is amended to read  
4 as follows:

5 “(b) CHAIRPERSON AND VICE CHAIRPERSON.—

6 “(1) CHAIRPERSON.—The Council shall elect a  
7 Chairperson from among its members, who shall  
8 have a term of 2 years. A member of the Council by  
9 reason of any of paragraphs (1) through (16) of  
10 subsection (a) who serves as Chairperson for a term  
11 may not be elected to serve as Chairperson for the  
12 succeeding term. The preceding sentence shall not  
13 apply to any member serving as Chairperson on the  
14 date of the enactment of the Housing and Commu-  
15 nity Development Act of 1994.

16 “(2) VICE CHAIRPERSON.—The Vice Chair-  
17 person of the Council shall have a term of 2 years  
18 and shall be—

19 “(A) the Secretary of Housing and Urban  
20 Development, if such Secretary is not elected as  
21 the Chairperson of the Council; or

22 “(B) elected by the Council from among its  
23 members, if the Secretary of Housing and  
24 Urban Development is elected as the Chair-  
25 person of the Council.”.

1 **SEC. 843. EXTENSION.**

2 Section 209 of the Stewart B. McKinney Homeless  
3 Assistance Act (42 U.S.C. 11319) is amended by striking  
4 “October 1, 1994” and inserting “October 1, 1996”.

5 **Subtitle C—Federal Emergency**  
6 **Management Agency Food and**  
7 **Shelter Program**

8 **SEC. 851. AUTHORIZATION OF APPROPRIATIONS.**

9 Section 322 of the Stewart B. McKinney Homeless  
10 Assistance Act (42 U.S.C. 11352) is amended to read as  
11 follows:

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

13 “There are authorized to be appropriated to carry out  
14 this title \$130,000,000 for fiscal year 1995 and  
15 \$130,000,000 for fiscal year 1996.”.

16 **SEC. 852. PROHIBITION OF ASSISTANCE TO ILLEGAL**  
17 **ALIENS.**

18 Section 313 of the Stewart B. McKinney Homeless  
19 Assistance Act (42 U.S.C. 11343) is amended by adding  
20 at the end the following new subsection:

21 **“(c) PROHIBITION OF ASSISTANCE TO ILLEGAL**  
22 **ALIENS.—**

23 **“(1) IN GENERAL.—**Notwithstanding any provi-  
24 sion of law other than paragraph (2), no amounts  
25 provided to carry out this title may be used to pro-  
26 vide shelter, food, supportive services, or any other



1 assistance to any person who, at the time the person  
2 applies for, receives, or attempts to receive any as-  
3 sistance from a program assisted under this title, is  
4 not a citizen or national of the United States, a per-  
5 manent resident alien, an asylee or asylee applicant,  
6 a refugee, a parolee, a nonimmigrant in status under  
7 the Immigration and Nationality Act, or admitted  
8 with temporary protected status, a temporary resi-  
9 dent, or a person granted family unity protection  
10 status under such Act.

11 “(2) EXCEPTION.—The Director may authorize  
12 the use of amounts provided to carry out this title  
13 for providing shelter, food, supportive services, and  
14 other assistance for persons described in paragraph  
15 (1) in such instances as the Director considers ap-  
16 propriate and such use shall be subject to any rules  
17 or guidelines established by the Director, except  
18 that—

19 “(A) such assistance may not be provided  
20 for such a person for a period that exceeds 7  
21 days; and

22 “(B) any local government, private non-  
23 profit organization, or other service provider  
24 providing such assistance under this paragraph  
25 to such a person shall notify the Immigration

1 and Naturalization Service of the identity and  
2 location of the person during the 7-day period  
3 beginning upon the initial provision of such as-  
4 sistance for the person.

5 “(3) INAPPLICABILITY.—This subsection shall  
6 not apply in the case of any disaster declared by the  
7 President under the Robert T. Stafford Disaster Re-  
8 lief and Emergency Assistance Act.”.

9 **Subtitle D—Availability of Prop-**  
10 **erty at Military Bases for Rede-**  
11 **velopment and Homeless Use**

12 **SEC. 861. AVAILABILITY OF PROPERTY AT MILITARY BASES**  
13 **FOR REDEVELOPMENT AND HOMELESS USE.**

14 (a) AVAILABILITY OF MILITARY PROPERTY TO AS-  
15 SIST THE HOMELESS.—Title V of the Stewart B. McKin-  
16 ney Homeless Assistance Act (42 U.S.C. 11411 et seq.)  
17 is amended by adding at the end the following new section:

18 **“SEC. 503. SPECIAL PROCEDURES GOVERNING AVAILABIL-**  
19 **ITY OF PROPERTY AT CLOSED OR RE-**  
20 **ALIGNED MILITARY BASES TO ASSIST THE**  
21 **HOMELESS.**

22 “(a) SOLE AUTHORITY FOR AVAILABILITY OF PROP-  
23 ERTY.—(1) Property at a military installation closed or  
24 realigned under a base closure law shall not be available

1 for use to assist the homeless except as provided by this  
2 section.

