

103D CONGRESS
1ST SESSION

S. 1299

AN ACT

To reform requirements for the disposition of multifamily property owned by the Secretary of Housing and Urban Development, enhance program flexibility, authorize a program to combat crime, and for other purposes.

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To reform requirements for the disposition of multifamily property owned by the Secretary of Housing and Urban Development, enhance program flexibility, authorize a program to combat crime, 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.**

4 This Act may be cited as the “Housing and Commu-
5 nity Development Act of 1993”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

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TITLE IV—GENERAL PROVISIONS

- Sec. 401. Mount Rushmore Commemorative Coin Act.
- Sec. 402. Minority community development grants for communities with special needs.

1 **SEC. 3. DEFINITIONS.**

2 As used in this Act—

3 (1) the term “FHA” means the Federal Housing
4 Administration;

5 (2) the term “Secretary” means the Secretary
6 of Housing and Urban Development; and

7 (3) the term “RTC” means the Resolution
8 Trust Corporation.

9 **TITLE I—FHA MULTIFAMILY** 10 **REFORMS**

11 **SEC. 101. MULTIFAMILY PROPERTY DISPOSITION.**

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

13 (1) the portfolio of multifamily housing project
14 mortgages insured by the FHA is severely troubled
15 and at risk of default, requiring the Secretary to in-

1 crease loss reserves from \$5.5 billion in 1991 to
2 \$11.9 billion in 1992 to cover estimated future
3 losses;

4 (2) the inventory of multifamily housing
5 projects owned by the Secretary has more than tri-
6 pled since 1989, and, by the end of 1993, may ex-
7 ceed 75,000 units;

8 (3) the cost to the Federal Government of own-
9 ing and maintaining multifamily housing projects es-
10 calated to approximately \$250 million in fiscal year
11 1992;

12 (4) the inventory of multifamily housing
13 projects subject to mortgages held by the Secretary
14 has increased dramatically, to more than 2,400
15 mortgages, and approximately half of these mort-
16 gages, secured by projects with over 230,000 units,
17 are delinquent;

18 (5) the inventory of insured and formerly in-
19 sured multifamily housing projects is rapidly deterio-
20 rating, endangering tenants and neighborhoods;

21 (6) over 5 million very low-income families
22 today have a critical need for housing that is afford-
23 able and habitable; and

24 (7) the current statutory framework governing
25 the disposition of multifamily housing projects effec-

8 "SEC. 203. MANAGEMENT AND DISPOSITION OF MULTIFAM-
9 ILY HOUSING PROJECTS.

16 “(1) is consistent with the National Housing
17 Act and this section;

20 “(3) will, in the least costly fashion among rea-
21 sonable available alternatives, further the goals of—

22 “(A) preserving housing so that it can re-
23 main available to and affordable by low-income
24 persons;

1 “(B) preserving and revitalizing residential
2 neighborhoods;

3 “(C) maintaining existing housing stock in
4 a decent, safe, and sanitary condition;

5 “(D) minimizing the involuntary displace-
6 ment of tenants;

7 “(E) maintaining housing for the purpose
8 of providing rental housing, cooperative hous-
9 ing, and homeownership opportunities for low-
10 income persons; and

11 “(F) minimizing the need to demolish mul-
12 tifamily housing projects.

13 The Secretary, in determining the manner in which a
14 project is to be managed or disposed of, shall balance com-
15 peting goals relating to individual projects in a manner
16 that will further the purposes of this section.

17 “(b) DEFINITIONS.—For purposes of this section, the
18 following definitions shall apply:

19 “(1) MULTIFAMILY HOUSING PROJECT.—The
20 term ‘multifamily housing project’ means any multi-
21 family rental housing project that is, or prior to ac-
22 quisition by the Secretary was, assisted or insured
23 under the National Housing Act, or was subject to
24 a loan under section 202 of the Housing Act of
25 1959.

1 “(2) SUBSIDIZED PROJECT.—The term ‘sub-
2 sidized project’ means a multifamily housing project
3 receiving any of the following types of assistance im-
4 mediately prior to the assignment of the mortgage
5 on such project to, or the acquisition of such mort-
6 gage by, the Secretary:

7 “(A) Below market interest rate mortgage
8 insurance under the proviso of section
9 221(d)(5) of the National Housing Act.

10 “(B) Interest reduction payments made in
11 connection with mortgages insured under sec-
12 tion 236 of the National Housing Act.

13 “(C) Direct loans made under section 202
14 of the Housing Act of 1959.

15 “(D) Assistance in the form of—

16 “(i) rent supplement payments under
17 section 101 of the Housing and Urban De-
18 velopment Act of 1965;

19 “(ii) additional assistance payments
20 under section 236(f)(2) of the National
21 Housing Act;

22 “(iii) housing assistance payments
23 made under section 23 of the United
24 States Housing Act of 1937 (as in effect
25 before January 1, 1975); or

1 “(iv) housing assistance payments
2 made under section 8 of the United States
3 Housing Act of 1937 (excluding payments
4 made for tenant-based assistance under
5 section 8);

6 if (except for purposes of section 183(c) of the
7 Housing and Community Development Act of
8 1987) such assistance payments are made to
9 more than 50 percent of the units in the
10 project.

11 “(3) FORMERLY SUBSIDIZED PROJECT.—The
12 term ‘formerly subsidized project’ means a multi-
13 family housing project owned by the Secretary that
14 was a subsidized project immediately prior to its ac-
15 quisition by the Secretary.

16 “(4) UNSUBSIDIZED PROJECT.—The term
17 ‘unsubsidized project’ means a multifamily housing
18 project owned by the Secretary that is not a sub-
19 sidized project or a formerly subsidized project.

20 “(c) MANAGEMENT OR DISPOSITION OF PROP-
21 ERTY.—

22 “(1) DISPOSITION TO PURCHASERS.—The Sec-
23 retary is authorized, in carrying out this section, to
24 dispose of a multifamily housing project owned by
25 the Secretary on a negotiated, competitive bid, or

1 other basis, on such terms as the Secretary deems
2 appropriate considering the low-income character of
3 the project and the requirements of subsection (a),
4 to a purchaser determined by the Secretary to be ca-
5 pable of—

6 “(A) satisfying the conditions of the dis-
7 position plan;

8 “(B) implementing a sound financial and
9 physical management program that is designed
10 to enable the project to meet anticipated oper-
11 ating and repair expenses to ensure that the
12 project will remain in decent, safe, and sanitary
13 condition;

14 “(C) responding to the needs of the ten-
15 ants and working cooperatively with tenant or-
16 ganizations;

17 “(D) providing adequate organizational,
18 staff, and financial resources to the project; and

19 “(E) meeting such other requirements as
20 the Secretary may determine.

21 “(2) CONTRACTING FOR MANAGEMENT SERV-
22 ICES.—The Secretary is authorized, in carrying out
23 this section—

24 “(A) to contract for management services
25 for a multifamily housing project that is owned

1 by the Secretary (or for which the Secretary is
2 mortgagee in possession), on a negotiated, com-
3 petitive bid, or other basis at a price deter-
4 mined by the Secretary to be reasonable, with
5 a manager the Secretary has determined is ca-
6 pable of—

7 “(i) implementing a sound financial
8 and physical management program that is
9 designed to enable the project to meet an-
10 ticipated operating and maintenance ex-
11 penses to ensure that the project will re-
12 main in decent, safe, and sanitary condi-
13 tion;

14 “(ii) responding to the needs of the
15 tenants and working cooperatively with
16 tenant organizations;

17 “(iii) providing adequate organiza-
18 tional, staff, and other resources to imple-
19 ment a management program; and

20 “(iv) meeting such other requirements
21 as the Secretary may determine; and

22 “(B) to require the owner of a multifamily
23 housing project that is subject to a mortgage
24 held by the Secretary to contract for manage-

1 ment services for the project in the manner de-
2 scribed in subparagraph (A).

3 “(3) FORECLOSURE SALE.—In carrying out this
4 section, the Secretary shall—

5 “(A) prior to foreclosing on any multifam-
6 ily housing project held by the Secretary, notify
7 both the unit of general local government in
8 which the property is located and the tenants of
9 the property of the proposed foreclosure sale;
10 and

11 “(B) upon disposition of a multifamily
12 housing project through a foreclosure sale, de-
13 termine that the purchaser is capable of imple-
14 menting a sound financial and physical manage-
15 ment program that is designed to enable the
16 project to meet anticipated operating and repair
17 expenses to ensure that the project will remain
18 in decent, safe, and sanitary condition.

19 “(d) MAINTENANCE OF HOUSING PROJECTS.—

20 “(1) HOUSING PROJECTS OWNED BY THE SEC-
21 RETARY.—In the case of multifamily housing
22 projects that are owned by the Secretary (or for
23 which the Secretary is mortgagee in possession), the
24 Secretary shall—

1 “(A) to the greatest extent possible, main-
2 tain all such occupied projects in a decent, safe,
3 and sanitary condition;

4 “(B) to the greatest extent possible, main-
5 tain full occupancy in all such projects; and

6 “(C) maintain all such projects for pur-
7 poses of providing rental or cooperative hous-
8 ing.

9 “(2) HOUSING PROJECTS SUBJECT TO A MORT-
10 GAGE HELD BY THE SECRETARY.—In the case of
11 any multifamily housing project that is subject to a
12 mortgage held by the Secretary, the Secretary shall
13 require the owner of the project to carry out the re-
14 quirements of paragraph (1).

15 “(e) REQUIRED ASSISTANCE.—In carrying out the
16 goals specified in subsection (a), the Secretary shall take
17 not less than one of the following actions:

18 “(1) CONTRACT WITH OWNER.—Enter into con-
19 tracts under section 8 of the United States Housing
20 Act of 1937, to the extent budget authority is avail-
21 able, with owners of multifamily housing projects
22 that are acquired by a purchaser other than the Sec-
23 retary at foreclosure or after sale by the Secretary.

24 “(A) SUBSIDIZED OR FORMERLY SUB-
25 SIDIZED PROJECTS RECEIVING CERTAIN ASSIST-

1 ANCE.—In the case of a subsidized project re-
2 ferred to in subparagraph (A), (B), or (C) of
3 subsection (b)(2) or a formerly subsidized
4 project that was subsidized as described in any
5 such subparagraph—

6 “(i) the contract shall be sufficient to
7 assist at least all units covered by an as-
8 sistance contract under any of the authori-
9 ties referred to in subsection (b)(2)(D) be-
10 fore acquisition, unless the Secretary acts
11 pursuant to the provisions of subparagraph
12 (C) of this paragraph;

13 “(ii) in the case of units requiring
14 project-based rental assistance pursuant to
15 clause (i) that are occupied by families who
16 are not eligible for assistance under section
17 8, a contract under this subparagraph
18 shall also provide that when a vacancy oc-
19 curs, the owner shall lease the available
20 unit to a family eligible for assistance
21 under section 8; and

22 “(iii) the Secretary shall take actions
23 to ensure the availability and affordability,
24 as defined in paragraph (3)(B), for the re-
25 maining useful life of the project, as de-

1 fined by the Secretary, of any unit located
2 in any project referred to in subparagraph
3 (A), (B), or (C) of subsection (b)(2) that
4 does not otherwise receive project-based
5 rental assistance under this subparagraph.
6 To carry out this clause, the Secretary
7 may require purchasers to establish use or
8 rent restrictions on these units.

9 “(B) SUBSIDIZED OR FORMERLY SUB-
10 SIDIZED PROJECTS RECEIVING OTHER ASSIST-
11 ANCE.—In the case of a subsidized project re-
12 ferred to in subsection (b)(2)(D) or a formerly
13 subsidized project that was subsidized as de-
14 scribed in subsection (b)(2)(D)—

15 “(i) the contract shall be sufficient to
16 assist at least all units in the project that
17 are covered, or that were covered imme-
18 diately before foreclosure on or acquisition
19 of the project by the Secretary, by an as-
20 sistance contract under any of the authori-
21 ties referred to in such subsection, unless
22 the Secretary acts pursuant to provisions
23 of subparagraph (C); and

24 “(ii) in the case of units requiring
25 project-based rental assistance pursuant to

1 clause (i) that are occupied by families who
2 are not eligible for assistance under section
3 8, a contract under this paragraph shall
4 also provide that when a vacancy occurs,
5 the owner shall lease the available unit to
6 a family eligible for assistance under sec-
7 tion 8.