3 “(2) Until after the appropriate time periods set forth  
4 in this section have expired, the Secretary of Housing and  
5 Urban Development shall neither request information con-  
6 cerning buildings or property covered by paragraph (1),  
7 nor identify such buildings or property as suitable for use  
8 to assist the homeless pursuant to section 501(a), other  
9 than under the procedures set forth in this section.

10 “(3) For purposes of this section:

11 “(A) The term ‘base closure law’ means the De-  
12 fense Authorization Amendments and Base Closure  
13 and Realignment Act (title II of Public Law 100-  
14 526; 10 U.S.C. 2687 note) and the Defense Base  
15 Closure and Realignment Act of 1990 (part A of  
16 title XXIX of Public Law 101-510; 10 U.S.C. 2687  
17 note).

18 “(B) The term ‘community’ means the political  
19 jurisdictions that comprise the redevelopment au-  
20 thority established with respect to a military instal-  
21 lation to be closed or realigned under a base closure  
22 law.

23 “(b) IDENTIFICATION AND NOTIFICATION OF PROP-  
24 erty for Redevelopment.—(1) Not later than the date  
25 on which the Secretary of Defense completes the final de-

1 termination under a base closure law regarding whether  
2 another department or agency of the Federal Government  
3 has identified a use for any portion of a military installa-  
4 tion to be closed or realigned under such base closure law,  
5 the Secretary of Defense shall—

6           “(A) complete any determinations or surveys  
7 necessary to identify whether any building or prop-  
8 erty described in paragraph (2) at such installation  
9 is excess property, surplus property, or unutilized or  
10 underutilized property;

11           “(B) submit to the Secretary of Housing and  
12 Urban Development written notice containing infor-  
13 mation on such buildings or property and specifying  
14 the redevelopment authority that exists with respect  
15 to the installation; and

16           “(C) submit to the redevelopment authority  
17 with respect to the installation written notice of the  
18 properties available for use in developing a reuse  
19 plan pursuant to subsection (d).

20           “(2) The buildings and property referred to in para-  
21 graph (1)(A) are any buildings or property located at the  
22 installation involved for which no use is identified, or of  
23 which no Federal department or agency will accept trans-  
24 fer, pursuant to the final determination of transferability  
25 referred to in paragraph (1).

1       “(3) Notice submitted to the Secretary of Housing  
2 and Urban Development under paragraph (1)(B) regard-  
3 ing excess property, surplus property, or unutilized or  
4 underutilized property at a military installation shall be  
5 available only for the purpose of permitting the redevelop-  
6 ment authority with respect to the installation to develop  
7 a reuse plan for the property that makes available a rea-  
8 sonable amount of property or assistance to the homeless  
9 in the community.

10       “(4) Within 60 days after receiving a written notice  
11 under paragraph (1)(B), the Secretary of Housing and  
12 Urban Development shall publish in the Federal Register  
13 information regarding the property described in the notice  
14 and available for use to develop a reuse plan pursuant to  
15 subsection (d) and information specifying the redevelop-  
16 ment authority responsible for preparing the reuse plan  
17 under subsection (d).

18       “(c) PERIOD FOR DEVELOPMENT OF REUSE PLAN.—  
19 (1) The Secretary of Defense shall give each redevelop-  
20 ment authority that receives a written notice under sub-  
21 section (b)(1)(C) a one-year period from the date of the  
22 receipt of the notice in which to develop a reuse plan under  
23 subsection (d) for the buildings and property identified in  
24 the notice.

1       “(2) The Secretary of Defense may extend the period  
2 provided under paragraph (1) for not more than an addi-  
3 tional 6 months to permit a redevelopment authority to  
4 complete its reuse plan.

5       “(d) REUSE PLAN TO MEET THE NEEDS OF THE  
6 HOMELESS.—(1) Not later than the end of the period pro-  
7 vided under subsection (c) to a redevelopment authority,  
8 the redevelopment authority shall submit in writing to the  
9 Secretary of Defense and the Secretary of Housing and  
10 Urban Development a reuse plan for the buildings and  
11 property identified in the written notice submitted to the  
12 redevelopment authority under subsection (b)(1)(C) at the  
13 military installation for which the redevelopment authority  
14 is established. The reuse plan may be a part of, or a sup-  
15 plement to, the redevelopment plan otherwise authorized  
16 under a base closure law for a military installation.