8 “(C) EXCEPTIONS TO SUBPARAGRAPHS (A)
9 AND (B).—In lieu of providing project-based
10 rental assistance under subparagraph (A) or
11 (B), the Secretary may require certain units in
12 unsubsidized projects to contain use restrictions
13 providing that such units will be available to
14 and affordable by very low-income families for
15 the remaining useful life of the project, as de-
16 fined by the Secretary, if—

17 “(i) the Secretary matches any reduc-
18 tion in the number of units otherwise re-
19 quired to be assisted with project-based
20 rental assistance under subparagraph (A)
21 or (B) with at least an equivalent increase
22 in the number of units made affordable, as
23 such term is defined in paragraph (3)(B),
24 to very low-income persons within
25 unsubsidized projects;

1 “(ii) the Secretary makes tenant-
2 based assistance under section 8 available
3 to low-income tenants residing in units
4 otherwise requiring project-based rental as-
5 sistance under subparagraph (A) or (B)
6 upon disposition; and

7 “(iii) the units described in clause (i)
8 are located within the same market area.

9 “(D) CONTRACT REQUIREMENTS FOR
10 UNSUBSIDIZED PROJECTS.—Notwithstanding
11 actions that are taken pursuant to subpara-
12 graph (C), in any unsubsidized project—

13 “(i) the contract shall be at least suf-
14 ficient to provide project-based rental as-
15 sistance for all units that are covered or
16 were covered immediately before fore-
17 closure or acquisition by an assistance con-
18 tract under—

19 “(I) section 8(b)(2) of the United
20 States Housing Act of 1937, as such
21 section existed before October 1, 1983
22 (new construction and substantial re-
23 habilitation); section 8(b) of such Act
24 (property disposition); section 8(d)(2)
25 of such Act (project-based certifi-

1 cates); section 8(e)(2) of such Act
2 (moderate rehabilitation); section 23
3 of such Act (as in effect before Janu-
4 ary 1, 1975); or section 101 of the
5 Housing and Urban Development Act
6 of 1965 (rent supplements); or

7 “(II) section 8 of the United
8 States Housing Act of 1937, following
9 conversion from section 101 of the
10 Housing and Urban Development Act
11 of 1965; and

12 “(ii) the Secretary shall make avail-
13 able tenant-based assistance under section
14 8 of the United States Housing Act of
15 1937 to tenants currently residing in units
16 that were covered by an assistance contract
17 under the Loan Management Set-Aside
18 program under section 8(b) of the United
19 States Housing Act of 1937 immediately
20 before foreclosure or acquisition of the
21 project by the Secretary.

22 “(2) ANNUAL CONTRIBUTION CONTRACTS.—In
23 the case of multifamily housing projects that are ac-
24 quired by a purchaser other than the Secretary at
25 foreclosure or after sale by the Secretary, enter into

1 annual contribution contracts with public housing
2 agencies to provide tenant-based assistance under
3 section 8 of the United States Housing Act of 1937
4 to all low-income families who are otherwise eligible
5 for assistance, in accordance with the requirements
6 of subparagraph (A), (B), or (D) of paragraph (1),
7 on the date that the project is acquired by the pur-
8 chaser. The Secretary shall take action under this
9 paragraph only after making a determination that
10 there is an adequate supply of habitable housing in
11 the area that is available to and affordable by low-
12 income families using such assistance. With respect
13 to subsidized or formerly subsidized projects, actions
14 may be taken pursuant to this paragraph in connec-
15 tion with not more than 10 percent of the aggregate
16 number of units in subsidized or formerly subsidized
17 projects disposed of by the Secretary in each fiscal
18 year.

19 “(3) OTHER ASSISTANCE.—

20 “(A) IN GENERAL.—In accordance with
21 the authority provided under the National
22 Housing Act, reduce the selling price, apply use
23 or rent restrictions on certain units, or provide
24 other financial assistance to the owners of mul-
25 tifamily housing projects that are acquired by a

1 purchaser other than the Secretary at fore-
2 closure, or after sale by the Secretary, on terms
3 that will ensure that at least those units other-
4 wise required to receive project-based section 8
5 assistance pursuant to subparagraph (A), (B),
6 or (D) of paragraph (1) are available to and af-
7 fordable by low-income persons for the remain-
8 ing useful life of the project, as defined by the
9 Secretary.

10 “(B) DEFINITION.—A unit shall be consid-
11 ered affordable under this paragraph if—

12 “(i) for very low-income tenants, the
13 rent for such unit does not exceed 30 per-
14 cent of 50 percent of the area median in-
15 come, as determined by the Secretary, with
16 adjustments for family size; and

17 “(ii) for low-income tenants other
18 than very low-income tenants, the rent for
19 such unit does not exceed 30 percent of 80
20 percent of the area median income, as de-
21 termined by the Secretary, with adjust-
22 ments for family size.

23 “(C) VERY LOW-INCOME TENANTS.—The
24 Secretary shall provide assistance under section
25 8 of the United States Housing Act of 1937 to

1 any very low-income tenant currently residing
2 in a unit otherwise required to receive project-
3 based rental assistance under section 8, pursu-
4 ant to subparagraph (A), (B), or (D) of para-
5 graph (1), if the rents charged such tenants as
6 a result of actions taken pursuant to this para-
7 graph exceed the amount payable as rent under
8 section 3(a) of the United States Housing Act
9 of 1937.

10 “(4) TRANSFER FOR USE UNDER OTHER PRO-
11 GRAMS OF THE SECRETARY.—

12 “(A) IN GENERAL.—Enter into an agree-
13 ment providing for the transfer of a multifamily
14 housing project—

15 “(i) to a public housing agency for use
16 of the project as public housing; or

17 “(ii) to an owner or another appro-
18 priate entity for use of the project under
19 section 202 of the Housing Act of 1959 or
20 under section 811 of the Cranston-Gon-
21 zalez National Affordable Housing Act.

22 “(B) REQUIREMENTS FOR AGREEMENT.—
23 The agreement described in subparagraph (A)
24 shall—

1 “(i) contain such terms, conditions,
2 and limitations as the Secretary deter-
3 mines appropriate, including requirements
4 to assure use of the project under the pub-
5 lic housing, section 202, and section 811
6 programs; and

7 “(ii) ensure that no current tenant
8 will be displaced as a result of actions
9 taken under this paragraph.

10 “(f) OTHER ASSISTANCE.—In addition to the actions
11 required by subsection (e), the Secretary may take any
12 of the following actions:

13 “(1) SHORT-TERM LOANS.—Provide short-term
14 loans to facilitate the sale of multifamily housing
15 projects to nonprofit organizations or to public agen-
16 cies if—

17 “(A) authority for such loans is provided
18 in advance in an appropriations Act;

19 “(B) such loans are for a term of not more
20 than 5 years;

21 “(C) the Secretary is presented with satis-
22 factory documentation, evidencing a commit-
23 ment of permanent financing to replace such
24 short-term loan, from a lender who meets
25 standards set forth by the Secretary; and

1 “(D) the terms of such loans are consist-
2 ent with prevailing practices in the marketplace
3 or the provision of such loans results in no cost
4 to the Government, as defined in section 502 of
5 the Congressional Budget Act.

6 “(2) TENANT-BASED ASSISTANCE.—Make avail-
7 able tenant-based assistance under section 8 of the
8 United States Housing Act of 1937 to very low-in-
9 come families that do not otherwise qualify for
10 project-based rental assistance.

11 “(3) ALTERNATIVE USES.—

12 “(A) IN GENERAL.—Notwithstanding any
13 other provision of law, and subject to notice to
14 and comment from existing tenants, allow not
15 more than—

16 “(i) 5 percent of the total number of
17 units in multifamily housing projects that
18 are disposed of by the Secretary during
19 each fiscal year to be made available for
20 uses other than rental or cooperative hous-
21 ing, including low-income homeownership
22 opportunities, community space, office
23 space for tenant or housing-related service
24 providers or security programs, or small

1 business uses, if such uses benefit the ten-
2 ants of the project; and

3 “(ii) 5 percent of the total number of
4 units in multifamily housing projects that
5 are disposed of by the Secretary during
6 each fiscal year to be used in any manner,
7 if the Secretary and the unit of general
8 local government or area-wide governing
9 body determine that such use will further
10 fair housing, community development, or
11 neighborhood revitalization goals.

12 “(B) DISPLACEMENT PROTECTION.—The
13 Secretary shall—

14 “(i) make available tenant-based as-
15 sistance under section 8 of the United
16 States Housing Act of 1937 to any tenant
17 displaced as a result of actions taken by
18 the Secretary pursuant to subparagraph
19 (A); and

20 “(ii) take such actions as the Sec-
21 retary determines necessary to ensure the
22 successful use of any tenant-based assist-
23 ance provided under this subparagraph.

24 “(4) AUTHORIZATION OF USE OR RENT RE-
25 STRICTIONS IN UNSUBSIDIZED PROJECTS.—In carry-

1 ing out the goals specified in subsection (a), the Sec-
2 retary may require certain units in unsubsidized
3 projects upon disposition to contain use or rent re-
4 strictions providing that such units will be available
5 to and affordable by very low-income persons for the
6 remaining useful life of the property, as defined by
7 the Secretary.

8 “(g) CONTRACT REQUIREMENTS.—

9 “(1) CONTRACT TERM.—

10 “(A) IN GENERAL.—Contracts for project-
11 based rental assistance under section 8 of the
12 United States Housing Act of 1937 provided
13 pursuant to this section shall be for a term of
14 not more than 15 years; and

15 “(B) CONTRACT TERM OF LESS THAN 15
16 YEARS.—To the extent that units receive
17 project-based rental assistance for a contract
18 term of less than 15 years, the Secretary shall
19 require that rents charged to tenants for such
20 units shall not exceed the amount payable for
21 rent under section 3(a) of the United States
22 Housing Act of 1937 for a period of at least 15
23 years.

24 “(2) CONTRACT RENT.—

1 “(A) IN GENERAL.—The Secretary shall
2 set contract rents for section 8 project-based
3 rental contracts issued under this section at lev-
4 els that, in conjunction with other resources
5 available to the purchaser, provide for the nec-
6 essary costs of rehabilitation of such project
7 and do not exceed the percentage of the existing
8 housing fair market rents for the area, as de-
9 termined by the Secretary under section 8(c) of
10 the United States Housing Act of 1937.

11 “(B) UP-FRONT GRANTS.—If such an ap-
12 proach is determined to be more cost-effective,
13 the Secretary may utilize the budget authority
14 provided for project-based section 8 contracts
15 issued under this section to

16 “(i) provide project-based section 8
17 rental assistance; and

18 “(ii) provide up-front grants for the
19 necessary costs of rehabilitation.

20 “(h) DISPOSITION PLAN.—

21 “(1) IN GENERAL.—Prior to the sale of a mul-
22 tifamily housing project that is owned by the Sec-
23 retary, the Secretary shall develop a disposition plan
24 for the project that specifies the minimum terms
25 and conditions of the Secretary for disposition of the

1 project, the initial sales price that is acceptable to
2 the Secretary, and the assistance that the Secretary
3 plans to make available to a prospective purchaser
4 in accordance with this section. The initial sales
5 price shall reflect the intended use of the property
6 after sale.

7 “(2) COMMUNITY AND TENANT INPUT INTO
8 DISPOSITION PLANS AND SALES.—

9 “(A) IN GENERAL.—In carrying out this
10 section, the Secretary shall develop procedures
11 to obtain appropriate and timely input into dis-
12 position plans from officials of the unit of gen-
13 eral local government affected, the community
14 in which the project is situated, and the tenants
15 of the project.

16 “(B) TENANT ORGANIZATIONS.—The Sec-
17 retary shall develop procedures to facilitate,
18 where feasible and appropriate, the sale of mul-
19 tifamily housing projects to existing tenant or-
20 ganizations with demonstrated capacity or to
21 public or nonprofit entities that represent or
22 are affiliated with existing tenant organizations.

23 “(C) TECHNICAL ASSISTANCE.—

24 “(i) IN GENERAL.—To carry out the
25 procedures developed under subparagraphs

1 (A) and (B), the Secretary is authorized to
2 provide technical assistance, directly or in-
3 directly.

4 “(ii) TECHNICAL ASSISTANCE PROVID-
5 ERS.—Recipients of technical assistance
6 funding under the Emergency Low Income
7 Housing Preservation Act of 1987, the
8 Low-Income Housing Preservation and
9 Resident Homeownership Act of 1990,
10 subtitle B of title IV of the Cranston-Gon-
11 zalez National Affordable Housing Act,
12 shall be permitted to provide technical as-
13 sistance to the extent of such funding
14 under any of such programs or under this
15 section, notwithstanding the source of
16 funding.