17       “(2) The reuse plan shall include provisions for use  
18 to assist the homeless, shall enumerate homeless providers  
19 and public agencies consulted regarding the plan, and  
20 shall include a commitment to enter into legally binding  
21 agreements to make available a reasonable amount of  
22 property or assistance to the homeless in the community.  
23 Such property may consist of buildings and property lo-  
24 cated at the military installation to be closed or realigned  
25 or off of the installation.

1       “(e) REVIEW OF REUSE PLAN BY SECRETARY OF  
2 HOUSING AND URBAN DEVELOPMENT.—(1) The Sec-  
3 retary of Defense shall consider a reuse plan submitted  
4 under subsection (d) for purposes of disposal of property  
5 at the military installation for which the reuse plan is de-  
6 veloped unless the Secretary of Housing and Urban Devel-  
7 opment, within 60 days of receipt of the reuse plan, deter-  
8 mines under paragraph (2) that the reuse plan does not  
9 make available a reasonable amount of property or assist-  
10 ance to the homeless in the community involved.

11       “(2) The Secretary of Housing and Urban Develop-  
12 ment shall determine that a reuse plan makes available  
13 a reasonable amount of property and assistance to the  
14 homeless within the community involved if—

15               “(A) the reuse plan includes a commitment to  
16 enter into legally binding agreements to provide as-  
17 sistance to the homeless within the community;

18               “(B) the reuse plan balances the need for pro-  
19 viding property and assistance to the homeless with  
20 the overall reuse plan for the military installation;

21               “(C) the reuse plan was developed in consulta-  
22 tion with local representatives of the homeless, in-  
23 cluding representatives of the applicable homeless  
24 assistance planning board established under section

1 411(b) and representatives of local nongovernmental  
2 homeless providers;

3 “(D) the reuse plan is consistent with the com-  
4 prehensive housing affordability strategy under sec-  
5 tion 105 of the Cranston-Gonzalez National Afford-  
6 able Housing Act; and

7 “(E) the reuse plan specifies the manner in  
8 which property or assistance will be made available  
9 for homeless assistance.

10 “(3) In making a determination under paragraph (2)  
11 with respect to a reuse plan, the Secretary of Housing and  
12 Urban Development shall—

13 “(A) consider the population of homeless in the  
14 community involved, the extent of current services to  
15 assist the homeless within the community, the extent  
16 of the commitment of resources by local govern-  
17 ments in the community to assist the homeless with-  
18 in the community, the need for additional services to  
19 assist the homeless within the community, and the  
20 suitability of the property for serving the needs of  
21 the homeless; and

22 “(B) solicit and consider comments on the  
23 reuse plans from homeless persons or their rep-  
24 resentatives in the community.



1           “(f) EFFECT OF FAILURE TO MEET THE NEEDS OF  
2 THE HOMELESS.—If the Secretary of Housing and Urban  
3 Development determines under subsection (e) that a reuse  
4 plan does not make available a reasonable amount of prop-  
5 erty or assistance to the homeless in the community in-  
6 volved, the Secretary shall submit to the redevelopment  
7 authority submitting the reuse plan and to the Secretary  
8 of Defense a report containing the reasons for the deter-  
9 mination. The Secretary of Housing and Urban Develop-  
10 ment shall submit the report within 30 days of making  
11 the determination.

12           “(2) A redevelopment authority shall have an addi-  
13 tional 6 months from the date of receipt of a report under  
14 paragraph (1) to resubmit to the Secretary of Housing  
15 and Urban Development and the Secretary of Defense a  
16 final reuse plan which will reasonably address the needs  
17 of the homeless, as identified by the Secretary of Housing  
18 and Urban Development under paragraph (1).

19           “(3) If the Secretary of Housing and Urban Develop-  
20 ment determines that a final reuse plan submitted under  
21 paragraph (2) fails to reasonably address the needs of the  
22 homeless, the Secretary shall, within 30 days of making  
23 such determination, identify those buildings and other  
24 property covered by the reuse plan that are suitable and  
25 available for use to assist the homeless. The Secretary

1 shall make such identification according to section 501(a).  
2 Buildings and property identified as suitable and available  
3 for use to assist the homeless under this paragraph shall  
4 be made available for such purposes under section 501.

5       “(g) EFFECT OF ABSENCE OF REDEVELOPMENT AU-  
6 THORITY OR EXCLUSION FROM REUSE PLAN.—In the  
7 case of buildings or property to be disposed under a base  
8 closure law, but for which no reuse authority is identified  
9 by the Secretary of Defense or which are not included in  
10 a final reuse plan submitted by a reuse authority, the Sec-  
11 retary of Housing and Urban Development shall deter-  
12 mine the suitability of such buildings or property for use  
13 to assist the homeless according to section 501(a). Build-  
14 ings and property identified as suitable and available for  
15 use to assist the homeless under this paragraph shall be  
16 made available for such purposes under section 501.