17 “(iii) AUTHORIZATION OF APPROPRIA-
18 TIONS.—There are authorized to be appro-
19 priated \$5,000,000 to carry out this sub-
20 paragraph. In addition, the Secretary is
21 authorized to use amounts appropriated
22 for technical assistance under the Emer-
23 gency Low Income Housing Preservation
24 Act of 1987, the Low-Income Housing
25 Preservation and Resident Homeownership

1 Act of 1990, subtitle B of title IV of the
2 Cranston-Gonzalez National Affordable
3 Housing Act, for the provision of technical
4 assistance under this section.

5 “(i) RIGHT OF FIRST REFUSAL.—

6 “(1) PROCEDURE.—

7 “(A) NOTIFICATION BY SECRETARY OF
8 THE ACQUISITION OF TITLE.—Not later than
9 30 days after the Secretary acquires title to a
10 multifamily housing project, the Secretary shall
11 notify the appropriate unit of general local gov-
12 ernment and State agency or agencies des-
13 ignated by the Governor of the acquisition of
14 such title.

15 “(B) EXPRESSION OF INTEREST.—Not
16 later than 45 days after receiving notification
17 from the Secretary under subparagraph (A),
18 the unit of general local government or des-
19 ignated State agency may submit to the Sec-
20 retary a preliminary expression of interest in
21 the project. The Secretary may take such ac-
22 tions as may be necessary to require the unit of
23 general local government or designated State
24 agency to substantiate such interest.

1 “(C) TIMELY EXPRESSION OF INTER-
2 EST.—If the unit of general local government or
3 designated State agency has expressed interest
4 in the project before the expiration of the 45-
5 day period referred to in subparagraph (B) and
6 has substantiated such interest if requested, the
7 Secretary shall notify the unit of general local
8 government or designated State agency, within
9 a reasonable period of time, of the terms and
10 conditions of the disposition plan, in accordance
11 with subsection (h). The Secretary shall then
12 give the unit of general local government or
13 designated State agency not more than 90 days
14 after the date of such notification to make an
15 offer to purchase the project.

16 “(D) NO TIMELY EXPRESSION OF INTER-
17 EST.—If the unit of general local government or
18 designated State agency does not express inter-
19 est before the expiration of the 45-day period
20 referred to in subparagraph (B), or does not
21 substantiate an expressed interest if requested,
22 the Secretary may offer the project for sale to
23 any interested person or entity.

24 “(2) ACCEPTANCE OF OFFERS.—If the Sec-
25 retary has given the unit of general local government

1 or designated State agency 90 days to make an offer
2 to purchase the project, the Secretary shall accept
3 an offer that complies with the terms and conditions
4 of the disposition plan. The Secretary may accept an
5 offer that does not comply with the terms and condi-
6 tions of the disposition plan if the Secretary deter-
7 mines that the offer will further the goals specified
8 in subsection (a) by actions that include extension of
9 the duration of low-income affordability restrictions
10 or otherwise restructuring the transaction in a man-
11 ner that enhances the long-term affordability for
12 low-income persons. The Secretary shall, in particu-
13 lar, have discretion to reduce the initial sales price
14 in exchange for the extension of low-income afford-
15 ability restrictions beyond the period of assistance
16 contemplated by the attachment of assistance pursu-
17 ant to subsection (e) or for an increase in the num-
18 ber of units that are available to and affordable by
19 low-income families. If the Secretary and the unit of
20 general local government or designated State agency
21 cannot reach agreement within 90 days, the Sec-
22 retary may offer the project for sale to the general
23 public.

24 “(3) PURCHASE BY UNIT OF GENERAL LOCAL
25 GOVERNMENT OR DESIGNATED STATE AGENCY.—

1 Notwithstanding any other provision of law, a unit
2 of general local government (including a public hous-
3 ing agency) or designated State agency may pur-
4 chase multifamily housing projects in accordance
5 with this subsection.

6 “(4) APPLICABILITY.—This subsection shall
7 apply to projects that are acquired on or after the
8 effective date of this subsection. With respect to
9 projects acquired before such effective date, the Sec-
10 retary may apply—

11 “(A) the requirements of paragraphs (2)
12 and (3) of section 203(e) as such paragraphs
13 existed immediately before the effective date of
14 this subsection; or

15 “(B) the requirements of paragraphs (1)
16 and (2) of this subsection, if the Secretary gives
17 the unit of general local government or des-
18 ignated State agency—

19 “(i) 45 days to express interest in the
20 project; and

21 “(ii) if the unit of general local gov-
22 ernment or designated State agency ex-
23 presses interest in the project before the
24 expiration of the 45-day period, and sub-
25 stantiates such interest if requested, 90

1 days from the date of notification of the
2 terms and conditions of the disposition
3 plan to make an offer to purchase the
4 project.

5 “(j) DISPLACEMENT OF TENANTS AND RELOCATION
6 ASSISTANCE.—

7 “(1) IN GENERAL.—Whenever tenants will be
8 displaced as a result of the demolition of, repairs to,
9 or conversion in the use of, a multifamily housing
10 project that is owned by the Secretary (or for which
11 the Secretary is mortgagee in possession), the Sec-
12 retary shall identify tenants who will be displaced,
13 and shall notify all such tenants of their pending
14 displacement and of any relocation assistance that
15 may be available. In the case of a multifamily hous-
16 ing project that is subject to a mortgage held by the
17 Secretary, the Secretary shall require the owner of
18 the project to carry out the requirements of this
19 paragraph, if the Secretary has authorized the dem-
20 olition of, repairs to, or conversion in the use of such
21 multifamily housing project.

22 “(2) RIGHTS OF DISPLACED TENANTS.—The
23 Secretary shall assure for any such tenant (who con-
24 tinues to meet applicable qualification standards)
25 the right—

1 “(A) to return, whenever possible, to a re-
2 paired unit;

3 “(B) to occupy a unit in another multifam-
4 ily housing project owned by the Secretary;

5 “(C) to obtain housing assistance under
6 the United States Housing Act of 1937; or

7 “(D) to receive any other available reloca-
8 tion assistance as the Secretary determines to
9 be appropriate.

10 “(k) MORTGAGE AND PROJECT SALES.—

11 “(1) IN GENERAL.—The Secretary may not ap-
12 prove the sale of any loan or mortgage held by the
13 Secretary (including any loan or mortgage owned by
14 the Government National Mortgage Association) on
15 any subsidized project or formerly subsidized
16 project, unless such sale is made as part of a trans-
17 action that will ensure that such project will con-
18 tinue to operate at least until the maturity date of
19 such loan or mortgage, in a manner that will provide
20 rental housing on terms at least as advantageous to
21 existing and future tenants as the terms required by
22 the program under which the loan or mortgage was
23 made or insured prior to the assignment of the loan
24 or mortgage on such project to the Secretary.

1 “(2) SALE OF CERTAIN PROJECTS.—The Sec-
2 retary may not approve the sale of any subsidized
3 project—

4 “(A) that is subject to a mortgage held by
5 the Secretary; or

6 “(B) if the sale transaction involves the
7 provision of any additional subsidy funds by the
8 Secretary or a recasting of the mortgage;
9 unless such sale is made as part of a transaction
10 that will ensure that such project will continue to
11 operate at least until the maturity date of the loan
12 or mortgage, in a manner that will provide rental
13 housing on terms at least as advantageous to exist-
14 ing and future tenants as the terms required by the
15 program under which the loan or mortgage was
16 made or insured prior to the proposed sale of the
17 project.

18 “(3) MORTGAGE SALES TO STATE AND LOCAL
19 GOVERNMENTS.—Notwithstanding any provision of
20 law that may require competitive sales or bidding,
21 the Secretary may carry out negotiated sales of
22 mortgages held by the Secretary that are secured by
23 subsidized, unsubsidized, or formerly subsidized mul-
24 tifamily housing projects, without the competitive se-
25 lection of purchasers or intermediaries, to units of

1 general local government or State agencies, or
2 groups of investors that include at least 1 such unit
3 of general local government or State agency, if the
4 negotiations are conducted with such agencies, ex-
5 cept that—

6 “(A) the terms of any such sale shall in-
7 clude the agreement of the purchasing agency
8 or unit of local government or State agency to
9 act as mortgagee or owner of a beneficial inter-
10 est in such mortgages, in a manner consistent
11 with maintaining the projects that are subject
12 to such mortgages for occupancy by the general
13 tenant group intended to be served by the appli-
14 cable mortgage insurance program, including,
15 to the extent the Secretary determines appro-
16 priate, authorizing such unit of local govern-
17 ment or State agency to enforce the provisions
18 of any regulatory agreement or other program
19 requirements applicable to the related projects;
20 and

21 “(B) the sales prices for such mortgages
22 shall be, in the determination of the Secretary,
23 the best prices that may be obtained for such
24 mortgages from a unit of general local govern-
25 ment or State agency, consistent with the ex-

1 pectation and intention that the projects fi-
 2 nanced will be retained for use under the appli-
 3 cable mortgage insurance program for the life
 4 of the initial mortgage insurance contract.

5 “(4) SALE OF MORTGAGES COVERING
 6 UNSUBSIDIZED PROJECTS.—Notwithstanding any
 7 other provision of law, the Secretary may sell mort-
 8 gages held on unsubsidized projects on such terms
 9 and conditions as the Secretary may prescribe.

10 “(l) PROJECT-BASED RENTAL ASSISTANCE FOR
 11 TERM OF LESS THAN 15 YEARS.—Notwithstanding sub-
 12 section (g), project-based rental assistance in connection
 13 with the disposition of a multifamily housing project may
 14 be provided for a contract term of less than 15 years if
 15 such assistance is provided—

16 “(1) under a contract authorized under section
 17 6 of the HUD Demonstration Act of 1993; and

18 “(2) pursuant to a disposition plan under this
 19 section for a project that is determined by the Sec-
 20 retary to be otherwise in compliance with this sec-
 21 tion.

22 “(m) REPORT TO CONGRESS.—Not later than June
 23 1 of each year, the Secretary shall submit to the Commit-
 24 tee on Banking, Housing, and Urban Affairs of the Senate
 25 and the Committee on Banking, Finance and Urban Af-

1 fairs of the House of Representatives, a report describing
2 the status of multifamily housing projects owned by or
3 subject to mortgages held by the Secretary, on an aggre-
4 gate basis, which highlights the differences, if any, be-
5 tween the subsidized and the unsubsidized inventory. The
6 report shall include—

7 “(1) the average and median size of the
8 projects;

9 “(2) the geographic locations of the projects, by
10 State and region;

11 “(3) the years during which projects were as-
12 signed to the Department, and the average and me-
13 dian length of time that projects remain in the
14 HUD-held inventory;

15 “(4) the status of HUD-held mortgages;

16 “(5) the physical condition of the HUD-held
17 and HUD-owned inventory;

18 “(6) the occupancy profile of the projects, in-
19 cluding the income, family size, race, and ethnic ori-
20 gin of current tenants, and the rents paid by such
21 tenants;

22 “(7) the proportion of units that are vacant;

23 “(8) the number of projects for which the Sec-
24 retary is mortgagee in possession;

1 “(9) the number of projects sold in foreclosure
2 sales;

3 “(10) the number of HUD-owned projects sold;

4 “(11) a description of actions undertaken pur-
5 suant to this section, including—

6 “(A) a comparison of results between ac-
7 tions taken after the date of enactment of the
8 Housing and Community Development Act of
9 1993 and actions taken in the years preceding
10 such date of enactment;

11 “(B) a description of any impediments to
12 the disposition or management of multifamily
13 housing projects, together with a recommenda-
14 tion of proposed legislative or regulatory
15 changes designed to ameliorate such impedi-
16 ments;

17 “(C) a description of actions taken to re-
18 structure or commence foreclosure on delin-
19 quent multifamily mortgages held by the De-
20 partment; and

21 “(D) a description of actions taken to
22 monitor and prevent the default of multifamily
23 housing mortgages held by the Federal Housing
24 Administration;

1 “(12) a description of any of the functions per-
2 formed in connection with this section that are con-
3 tracted out to public or private entities or to States,
4 including—

5 “(A) the costs associated with such delega-
6 tion;

7 “(B) the implications of contracting out or
8 delegating such functions for current Depart-
9 ment field or regional personnel, including an-
10 ticipated personnel or work load reductions;

11 “(C) necessary oversight required by De-
12 partment personnel, including anticipated per-
13 sonnel hours devoted to such oversight;

14 “(D) a description of any authority grant-
15 ed to such public or private entities or States
16 in conjunction with the functions that have
17 been delegated or contracted out or that are not
18 otherwise available for use by Department per-
19 sonnel; and

20 “(E) the extent to which such public or
21 private entities or States include tenants of
22 multifamily housing projects in the disposition
23 planning for such projects; and

24 “(13) a description of the activities carried out
25 under subsection (i) during the preceding year.”.

1 (c) EFFECTIVE DATE.—The Secretary shall, by no-
2 tice published in the Federal Register, which shall take
3 effect upon publication, establish such requirements as
4 may be necessary to implement the amendments made by
5 this section. The notice shall invite public comments and,
6 not later than 12 months after the date on which the no-
7 tice is published, the Secretary shall issue final regulations
8 based on the initial notice, taking into account any public
9 comments received.

10 **SEC. 102. REPEAL OF STATE AGENCY MULTIFAMILY PROP-**
11 **ERTY DISPOSITION DEMONSTRATION.**

12 Section 184 of the Housing and Community Develop-
13 ment Act of 1987 (12 U.S.C. 1701z–11 note) is hereby
14 repealed.

15 **SEC. 103. RTC MARKETING AND DISPOSITION OF MULTI-**
16 **FAMILY PROJECTS OWNED BY HUD.**

17 (a) AUTHORIZATION.—The Secretary may carry out
18 a demonstration with not more than 50 unsubsidized mul-
19 tifamily housing projects owned by the Secretary, using
20 the RTC for the marketing and disposition of the projects.
21 Any such demonstration shall be carried out pursuant to
22 an agreement between the RTC and the Secretary on such
23 terms and conditions as are acceptable to the RTC and
24 the Secretary. The RTC shall establish policies and proce-

1 dures for marketing and disposition, subject to review and
2 approval by the Secretary.

3 (b) RULES GOVERNING THE DEMONSTRATION.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), in carrying out the provisions of this sec-
6 tion, the RTC shall dispose of unsubsidized multi-
7 family housing projects pursuant to the provisions of
8 section 21A(c) of the Federal Home Loan Bank Act.

9 (2) EXCEPTION.—Notwithstanding paragraph
10 (1), a very low-income tenant currently residing in
11 a unit otherwise required under subsection (e)(1)(D)
12 of section 203 of the Housing and Community De-
13 velopment Amendments of 1978 to receive project-
14 based rental assistance under section 8, shall upon
15 disposition pay not more than the amount payable
16 as rent under section 3(a) of the United States
17 Housing Act of 1937.

18 (c) DETERMINATION OF PROJECTS INCLUDED.—In
19 determining which projects to include in the demonstra-
20 tion, the Secretary and the RTC shall take into consider-
21 ation—

22 (1) the prior experience of the RTC in dispos-
23 ing of other multifamily housing projects in the ju-
24 risdictions in which such projects are located; and

1 (2) such other factors as the Secretary and the
2 RTC determine to be appropriate.

3 (d) REIMBURSEMENT.—The agreement entered into
4 pursuant to subsection (a) shall provide that the Secretary
5 shall reimburse the RTC for the direct costs associated
6 with the demonstration, including the costs of administra-
7 tion and marketing, property management, and any repair
8 and rehabilitation. The Secretary may use proceeds from
9 the sale of the projects to reimburse the RTC for its costs.

10 (e) REPORTS.—

11 (1) ANNUAL REPORTS.—The Secretary and the
12 RTC shall jointly submit an annual report to the
13 Committee on Banking, Housing, and Urban Affairs
14 of the Senate and the Committee on Banking, Fi-
15 nance and Urban Affairs of the House of Represent-
16 atives detailing the progress of the demonstration.

17 (2) FINAL REPORT.—Not later than 3 months
18 after the completion of the demonstration, the Sec-
19 retary shall submit to the Committee on Banking,
20 Housing, and Urban Affairs of the Senate and the
21 Committee on Banking, Finance and Urban Affairs
22 of the House of Representatives a report describing
23 the results of the demonstration and any rec-
24 ommendations for legislative action.

1 (f) TERMINATION.—The demonstration under this
 2 section shall not extend beyond the termination date of
 3 the RTC.

4 **SEC. 104. CIVIL MONEY PENALTIES AGAINST GENERAL**
 5 **PARTNERS AND CERTAIN MANAGING AGENTS**
 6 **OF MULTIFAMILY HOUSING PROJECTS.**

7 (a) CIVIL MONEY PENALTIES AGAINST MULTIFAM-
 8 ILY MORTGAGORS.—Section 537 of the National Housing
 9 Act (12 U.S.C. 1735f–15) is amended—

10 (1) in subsection (b)(1), by inserting after
 11 “mortgagor” the second place it appears the follow-
 12 ing: “or general partner of a partnership mortga-
 13 gor”;

14 (2) in subsection (c)—

15 (A) by striking the heading and inserting
 16 the following:

17 “(c) OTHER VIOLATIONS.—”; and

18 (B) in paragraph (1)—

19 (i) by striking “The Secretary may”
 20 and all that follows through the colon and
 21 inserting the following:

22 “(A) LIABLE PARTIES.—The Secretary
 23 may also impose a civil money penalty under
 24 this section on—

1 “(i) any mortgagor of a property that
2 includes 5 or more living units and that
3 has a mortgage insured, coinsured, or held
4 pursuant to this Act;

5 “(ii) the general partner of a partner-
6 ship mortgagor of such property; or

7 “(iii) any agent employed to manage
8 the property that has an identity of inter-
9 est with the mortgagor or the general part-
10 ner of a partnership mortgagor of such
11 property.

12 “(B) VIOLATIONS.—A penalty may be im-
13 posed under this paragraph for knowingly and
14 materially taking any of the following actions:”;

15 (ii) in subparagraph (B), as redesign-
16 nated, by redesignating subparagraphs (A)
17 through (L) as clauses (i) through (xii), re-
18 spectively; and

19 (iii) by adding after clause (xii), as re-
20 designated, the following new clauses:

21 “(xiii) Failure to maintain the prem-
22 ises, accommodations, and the grounds and
23 equipment appurtenant thereto in good re-
24 pair and condition in accordance with reg-
25 ulations and requirements of the Secretary,

1 except that nothing in this clause shall
2 have the effect of altering the provisions of
3 an existing regulatory agreement or feder-
4 ally insured mortgage on the property.

5 “(xiv) Failure, by a mortgagor or gen-
6 eral partner of a partnership mortgagor, to
7 provide management for the project that is
8 acceptable to the Secretary pursuant to
9 regulations and requirements of the Sec-
10 retary.”; and

11 (iv) in the last sentence, by deleting
12 “of such agreement” and inserting “of this
13 subsection”;

14 (3) in subsection (d)(1)(B), by inserting after
15 “mortgagor” the following: “, general partner of a
16 partnership mortgagor, or identity of interest agent
17 employed to manage the property,”;

18 (4) in subsection (d), by adding at the end the
19 following new paragraph:

20 “(5) PAYMENT OF PENALTY.—No payment of a
21 civil money penalty levied under this section shall be
22 payable out of project income.”;

23 (5) in subsection (e)(1), by deleting “a mortga-
24 gor” and inserting “an entity or person”;

1 (6) in subsection (f), by inserting after “mort-
2 gagor” each place such term appears the following:
3 “, general partner of a partnership mortgagor, or
4 identity of interest agent employed to manage the
5 property,”;

6 (7) by striking the heading of subsection (f)
7 and inserting the following: “CIVIL MONEY PEN-
8 ALTIES AGAINST MULTIFAMILY MORTGAGORS, GEN-
9 ERAL PARTNERS OF PARTNERSHIP MORTGAGORS,
10 AND CERTAIN MANAGING AGENTS”;

11 (8) in subsection (j), by striking “all civil
12 money” and all that follows through the period at
13 the end and inserting the following: “the Secretary
14 shall apply all civil money penalties collected under
15 this section, or any portion of such penalties, to the
16 fund established under section 201(j) of the Housing
17 and Community Development Amendments of
18 1978.”; and

19 (9) by adding at the end the following new sub-
20 section:

21 “(k) IDENTITY OF INTEREST MANAGING AGENT.—
22 For purposes of this section, the term ‘identity of interest
23 managing agent’ means an ownership entity, or its general
24 partner or partners, which has an ownership interest in

1 and which exerts effective control over the property's own-
2 ership.'".

3 (b) IMPLEMENTATION.—The Secretary shall imple-
4 ment the amendments made by this section by regulation
5 issued after notice and opportunity for public comment.
6 A proposed rule shall be published not later than March
7 1, 1994. The notice shall seek comments primarily as to
8 the definition of the terms 'ownership interest in' and 'ef-
9 fective control', as such terms are used in the definition
10 of identity of interest managing agent.

11 (c) APPLICABILITY OF AMENDMENTS.—The amend-
12 ments made by subsection (a) shall apply only with respect
13 to—

14 (1) violations that occur on or after the effec-
15 tive date of the final regulations implementing the
16 amendments made by this section; and

17 (2) in the case of a continuing violation (as de-
18 termined by the Secretary), any portion of a viola-
19 tion that occurs on or after such date.

20 **SEC. 105. MODELS FOR PROPERTY DISPOSITION.**

21 The Federal Housing Commissioner shall develop
22 models which shall be designed to assist States and units
23 of general local government in using other Federal pro-
24 grams for the purpose of acquiring, rehabilitating, or oth-
25 erwise participating in—

1 (1) the disposition, pursuant to section 203 of
2 the Housing and Community Development Amend-
3 ments of 1978, of multifamily housing projects
4 owned by the Secretary; or

5 (2) the sale, pursuant to section 203 of the
6 Housing and Community Development Amendments
7 of 1978, of multifamily housing projects subject to
8 mortgages held by the Secretary.

9 **SEC. 106. PREVENTING MORTGAGE DEFAULTS.**

10 (a) MULTIFAMILY HOUSING PLANNING AND INVEST-
11 MENT STRATEGIES.—

12 (1) PREPARATION OF ASSESSMENTS FOR INDE-
13 PENDENT ENTITIES.—Section 402(a) of the Housing
14 and Community Development Act of 1992 (12
15 U.S.C. 1715–1a note) is amended by adding at the
16 end the following: “The assessment shall be pre-
17 pared by an entity that does not have an identity of
18 interest with the owner.”.

19 (2) TIMING OF SUBMISSION OF NEEDS ASSESS-
20 MENTS.—Section 402(b) of the Housing and Com-
21 munity Development Act of 1992 (12 U.S.C. 17152–
22 1a note) is amended to read as follows:

23 “(b) TIMING.—To ensure that assessments for all
24 covered multifamily housing properties will be submitted
25 on or before the conclusion of fiscal year 1997, the Sec-

1 retary shall require the owners of such properties, includ-
 2 ing covered multifamily housing properties for the elderly,
 3 to submit the assessments for the properties in accordance
 4 with the following schedule:

5 “(1) For fiscal year 1994, 10 percent of the ag-
 6 gregate number of such properties.

7 “(2) For each of fiscal years 1995, 1996, and
 8 1997, an additional 30 percent of the aggregate
 9 number of such properties.”.

10 (3) REVIEW OF COMPREHENSIVE NEEDS AS-
 11 SESSMENTS.—Section 404(d) of the Housing and
 12 Community Development Act of 1992 (12 U.S.C.
 13 1715–1a note) is amended to read as follows:

14 “(d) REVIEW.—

15 “(1) IN GENERAL.—The Secretary shall review
 16 each comprehensive needs assessment for complete-
 17 ness and adequacy before the expiration of the 90-
 18 day period beginning on the receipt of the assess-
 19 ment.

20 “(2) INCOMPLETE OR INADEQUATE ASSESS-
 21 MENTS.—If the Secretary determines that the as-
 22 sessment is substantially incomplete or inadequate,
 23 the Secretary shall—

1 “(A) provide the owner with a reasonable
2 amount of time to resubmit an amended assess-
3 ment; and

4 “(B) indicate to the owner the portion of
5 the original assessment requiring completion or
6 other revision.”.

7 (4) REPEAL OF NOTICE PROVISION.—Section
8 404(f) of the Housing and Community Development
9 Act of 1992 (12 U.S.C. 1715–1a note) is hereby re-
10 pealed.