17       “(h) APPLICATION OF SECTION.—(1) Except as pro-  
18 vided in paragraph (2), this section shall apply only with  
19 respect to property, at a military installation to be closed  
20 or realigned under a base closure law, that has not been  
21 included, as of July 1, 1994, in a list published by the  
22 Secretary of Housing and Urban Development under sec-  
23 tion 501(c)(1)(A).

24       “(2) In the case of the military installations specified  
25 in paragraph (3), this section shall apply with respect to

1 the disposal of all property at the installations regardless  
2 of the date on which property at such installations was  
3 included in a list published by the Secretary of Housing  
4 and Urban Development under section 501(c)(1)(A).

5 “(3) The military installations referred to in para-  
6 graph (2) are as follows:

7 “(A) Cameron Station Military Garrison, Alex-  
8 andria, Virginia.

9 “(B) Manhattan Beach, New York, New York.

10 “(C) Naval Station New York.”.

11 (b) CONFORMING AMENDMENT TO BASE CLOSURE  
12 LAWS.—(1) Section 204(b)(6) of the Defense Authoriza-  
13 tion Amendments and Base Closure and Realignment Act  
14 (title II of Public Law 100–526; 10 U.S.C. 2687 note)  
15 is amended by adding at the end the following new sub-  
16 paragraph:

17 “(H) This paragraph shall apply only with respect  
18 to buildings and property at a military installation to be  
19 closed or realigned under this title that has been included,  
20 before July 1, 1994, in a list published by the Secretary  
21 of Housing and Urban Development under section  
22 501(c)(1)(A) of the Stewart B. McKinney Homeless As-  
23 sistance Act (42 U.S.C. 11411(c)(1)(A)). This paragraph  
24 shall not apply to property at an installation specified in  
25 section 503(h)(3) of such Act.”.

1           (2) Section 2905(b)(6) of the Defense Base Closure  
2 and Realignment Act of 1990 (part A of title XXIX of  
3 Public Law 101–510; 10 U.S.C. 2687 note) is amended  
4 by adding at the end the following new subparagraph:

5           “(H) This paragraph shall apply only with respect  
6 to buildings and property at a military installation to be  
7 closed or realigned under this part that has been included,  
8 before July 1, 1994, in a list published by the Secretary  
9 of Housing and Urban Development under section  
10 501(c)(1)(A) of the Stewart B. McKinney Homeless As-  
11 sistance Act (42 U.S.C. 11411(c)(1)(A)). This paragraph  
12 shall not apply to property at an installation specified in  
13 section 503(h)(3) of such Act.”.

14       **TITLE IX—ASSURANCE AGAINST**  
15               **COST SHIFTING**

16       **SEC. 901. ASSURANCE AGAINST COST SHIFTING.**

17           Notwithstanding section 852 of this Act, none of the  
18 funds made available in this Act may be used to imple-  
19 ment, administer, or enforce any requirement or restric-  
20 tion established in this Act when the requirement or re-  
21 striction—

22                     (1) is based on immigration status; and

23                     (2) either—

24                             (A) imposes any additional administrative

25                             burden on (i) the Federal Government; (ii) any

1 State or local government; or (iii) any contrac-  
2 tor or grantee receiving such funds; or

3 (B) shifts the cost of providing any service  
4 from the Federal Government to (i) any State  
5 or local government; or (ii) any contractor or  
6 grantee receiving such funds.

7 There are authorized to be appropriated such sums as may  
8 be necessary to carry out section 852 of this Act.

Passed the House of Representatives July 22, 1994.

Attest: DONNALD K. ANDERSON,  
*Clerk.*

HR 3838 PCS—2

HR 3838 PCS—3

HR 3838 PCS—4

HR 3838 PCS—5

HR 3838 PCS—6

HR 3838 PCS—7

HR 3838 PCS—8

HR 3838 PCS—9

HR 3838 PCS—10

HR 3838 PCS—11

HR 3838 PCS—12

HR 3838 PCS—13

HR 3838 PCS—14

HR 3838 PCS—15

HR 3838 PCS—16

HR 3838 PCS—17  
HR 3838 PCS—18  
HR 3838 PCS—19  
HR 3838 PCS—20  
HR 3838 PCS—21  
HR 3838 PCS—22  
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HR 3838 PCS—24  
HR 3838 PCS—25  
HR 3838 PCS—26  
HR 3838 PCS—27  
HR 3838 PCS—28  
HR 3838 PCS—29  
HR 3838 PCS—30  
HR 3838 PCS—31  
HR 3838 PCS—32  
HR 3838 PCS—33  
HR 3838 PCS—34  
HR 3838 PCS—35  
HR 3838 PCS—36  
HR 3838 PCS—37  
HR 3838 PCS—38  
HR 3838 PCS—39  
HR 3838 PCS—40  
HR 3838 PCS—41