11 (5) FUNDING.—Title IV of the Housing and
12 Community Development Act of 1992 (12 U.S.C.
13 1715z–1a note) is amended by adding at the end the
14 following new section:

15 **“SEC. 409. FUNDING.**

16 “(a) ALLOCATION OF ASSISTANCE.—Based upon
17 needs identified in comprehensive needs assessments, and
18 subject to otherwise applicable program requirements, in-
19 cluding selection criteria, the Secretary may allocate the
20 following assistance to owners of covered multifamily
21 housing projects and may provide such assistance on a
22 noncompetitive basis:

23 “(1) Operating assistance and capital improve-
24 ment assistance for troubled multifamily housing
25 projects pursuant to section 201 of the Housing and

1 Community Development Amendments of 1978, ex-
2 cept for assistance set aside under section 201(n)(1).

3 “(2) Loan management assistance available
4 pursuant to section 8 of the United States Housing
5 Act of 1937.

6 “(b) OPERATING ASSISTANCE AND CAPITAL IM-
7 PROVEMENT ASSISTANCE.—In providing assistance under
8 subsection (a) the Secretary shall use the selection criteria
9 set forth in section 201(n) of the Housing and Community
10 Development Amendments.

11 “(c) AMOUNT OF ASSISTANCE.—The Secretary may
12 fund all or only a portion of the needs identified in the
13 capital needs assessment of an owner selected to receive
14 assistance under this section.”.

15 (b) FLEXIBLE SUBSIDY PROGRAM.—

16 (1) DELETION OF UTILITY COST REQUIRE-
17 MENTS.—Section 201(i) of the Housing and Com-
18 munity Development Amendments of 1978 (12
19 U.S.C. 1715z-1a(i)) is hereby repealed.

20 (2) REPEAL OF MANDATORY CONTRIBUTION
21 FROM OWNER.—Section 201(k)(2) of the Housing
22 and Community Development Amendments of 1978
23 (12 U.S.C. 1715z-1a(k)(2)) is amended by striking
24 “, except that” and all that follows through “such
25 loan”.

1 (3) FUNDING.—Section 201(n) of the Housing
2 and Community Development Amendments of 1978
3 (42 U.S.C. 1715z–1a(n)) is amended to read as fol-
4 lows:

5 “(n)(1) For fiscal year 1994 only, in providing, and
6 contracting to provide, assistance for capital improve-
7 ments under this section, the Secretary shall set aside an
8 amount, as determined by the Secretary, for projects that
9 are eligible for incentives under section 224(b) of the
10 Emergency Low Income Housing Preservation Act of
11 1987, as such section existed before the date of enactment
12 of the Cranston-Gonzalez National Affordable Housing
13 Act. The Secretary may make such assistance available
14 on a noncompetitive basis.

15 “(2) Except as provided in paragraph (3), with re-
16 spect to assistance under this section not set aside for
17 projects under paragraph (1), the Secretary—

18 “(A) may award assistance on a noncompetitive
19 basis; and

20 “(B) shall award assistance to eligible projects
21 on the basis of—

22 “(i) the extent to which the project is
23 physically or financially troubled, as evidenced
24 by the comprehensive needs assessment submit-

1 ted in accordance with title IV of the Housing
2 and Community Development Act of 1992; and

3 “(ii) the extent to which such assistance is
4 necessary and reasonable to prevent the default
5 of federally insured mortgages.

6 “(3) The Secretary may make exceptions to selection
7 criteria set forth in paragraph (2) to permit the provision
8 of assistance to eligible projects based upon—

9 “(A) the extent to which such assistance is nec-
10 essary to prevent the imminent foreclosure or de-
11 fault of a project whose owner has not submitted a
12 comprehensive needs assessment pursuant to title IV
13 of the Housing and Community Development Act of
14 1992;

15 “(B) the extent to which the project presents
16 an imminent threat to the life, health, and safety of
17 project residents; or

18 “(C) such other criteria as the Secretary may
19 specify by regulation or by notice printed in the Fed-
20 eral Register.

21 “(4) In providing assistance under this section, the
22 Secretary shall take into consideration—

23 “(A) the extent to which there is evidence that
24 there will be significant opportunities for residents
25 (including a resident council or resident manage-

1 ment corporation, as appropriate) to be involved in
2 the management of the project (except that this
3 paragraph shall have no application to projects that
4 are owned as cooperatives); and

5 “(B) the extent to which there is evidence that
6 the project owner has provided competent manage-
7 ment and complied with all regulatory and adminis-
8 trative instructions (including such instructions with
9 respect to the comprehensive servicing of multifamily
10 projects as the Secretary may issue).”.

11 (c) IMPLEMENTATION AND EFFECTIVE DATE FOR
12 SUBSECTIONS (a) AND (b).—

13 (1) IN GENERAL.—The Secretary shall, by no-
14 tice published in the Federal Register, which shall
15 take effect upon publication, establish such require-
16 ments as may be necessary to implement the amend-
17 ments made by subsections (a) and (b). The notice
18 shall invite public comments and, not later than 12
19 months after the date on which the notice is pub-
20 lished, the Secretary shall issue final regulations
21 based on the initial notice, taking into account any
22 public comments received.

23 (2) CONTENTS.—The notice and the regulations
24 shall describe the method by which the Secretary al-
25 locates assistance in accordance with section 409 of

1 the Housing and Community Development Act of
2 1992 (as added by section 106(a) of this Act) and
3 paragraphs (2) and (3) of section 201(n) of the
4 Housing and Community Development Amendments
5 of 1978.

6 (3) ANNUAL PUBLICATIONS.—The Secretary
7 shall publish annually in the Federal Register—

8 (A) the method by which the Secretary de-
9 termines which capital needs assessments will
10 be received each year, in accordance with sec-
11 tions 402(b) and 404(d) of the Housing and
12 Community Development Act of 1992; and

13 (B) a list of all owners of covered multi-
14 family housing projects, by project, that have
15 received funding under—

16 (i) section 409 of the Housing and
17 Community Development Act of 1992 (as
18 added by section 106(a) of this Act); or

19 (ii) paragraphs (2) and (3) of section
20 201(n) of the Housing and Community
21 Development Amendments of 1978.

22 (4) EFFECTIVE DATE.—

23 (A) IN GENERAL.—Except as provided in
24 subparagraph (B), the amendments made by

1 subsections (a) and (b) shall take effect for
2 amounts made available for fiscal year 1995.

3 (B) EXCEPTION.—Notwithstanding sub-
4 paragraph (A), section 201(n)(1) of the Hous-
5 ing and Community Development Amendments
6 of 1978 (as added by subsection (b)(3)) shall
7 take effect on the date of enactment of this Act.

8 (d) STREAMLINED REFINANCING.—As soon as prac-
9 ticable, the Secretary shall implement a streamlined refi-
10 nancing program under the authority provided in section
11 223 of the National Housing Act to prevent the default
12 of mortgages insured by the FHA which cover multifamily
13 housing projects, as defined in section 203(b) of the Hous-
14 ing and Community Development Amendments of 1978.

15 (e) PARTIAL PAYMENTS OF CLAIM.—

16 (1) IN GENERAL.—Notwithstanding any other
17 provision of law, if the Secretary is requested to ac-
18 cept assignment of a mortgage insured by the Sec-
19 retary that covers a multifamily housing project, as
20 such term is defined in section 203(b) of the Hous-
21 ing and Community Development Amendments of
22 1978, and the Secretary determines that partial pay-
23 ment would be less costly to the Federal Government
24 than other reasonable alternatives for maintaining
25 the low-income character of the project, the Sec-

1 retary may request the mortgagee, in lieu of assign-
2 ment, to—

3 (A) accept partial payment of the claim
4 under the mortgage insurance contract; and

5 (B) recast the mortgage, under such terms
6 and conditions as the Secretary may determine.

7 (2) CONDITION.—As a condition to a partial
8 claim payment under this section, the mortgagor
9 shall agree to repay to the Secretary the amount of
10 such payment and such obligation shall be secured
11 by a second mortgage on the property on such terms
12 and conditions as the Secretary may determine.

13 (f) GAO STUDY ON PREVENTION OF DEFAULT.—

14 (1) IN GENERAL.—Not later than June 1,
15 1994, the Comptroller General of the United States
16 shall submit to the Committee on Banking, Housing,
17 and Urban Affairs of the Senate and the Committee
18 on Banking, Finance and Urban Affairs of the
19 House of Representatives a report that evaluates the
20 adequacy of loan loss reserves in the General Insur-
21 ance and Special Risk Insurance Funds and pre-
22 sents recommendations for the Secretary to prevent
23 losses from occurring.

24 (2) CONTENTS.—The report submitted under
25 paragraph (1) shall—

1 (A) evaluate the factors considered in ar-
2 riving at loss estimates and determine whether
3 other factors should be considered;

4 (B) determine the relative benefit of creat-
5 ing a new, actuarially sound insurance fund for
6 all new multifamily housing insurance commit-
7 ments; and

8 (C) recommend alternatives to the Sec-
9 retary's current procedures for preventing the
10 future default of multifamily housing project
11 mortgages insured under title II of the National
12 Housing Act.

13 (g) GAO STUDY ON ACTUARIAL SOUNDNESS OF
14 CERTAIN INSURANCE PROGRAMS.—

15 (1) IN GENERAL.—Not later than June 1,
16 1994, the Comptroller General of the United States
17 shall submit to the Committee on Banking, Housing,
18 and Urban Affairs of the Senate and the Committee
19 on Banking, Finance and Urban Affairs of the
20 House of Representatives a report that evaluates, in
21 connection with the General Insurance Fund, the
22 role and performance of the nursing home, hospital,
23 and retirement service center insurance programs.

24 (2) CONTENTS.—The reports submitted under
25 paragraph (1) shall—

1 (A) evaluate the strategic importance of
2 these insurance programs to the mission of the
3 FHA;

4 (B) evaluate the impact of these insurance
5 programs upon the financial performance of the
6 General Insurance Fund;

7 (C) assess the potential losses expected
8 under these programs through fiscal year 1999;

9 (D) evaluate the risk of these programs to
10 the General Insurance Fund in connection with
11 changes in national health care policy;

12 (E) assess the ability of the FHA to man-
13 age these programs; and

14 (F) make recommendations for any nec-
15 essary changes.

16 (h) ANNUAL ACTUARIAL REVIEW.—

17 (1) SPECIAL RISK INSURANCE FUND.—Section
18 238(c) of the National Housing Act (12 U.S.C.
19 1715z-3(c)) is amended by adding at the end the
20 following new paragraph:

21 “(3) The Secretary shall undertake an annual
22 review of the actuarial soundness of each of the in-
23 surance programs comprising the Special Risk In-
24 surance Fund, and shall present findings from such

1 review to the Congress in the FHA Annual Manage-
2 ment Report.”.

3 (2) GENERAL INSURANCE FUND.—Section 519
4 of the National Housing Act (12 U.S.C. 1735c) is
5 amended by adding at the end the following new
6 subsection:

7 “(g) ANNUAL ACTUARIAL REVIEW.—The Secretary
8 shall undertake an annual review of the actuarial sound-
9 ness of each of the insurance programs comprising the
10 General Insurance Fund, and shall present findings from
11 such review to the Congress in the FHA Annual Manage-
12 ment Report.”.

13 (i) ALTERNATIVE USES FOR PREVENTION OF DE-
14 FAULT.—

15 (1) IN GENERAL.—Subject to notice and com-
16 ment from existing tenants, to prevent the imminent
17 default of a multifamily housing project subject to a
18 mortgage insured under title II of the National
19 Housing Act, the Secretary may authorize the mort-
20 gator to use the project for purposes not con-
21 templated by or permitted under the regulatory
22 agreement, if—

23 (A) such other uses are acceptable to the
24 Secretary;

1 (B) such other uses would be otherwise in-
2 surable under title II of the National Housing
3 Act;

4 (C) the outstanding principal balance on
5 the mortgage covering such project is not in-
6 creased;

7 (D) any financial benefit accruing to the
8 mortgagor shall, subject to the discretion of the
9 Secretary, be applied to project reserves or
10 project rehabilitation; and

11 (E) such other use serves a public purpose.

12 (2) DISPLACEMENT PROTECTION.—The Sec-
13 retary shall—

14 (A) make available tenant-based assistance
15 under section 8 of the United States Housing
16 Act of 1937 to any tenant displaced as a result
17 of actions taken by the Secretary pursuant to
18 paragraph (1); and

19 (B) take such actions as the Secretary de-
20 termines necessary to ensure the successful use
21 of any tenant-based assistance provided under
22 this paragraph.

23 (3) IMPLEMENTATION.—The Secretary shall, by
24 notice published in the Federal Register, which shall
25 take effect upon publication, establish such require-

1 ments as may be necessary to implement the amend-
2 ments made by this subsection. The notice shall in-
3 vite public comments and, not later than 12 months
4 after the date on which the notice is published, the
5 Secretary shall issue final regulations based on the
6 initial notice, taking into account any public com-
7 ments received.

8 (j) MORTGAGE SALE DEMONSTRATION.—The Sec-
9 retary may carry out a demonstration to test the feasibil-
10 ity of restructuring and disposing of troubled multifamily
11 mortgages held by the Secretary through the establish-
12 ment of partnerships between public, private, and non-
13 profit entities.

14 (k) NATIONAL INTERAGENCY TASK FORCE ON MUL-
15 TIFAMILY HOUSING.—

16 (1) FUNCTIONS.—Section 543(e)(1) of the
17 Housing and Community Development Act of 1992
18 (12 U.S.C. 1707 note) is amended—

19 (A) in subparagraph (D), by striking
20 “and” at the end;

21 (B) in subparagraph (E), by striking the
22 period at the end and inserting “; and”; and

23 (C) by adding at the end the following new
24 subparagraph:

1 “(F) make available appropriate informa-
 2 tion to the Department of Housing and Urban
 3 Development that will assist in preventing the
 4 future default of multifamily housing project
 5 mortgages insured under title II of the National
 6 Housing Act.”.

7 (2) USE OF APPROPRIATIONS AUTHORITY.—
 8 Section 543(h) of the Housing and Community De-
 9 velopment Act of 1992 is amended by inserting after
 10 the first sentence the following: “The Secretary may
 11 use any non-Federal or private funding or may use
 12 the authority provided for salaries and expenses in
 13 appropriations Acts for activities carried out under
 14 this section.

15 **SEC. 107. INTEREST RATES ON ASSIGNED MORTGAGES.**

16 Section 7(i)(5) of the Department of Housing and
 17 Urban Development Act (42 U.S.C. 3535(i)(5)) is amend-
 18 ed by striking the first semicolon, and all that follows
 19 through “as determined by the Secretary”.

20 **SEC. 108. AUTHORIZATION OF APPROPRIATIONS.**

21 (a) SPECIAL RISK INSURANCE FUND.—Section
 22 238(b) of the National Housing Act (12 U.S.C. 1715z-
 23 3(b)) is amended by striking the fifth sentence.

24 (b) GENERAL INSURANCE FUND.—Section 519 of the
 25 National Housing Act (12 U.S.C. 1735c) is amended—

1 (1) by striking subsection (f); and

2 (2) by redesignating subsection (g) (as added
3 by section 106(h)(2) of this Act) as subsection (f).

4 (c) MULTIFAMILY INSURANCE FUND APPROPRIA-
5 TIONS.—Title V of the National Housing Act (12 U.S.C.
6 1731a et seq.) is amended by adding at the end the follow-
7 ing new section:

8 **“SEC. 541. AUTHORIZATION OF APPROPRIATIONS FOR GEN-**
9 **ERAL AND SPECIAL RISK INSURANCE FUNDS.**

10 “There are authorized to be appropriated
11 \$350,000,000 for fiscal year 1994 and \$360,500,000 for
12 fiscal year 1995, to be allocated in any manner that the
13 Secretary determines appropriate, for the following costs
14 incurred in conjunction with programs authorized under
15 the General Insurance Fund, as provided by section 519,
16 and the Special Risk Insurance Fund, as provided by sec-
17 tion 238:

18 “(1) The cost to the Government, as defined in
19 section 502 of the Congressional Budget Act, of new
20 insurance commitments.

21 “(2) The cost to the Government, as defined in
22 section 502 of the Congressional Budget Act, of
23 modifications to existing loans, loan guarantees, or
24 insurance commitments.

1 “(3) The cost to the Government, as defined in
 2 section 502 of the Congressional Budget Act, of
 3 loans provided under section 203(f) of the Housing
 4 and Community Development Amendments of 1978.

5 “(4) The costs of the rehabilitation of multi-
 6 family housing projects (as defined in section 203(b)
 7 of the Housing and Community Development
 8 Amendments of 1978) upon disposition by the Sec-
 9 retary.”.

10 **TITLE II—ENHANCED PROGRAM** 11 **FLEXIBILITY**

12 **Subtitle A—Office of Public and** 13 **Indian Housing**

14 **SEC. 201. REVITALIZATION OF SEVERELY DISTRESSED PUB-** 15 **LIC HOUSING.**

16 (a) IN GENERAL.—Section 24 of the United States
 17 Housing Act of 1937 (42 U.S.C. 1437v) is amended—

18 (1) by amending subsection (b) to read as fol-
 19 lows:

20 “(b) [RESERVED].”;

21 (2) in subsection (c)(2), by striking “\$200,000”
 22 and inserting “\$500,000”;

23 (3) in subsection (c)(3)—

1 (A) by redesignating subparagraphs (E)
2 through (I) as subparagraphs (F) through (J),
3 respectively;

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

6 “(E) planning for community service and
7 support service activities to be carried out by
8 the public housing agency, residents, members
9 of the community, and other persons and orga-
10 nizations willing to contribute to the social, eco-
11 nomic, or physical improvement of the commu-
12 nity (community service is a required element of
13 the revitalization program);”; and

14 (C) in subparagraph (H), as redesignated,
15 by striking “designing a suitable replacement
16 housing plan,” and inserting “designing suit-
17 able relocation and replacement housing
18 plans,”;

19 (4) in subsection (c)(4)—

20 (A) by redesignating subparagraphs (D)
21 and (E) as subparagraphs (E) and (F), respec-
22 tively; and

23 (B) by inserting after subparagraph (C)
24 the following new subparagraph:

1 “(D) a description of the community serv-
2 ice and support service planning activities to be
3 carried out by the public housing agency, resi-
4 dents, members of the community, and other
5 persons and organizations willing to contribute
6 to the social, economic, or physical improvement
7 of the community;”;

8 (5) in subsection (c)(5)—

9 (A) by striking subparagraph (E) and re-
10 designating subparagraphs (F) and (G) as sub-
11 paragraphs (E) and (F), accordingly;

12 (B) in subparagraph (E), as redesignated,
13 by inserting before the semicolon “, taking into
14 account the condition of the stock of the public
15 housing agency as a whole”; and

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

17 “In making grants under this subsection, the Sec-
18 retary may select a lower-rated, approvable applica-
19 tion over a higher-rated application to increase the
20 national geographic diversity among applications ap-
21 proved under this section.”;

22 (6) in subsection (d)(2)—

23 (A) by redesignating subparagraphs (E)
24 through (I) as subparagraphs (G) through (K),
25 respectively;

1 (B) by inserting after subparagraph (D)
2 the following new subparagraphs:

3 “(E) community service activities to be
4 carried out by residents, members of the com-
5 munity, and other persons willing to contribute
6 to the social, economic, or physical improvement
7 of the community (community service is a re-
8 quired element of the revitalization program);

9 “(F) replacement of public housing units;”;
10 and

11 (C) in subparagraph (K), as redesign-
12 nated—

13 (i) by striking “15 percent” and in-
14 serting “20 percent”; and

15 (ii) by inserting before the period at
16 the end the following: “, except that an
17 amount equal to 15 percent of the amount
18 of any grant under this subsection used for
19 support services shall be contributed from
20 non-Federal sources (which contribution
21 shall 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 (7) in subsection (d)(3)—

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

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

7 “(D) a description of the community serv-
8 ice and support service activities to be carried
9 out by the public housing agency, residents,
10 members of the community, and other persons
11 and organizations willing to contribute to the
12 social, economic, or physical improvement of the
13 community;”;

14 (8) in subsection (d)(4)—

15 (A) in subparagraph (D), by inserting
16 “(with assistance from the Department of
17 Housing and Urban Development if necessary)”
18 after “applicant”;

19 (B) by striking subparagraph (E) and re-
20 designating subparagraphs (F) and (G) as sub-
21 paragraphs (E) and (F), respectively;

22 (C) in subparagraph (E), as redesignated,
23 by inserting before the semicolon “, taking into
24 account the condition of the applicant’s stock as
25 a whole”; and

1 (D) by adding at the end the following:

2 “In making grants under this subsection, the Sec-
3 retary may select a lower-rated, approvable applica-
4 tion over a higher-rated application to increase the
5 national geographic diversity among applications ap-
6 proved under this section.”;

7 (9) in subsection (e), by adding at the end the
8 following new paragraph:

9 “(3) DEMOLITION AND REPLACEMENT.—

10 “(A) IN GENERAL.—Notwithstanding any
11 other applicable law or regulation, a revitaliza-
12 tion plan under this section may include demoli-
13 tion and replacement on site or in the same
14 neighborhood if the number of replacement
15 units provided in the same neighborhood is
16 fewer than the number of units demolished as
17 a result of the revitalization effort.

18 “(B) TENANT-BASED ASSISTANCE.—Not-
19 withstanding the limitations contained in sub-
20 paragraph (A)(v) or (C) of section 18(b)(3), a
21 public housing agency may replace not more
22 than one-third of the units demolished or dis-
23 posed of through a revitalization project under
24 this section with tenant-based assistance under
25 section 8.”;

1 (10) in subsection (h)—

2 (A) by amending paragraph (5) to read as
3 follows:

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

8 “(A) that requires major redesign, recon-
9 struction, redevelopment, or partial or total
10 demolition to correct serious deficiencies in the
11 original design (including inappropriately high
12 population density), deferred maintenance,
13 physical deterioration or obsolescence of major
14 systems, and other deficiencies in the physical
15 plant of the project; and

16 “(B) that either—

17 “(i)(I) is occupied predominantly by
18 families with children that have extremely
19 low incomes, high rates of unemployment,
20 and extensive dependency on various forms
21 of public assistance; and

22 “(II) has high rates of vandalism and
23 criminal activity (including drug-related
24 criminal activity); or

1 “(ii) that has a vacancy rate, as deter-
2 mined by the Secretary, of 50 percent or
3 more;

4 “(C) that cannot be revitalized through as-
5 sistance under other programs, such as the pro-
6 grams under sections 9 and 14, or through
7 other administrative means because of the inad-
8 equacy of available funds; and

9 “(D) that, in the case of individual build-
10 ings, the building is, in the Secretary’s deter-
11 mination, sufficiently separable from the re-
12 mainder of the project to make use of the build-
13 ing feasible for purposes of this section.”; and

14 (B) by adding at the end the following new
15 paragraphs:

16 “(6) COMMUNITY SERVICE.—The term ‘commu-
17 nity service’ means services provided on a volunteer
18 or limited stipend basis for the social, economic, or
19 physical improvement of the community to be
20 served.

21 “(7) SUPPORT SERVICES.—The term ‘support
22 services’ includes all activities designed to lead to-
23 ward upward mobility, self-sufficiency, and improved
24 quality of life for the residents of the project, such
25 as literacy training, job training, day care, and eco-

1 nomic development. Such activities may allow for the
 2 participation of residents of the neighborhood.”; and

3 (11) in subsection (i)—

4 (A) by striking paragraph (2); and

5 (B) by redesignating paragraphs (3) and
 6 (4) as paragraphs (2) and (3), respectively.

7 (b) CONFORMING AMENDMENT.—The first sentence
 8 of section 25(m)(1) of the United States Housing Act of
 9 1937 (42 U.S.C. 1437w(m)(1)) is amended to read as fol-
 10 lows:

11 “(1) The term ‘eligible housing’ means a public
 12 housing project, or one or more buildings within a
 13 project, that is owned or operated by a public hous-
 14 ing agency that has been troubled for not less than
 15 3 years and that, as determined by the Secretary,
 16 has failed to make substantial progress toward effec-
 17 tive management.”.

18 (c) USE OF TENANT-BASED ASSISTANCE FOR RE-
 19 PLACEMENT HOUSING.—Section 18(b)(3)(C)(i) of the
 20 United States Housing Act of 1937 (42 U.S.C.
 21 1437p(b)(3)(C)(i)) is amended by striking “15-year”.

22 (d) REPLACEMENT HOUSING OUTSIDE THE JURIS-
 23 DICTION OF THE PHA.—Section 18(b)(3) of the United
 24 States Housing Act of 1937 (42 U.S.C. 1437p(b)(3)), as
 25 amended by subsection (c), is amended—

1 (1) by redesignating subparagraphs (D)
2 through (H) as subparagraphs (E) through (I), re-
3 spectively; and

4 (2) by inserting after subparagraph (C) the fol-
5 lowing new subparagraph:

6 “(D) may provide that all or part of such addi-
7 tional dwelling units may be located outside of the
8 jurisdiction of the public housing agency (the ‘origi-
9 nal agency’) if—

10 “(i) the location is in the same housing
11 market area as the original agency, as deter-
12 mined by the Secretary;

13 “(ii) the plan contains an agreement be-
14 tween the original agency and the public hous-
15 ing agency in the alternate location or other
16 public or private entity that will be responsible
17 for providing the additional units in the alter-
18 nate location (‘alternate agency or entity’) that
19 the alternate agency or entity will, with respect
20 to the dwelling units involved—

21 “(I) provide the dwelling units in ac-
22 cordance with subparagraph (A);

23 “(II) complete the plan on schedule in
24 accordance with subparagraph (F);

1 “(III) meet the requirements of sub-
 2 paragraph (G) and the maximum rent pro-
 3 visions of subparagraph (H); and

4 “(IV) not impose a local residency
 5 preference on any resident of the jurisdic-
 6 tion of the original agency for purposes of
 7 admission to any such units; and

8 “(iii) the arrangement is approved by the
 9 unit of general local government for the juris-
 10 diction in which the additional units will be lo-
 11 cated;”.

12 **SEC. 202. DISALLOWANCE OF EARNED INCOME FOR RESI-**
 13 **DENTS WHO OBTAIN EMPLOYMENT.**

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

16 (1) by striking the undesignated paragraph at
 17 the end of subsection (c)(3) (as added by section
 18 515(b) of the Cranston-Gonzalez National Afford-
 19 able Housing Act); and

20 (2) by adding at the end the following new sub-
 21 section:

22 “(d) DISALLOWANCE OF EARNED INCOME FROM
 23 PUBLIC HOUSING RENT DETERMINATIONS.—Notwith-
 24 standing any other provision of law, the rent payable
 25 under subsection (a) for any public housing unit by a fam-

1 ily whose income increases as a result of employment of
2 a member of the family who was previously unemployed
3 for one or more years (including a family whose income
4 increases as a result of the participation of a family mem-
5 ber in the Family Self-Sufficiency program or other job
6 training program) shall not be increased for a period of
7 18 months, beginning with the commencement of employ-
8 ment as a result of the increased income due to such em-
9 ployment. After the expiration of the 18-month period,
10 rent increases due to the continued employment of such
11 family member shall be limited to 10 percent per year.
12 In no case shall rent exceed the amount determined under
13 subsection (a).”.

14 (b) APPLICABILITY OF AMENDMENT.—Notwithstand-
15 ing the amendment made by subsection (a), any resident
16 of public housing participating in the program under the
17 authority contained in the undesignated paragraph at the
18 end of section 3(c)(3) of the United States Housing Act
19 of 1937 as such paragraph existed before the date of en-
20 actment of this subsection shall continue to be governed
21 by such authority.

1 **SEC. 203. CEILING RENTS BASED ON REASONABLE RENTAL**
2 **VALUE.**

3 (a) AMENDMENT.—Section 3(a)(2)(A)(iii) of the
4 United States Housing Act of 1937 (42 U.S.C.
5 1437a(a)(2)(A)(iii)) is amended to read as follows:

6 “(iii) is not less than the reasonable rental
7 value of the unit, as determined by the Secretary.”.

8 (b) REGULATIONS.—

9 (1) IN GENERAL.—The Secretary shall, by reg-
10 ulation, after notice and an opportunity for public
11 comment, establish such requirements as may be
12 necessary to carry out the provisions of section
13 3(a)(2)(A) of the United States Housing Act of
14 1937, as amended by subsection (a).

15 (2) APPLICABILITY.—Except in the case of an
16 Indian housing authority, the regulations issued pur-
17 suant to paragraph (1) shall not apply to scattered
18 site public housing units.

19 (3) TRANSITION RULE.—Prior to the issuance
20 of final regulations under paragraph (1), a public
21 housing agency may implement ceiling rents which
22 shall be—

23 (A) determined in accordance with section
24 3(a)(2)(A) of the United States Housing Act of
25 1937, as such section existed before the date of
26 enactment of this Act; or

1 (B) equal to the 95th percentile of the rent
 2 paid for a unit of comparable size by tenants in
 3 the same project or a group of comparable
 4 projects totaling 50 units or more.

5 **SEC. 204. RESIDENT MANAGEMENT PROGRAM.**

6 Section 20(f) of the United States Housing Act of
 7 1937 (42 U.S.C. 1437r(f)) is amended—

8 (1) in paragraph (2), by striking “\$100,000”
 9 and inserting “\$250,000”; and

10 (2) in paragraph (3), by adding at the end the
 11 following: “The Secretary may use not more than 10
 12 percent of the amounts made available under this
 13 subsection for program monitoring and evaluation,
 14 technical assistance, and information dissemina-
 15 tion.”.

16 **Subtitle B—Office of Community**
 17 **Planning and Development**

18 **SEC. 211. ECONOMIC DEVELOPMENT INITIATIVE.**

19 (a) SECTION 108 ELIGIBLE ACTIVITIES.—

20 (1) IN GENERAL.—Section 108(a) of the Hous-
 21 ing and Community Development Act of 1974 (42
 22 U.S.C. 5308(a)) is amended—

23 (A) in the first sentence—

24 (i) by striking “or” after “section
 25 105(a);”; and

1 (ii) by inserting before the period the
2 following: “; (5) the acquisition, construc-
3 tion, reconstruction, or installation of pub-
4 lic facilities (except for buildings for the
5 general conduct of government); or (6) in
6 the case of colonias, public works and site
7 or other improvements”; and

8 (B) by striking the second sentence and in-
9 serting the following: “A guarantee under this
10 section (including a guarantee combined with a
11 grant under subsection (q)) may be used to as-
12 sist a grantee in obtaining financing only if the
13 grantee has made efforts to obtain the financ-
14 ing without the use of the guarantee (and, if
15 applicable, the grant) and cannot complete the
16 financing consistent with the timely execution
17 of the proposed activities and projects without
18 the guarantee (or, if applicable, the grant).”.

19 (2) DEFINITION.—Section 102(a) of the Hous-
20 ing and Community Development Act of 1974 (42
21 U.S.C. 5302(a)) is amended by adding at the end
22 the following new paragraph:

23 “(24) The term ‘colonia’ means any identifiable
24 community that—

1 “(A) is in the State of Arizona, California,
2 New Mexico, or Texas;

3 “(B) is in the United States-Mexico border
4 region;

5 “(C) is determined to be a colonia on the
6 basis of objective criteria, including lack of po-
7 table water supply, lack of adequate sewage sys-
8 tems, and lack of decent, safe, and sanitary
9 housing; and

10 “(D) was in existence as a colonia before
11 the date of the enactment of the Cranston-Gon-
12 zalez National Affordable Housing Act.”.

13 (b) ECONOMIC DEVELOPMENT GRANTS.—

14 (1) IN GENERAL.—Section 108 of the Housing
15 and Community Development Act of 1974 (42
16 U.S.C. 5308) is amended by adding at the end the
17 following new subsection:

18 “(q) ECONOMIC DEVELOPMENT GRANTS.—

19 “(1) AUTHORIZATION.—The Secretary may
20 make grants in connection with notes or other obli-
21 gations guaranteed under this section to eligible
22 public entities for the purpose of enhancing the secu-
23 rity of loans guaranteed under this section or im-
24 proving the viability of projects financed with loans
25 guaranteed under this section.

1 “(2) ELIGIBLE ACTIVITIES.—Assistance under
2 this subsection may be used for the purposes of and
3 in conjunction with projects and activities assisted
4 under subsection (a).

5 “(3) APPLICATIONS.—Applications for assist-
6 ance under this subsection shall be submitted by eli-
7 gible public entities in the form and in accordance
8 with the procedures established by the Secretary. El-
9 igible public entities may apply for grants only in
10 conjunction with a request for guarantee under sub-
11 section (a).

12 “(4) SELECTION CRITERIA.—The Secretary
13 shall establish criteria for awarding assistance under
14 this subsection. Such criteria shall include—

15 “(A) the extent of need for such assist-
16 ance;

17 “(B) the level of distress in the community
18 to be served and in the jurisdiction applying for
19 assistance;

20 “(C) the quality of the plan proposed and
21 the capacity or potential capacity of the appli-
22 cant to successfully carry out the plan; and

23 “(D) such other factors as the Secretary
24 determines to be appropriate.”.

1 (2) CONFORMING AMENDMENT.—Title I of the
2 Housing and Community Development Act of 1974
3 (42 U.S.C. 5301 et seq.) is amended—

4 (A) in section 101(c) in the second sen-
5 tence, by inserting “or a grant” after “guaran-
6 tee”; and

7 (B) in section 104(b)(3), by inserting “or
8 a grant” after “guarantee”.

9 (c) USE OF UDAG RECAPTURES.—Section 119(o) of
10 the Housing and Community Development Act of 1974
11 (42 U.S.C. 5318(o)) is amended by inserting before the
12 period the following: “, except that amounts available to
13 the Secretary for use under this subsection as of October
14 1, 1993, and amounts released to the Secretary pursuant
15 to subsection (t) may be used to provide grants under sec-
16 tion 108(q).”.

17 (d) UDAG AMNESTY PROGRAM.—

18 (1) AMENDMENT.—Section 119 of the Housing
19 and Community Development Act of 1974 (42
20 U.S.C. 5318) is amended by adding at the end the
21 following new subsection:

22 “(t) UDAG AMNESTY PROGRAM.—If a grant or a
23 portion of a grant under this section remains unexpended
24 as of the issuance of a notice implementing this sub-
25 section, the grantee may enter into an agreement, as pro-

1 vided under this subsection, with the Secretary to receive
2 a percentage of the grant amount and relinquish all claims
3 to the balance of the grant within 90 days of the issuance
4 of notice implementing this subsection (or such later date
5 as the Secretary may approve). The Secretary shall not
6 recapture any funds obligated pursuant to this section
7 during a period beginning on the date of enactment of the
8 Housing and Community Development Act of 1993 until
9 90 days after the issuance of a notice implementing this
10 subsection. A grantee may receive as a grant under this
11 subsection—

12 “(1) 33 percent of such unexpended amounts
13 if—

14 “(A) the grantee agrees to expend not less
15 than one-half of the amount received for activi-
16 ties authorized pursuant to section 108(q) and
17 to expend such funds in conjunction with a loan
18 guarantee made under section 108 at least
19 equal to twice the amount of the funds received;
20 and

21 “(B)(i) the remainder of the amount re-
22 ceived is used for economic development activi-
23 ties eligible under title I of this Act; and

24 “(ii) except when waived by the Secretary
25 in the case of a severely distressed jurisdiction,

1 not more than one-half of the costs of activities
2 under subparagraph (B) are derived from such
3 unexpended amounts; or

4 “(2) 25 percent of such unexpended amounts
5 if—

6 “(A) the grantee agrees to expend such
7 funds for economic development activities eligi-
8 ble under title I of this Act; and

9 “(B) except when waived by the Secretary
10 in the case of a severely distressed jurisdiction,
11 not more than one-half of the costs of such ac-
12 tivities are derived from such unexpended
13 amount.”.

14 (2) IMPLEMENTATION.—Notwithstanding sub-
15 section (f), not later than 10 days after the date of
16 enactment of this Act, the Secretary shall, by notice
17 published in the Federal Register, which shall take
18 effect upon publication, establish such requirements
19 as may be necessary to implement the amendments
20 made by this subsection.

21 (e) GUARANTEE OF OBLIGATIONS BACKED BY SEC-
22 TION 108 LOANS.—Section 108 of the Housing and Com-
23 munity Development Act of 1974 (42 U.S.C. 5308), as
24 amended by subsection (b), is amended by adding at the
25 end the following new subsection:

1 “(r) GUARANTEE OF OBLIGATIONS BACKED BY SEC-
2 TION 108 LOANS.—

3 “(1) AUTHORIZATION.—The Secretary may,
4 upon such terms and conditions as the Secretary
5 deems appropriate, guarantee the timely payment of
6 the principal of and interest on trust certificates or
7 other obligations that—

8 “(A) are offered by the Secretary, or by
9 any other offeror approved for purposes of this
10 subsection by the Secretary; and

11 “(B) are based on and backed by a trust
12 or pool composed of notes or other obligations
13 guaranteed by the Secretary under this section.

14 “(2) FULL FAITH AND CREDIT OF THE UNITED
15 STATES.—Subsection (f) shall apply to any guaran-
16 tee under this subsection.

17 “(3) SUBROGATION.—If the Secretary pays a
18 claim under a guarantee issued under this section,
19 the Secretary shall be subrogated fully to the rights
20 satisfied by such payment.

21 “(4) POWERS OF THE SECRETARY.—No Fed-
22 eral, State, or local law shall preclude or limit the
23 exercise by the Secretary of—

24 “(A) the power to contract with respect to
25 public offerings and other sales of notes, trust

1 certificates, and other obligations guaranteed
2 under this section upon such terms and condi-
3 tions as the Secretary deems appropriate;

4 “(B) the right to enforce by any means
5 deemed appropriate by the Secretary any such
6 contract; and

7 “(C) the Secretary’s ownership rights, as
8 applicable, in notes, certificates, or other obliga-
9 tions guaranteed under this section, or con-
10 stituting the trust or pool against which trust
11 certificates or other obligations guaranteed
12 under this section are offered.”.

13 (f) EFFECTIVE DATE.—The Secretary shall, by no-
14 tice published in the Federal Register, which shall take
15 effect upon publication, establish such requirements as
16 may be necessary to implement the amendments made by
17 this section. The notice shall invite public comments and,
18 not later than 12 months after the date on which the no-
19 tice is published, the Secretary shall issue final regulations
20 based on the initial notice, taking into account any public
21 comments received.

22 **SEC. 212. HOME INVESTMENT PARTNERSHIPS.**

23 (a) PARTICIPATION BY STATE AGENCIES OR INSTRU-
24 MENTALITIES.—Section 104(2) of the Cranston-Gonzalez
25 National Affordable Housing Act (42 U.S.C. 12704(2)) is

1 amended by inserting before the period at the end the fol-
2 lowing: “, or any agency or instrumentality thereof that
3 is established pursuant to legislation and designated by
4 the chief executive to act on behalf of the State with re-
5 gard to the provisions of this Act”.

6 (b) SIMPLIFY PROGRAM-WIDE INCOME TARGETING
7 FOR HOME RENTAL HOUSING.—Section 214(1) of the
8 Cranston-Gonzalez National Affordable Housing Act (42
9 U.S.C. 12744(1)) is amended by striking “such funds are
10 invested with respect to dwelling units that are occupied
11 by” each place such term appears and inserting “(i) the
12 families receiving such rental assistance are, or (ii) the
13 dwelling units assisted with such funds are occupied by”
14 in each such place.

15 (c) REMOVE FIRST-TIME HOMEBUYER LIMITATION
16 FOR HOME UNITS.—Section 215(b) of the Cranston-Gon-
17 zalez National Affordable Housing Act (42 U.S.C.
18 12745(b)) is amended by striking paragraph (3) and re-
19 designating paragraphs (4) and (5) as paragraphs (3) and
20 (4), respectively.

21 (d) SIMPLIFY RESALE PROVISIONS.—Section
22 215(b)(3)(B) of the Cranston-Gonzalez National Afford-
23 able Housing Act (42 U.S.C. 12745(b)(4)(B)), as redesi-
24 gnated by subsection (c), is amended by striking “sub-
25 section” and inserting “title”.

1 (e) STABILIZATION OF HOME FUNDING THRESH-
2 OLDS.—The Cranston-Gonzalez National Affordable
3 Housing Act (42 U.S.C. 12701 et seq.) is amended—

4 (1) in section 216, by striking paragraph (10);

5 (2) in section 217(b), by striking paragraph
6 (4);

7 (3) in section 217(b)(3)—

8 (A) in the first sentence, by striking “only
9 those jurisdictions” and all that follows through
10 “allocation” and inserting “jurisdictions that
11 are not participating jurisdictions that are allo-
12 cated an amount of \$500,000 or more and ju-
13 risdictions that are participating jurisdictions
14 shall receive an allocation”; and

15 (B) in the last sentence, by striking “, ex-
16 cept as provided in paragraph (4)”; and

17 (4) in section 216—

18 (A) in paragraph (3)(A), by striking “Ex-
19 cept as provided in paragraph (10), a jurisdic-
20 tion” and inserting “A jurisdiction”; and

21 (B) in paragraph (9)(B), by striking “, ex-
22 cept as provided in paragraph (10)”.

23 (f) COMPREHENSIVE AFFORDABLE HOUSING STRAT-
24 EGY.—

1 (1) HOME PROGRAM.—Section 218(d) of the
2 Cranston-Gonzalez National Affordable Housing Act
3 (42 U.S.C. 12748(d)) is amended in the first sen-
4 tence, by inserting “that it is following a current
5 housing affordability strategy that has been ap-
6 proved by the Secretary in accordance with section
7 105, and” after “certification”.

8 (2) HOMELESS ASSISTANCE PROGRAMS.—Sec-
9 tion 401 of the Stewart B. McKinney Homeless As-
10 sistance Act (42 U.S.C. 11361) is amended to read
11 as follows:

12 **“SEC. 401. HOUSING AFFORDABILITY STRATEGY.**

13 “(a) REQUIREMENT TO FOLLOW A CHAS.—Assist-
14 ance may be made available under subtitle B to metropoli-
15 tan cities, urban counties, and States receiving a formula
16 amount under section 413, only if the jurisdiction certifies
17 that it is following a current housing affordability strategy
18 that has been approved by the Secretary in accordance
19 with section 105 of the Cranston-Gonzalez National Af-
20 fordable Housing Act.

21 “(b) REQUIREMENT FOR CONSISTENCY WITH
22 CHAS.—Assistance may be made available under this title
23 only if the application contains a certification that the pro-
24 posed project or activities are consistent with the housing
25 affordability strategy of the State or unit of general local

1 government in which the project is located. The certifi-
2 cation shall be from the public official responsible for sub-
3 mitting the strategy for the jurisdiction.”.

4 (3) CONFORMING CHANGES.—Title IV of the
5 Stewart B. McKinney Homeless Assistance Act (42
6 U.S.C. 11361 et seq.) is amended by striking sec-
7 tions 426(a)(2)(F), 434(a)(10), and 454(b)(9).

8 (g) HOME MATCHING REQUIREMENTS.—Section
9 220(a) of the Cranston-Gonzalez National Affordable
10 Housing Act (42 U.S.C. 12750(a)) is amended to read as
11 follows:

12 “(a) CONTRIBUTION.—Each participating jurisdic-
13 tion shall make contributions to housing that qualifies as
14 affordable housing under this title that total, throughout
15 a fiscal year, not less than 25 percent of the funds drawn
16 from the jurisdiction’s HOME Investment Trust Fund in
17 that fiscal year. Such contribution shall be in addition to
18 any amounts made available under section 216(3)(A)(ii).”.

19 (h) SEPARATE AUDIT REQUIREMENT FOR THE
20 HOME PROGRAM.—Section 283 of the Cranston-Gon-
21 zalez National Affordable Housing Act (42 U.S.C. 12833)
22 is amended—

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

1 **“SEC. 283. AUDITS BY THE COMPTROLLER GENERAL.”;**

2 (2) by striking subsection (a);

3 (3) in subsection (b)—

4 (A) by striking “(b) AUDITS BY THE
5 COMPTROLLER GENERAL.—”; and

6 (B) by redesignating paragraphs (1) and
7 (2) as subsections (a) and (b), respectively; and

8 (4) in subsection (a), as redesignated by para-
9 graph (3), by striking the second sentence.

10 (i) HOME ENVIRONMENTAL REVIEW AMEND-
11 MENTS.—Section 288 of the Cranston-Gonzalez National
12 Affordable Housing Act (42 U.S.C. 12838) is amended—

13 (1) in subsection (a)—

14 (A) in the first sentence, by striking “par-
15 ticipating jurisdictions” and inserting “jurisdic-
16 tions, Indian tribes, or insular areas”; and

17 (B) by adding at the end the following:
18 “The regulations shall—

19 “(1) provide for the monitoring of environ-
20 mental reviews performed under this section;

21 “(2) at the discretion of the Secretary, facilitate
22 training for the performance of such reviews; and

23 “(3) establish criteria for the suspension or ter-
24 mination of the assumption under this section.

25 The Secretary’s duty under this subsection shall not be
26 construed to limit any responsibility assumed by a State

1 or unit of general local government with respect to any
 2 particular release of funds.”;

3 (2) in subsection (b) in the first sentence, by
 4 striking “participating jurisdiction” and inserting
 5 “jurisdiction, Indian tribe, or insular area”;

6 (3) in subsection (c)(4), by striking “participat-
 7 ing jurisdiction” and inserting “jurisdiction, Indian
 8 tribe, or insular area”; and

9 (4) in subsection (d), by striking “ASSISTANCE
 10 TO A STATE.—In the case of assistance to States”
 11 and inserting the following: “ASSISTANCE TO UNITS
 12 OF GENERAL LOCAL GOVERNMENT FROM A
 13 STATE.—In the case of assistance to units of gen-
 14 eral local government from a State”.

15 (j) USE OF CDBG FUNDS FOR HOME ADMINISTRA-
 16 TIVE EXPENSES.—Section 105(a)(13) of the Housing and
 17 Community Development Act of 1974 (42 U.S.C.
 18 5305(a)(13)) is amended by inserting after “charges relat-
 19 ed to” the following: “(A) administering the HOME pro-
 20 gram under title II of the Cranston-Gonzalez National Af-
 21 fordable Housing Act; and (B)”.

22 (k) PROJECT DELIVERY COSTS.—Section 105(a)(21)
 23 of the Housing and Community Development Act of 1974
 24 (42 U.S.C. 5305(a)(21)) is amended—

1 (1) by inserting “in connection with tenant-
2 based assistance and affordable housing projects as-
3 sisted under title II of the Cranston-Gonzalez Na-
4 tional Affordable Housing Act” after “housing coun-
5 seling”; and

6 (2) by striking “authorized” and all that follows
7 through “any law” and inserting “assisted under
8 title II of the Cranston-Gonzalez National Afford-
9 able Housing Act”.

10 **SEC. 213. HOPE MATCH REQUIREMENT.**

11 Section 443(c)(1) of the Cranston-Gonzalez National
12 Affordable Housing Act (42 U.S.C. 12893(c)(1)) is
13 amended by striking “33” and inserting “25”.

14 **SEC. 214. FLEXIBILITY OF CDBG PROGRAM FOR DISASTER**
15 **AREAS.**

16 Title I of the Housing and Community Development
17 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-
18 ing at the end the following new section:

19 **“SEC. 122. SUSPENSION OF REQUIREMENTS FOR DISASTER**
20 **AREAS.**

21 “For the duration of time during which an area has
22 been declared a disaster area by the President under title
23 IV of the Robert T. Stafford Disaster Relief and Emer-
24 gency Assistance Act, the Secretary may suspend all re-
25 quirements for purposes of assistance under section 106

1 for that area, except for those related to public notice of
2 funding availability, nondiscrimination, fair housing, labor
3 standards, environmental standards, and requirements
4 that activities benefit persons of low- and moderate-in-
5 come.”.

6 **SEC. 215. FLEXIBILITY OF HOME PROGRAM FOR DISASTER**
7 **AREAS.**

8 Title II of the Cranston-Gonzalez National Affordable
9 Housing Act (42 U.S.C. 12721 et seq.) is amended by
10 adding at the end the following new section:

11 **“SEC. 290. SUSPENSION OF REQUIREMENTS FOR DISASTER**
12 **AREAS.**

13 “For the duration of time during which an area has
14 been declared a disaster area by the President under title
15 IV of the Robert T. Stafford Disaster Relief and Emer-
16 gency Assistance Act, the Secretary may suspend all re-
17 quirements for purposes of assistance under this title for
18 that area, except for those related to public notice of fund-
19 ing availability, nondiscrimination, fair housing, labor
20 standards, environmental standards, and low-income hous-
21 ing affordability.”.

1 **Subtitle C—Community**
2 **Partnerships Against Crime**

3 **SEC. 221. COMPAC PROGRAM.**

4 (a) CONFORMING PROVISIONS.—Section 5001 of the
5 Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901) is
6 amended in the table of contents—

7 (1) by striking the item relating to the heading
8 for chapter 2 and inserting the following:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

9 (2) by striking the item relating to section 5122
10 and inserting the following:

“Sec. 5122. Purposes.”;

11 and

12 (3) by adding the following after the item relat-
13 ing to section 5130:

“Sec. 5131. Technical assistance.”.

14 (b) SHORT TITLE, PURPOSES, AND AUTHORITY TO
15 MAKE GRANTS.—The Public and Assisted Housing Drug
16 Elimination Act of 1990 (42 U.S.C. 11901 et seq.) is
17 amended by striking the chapter heading for chapter 2,
18 and by striking sections 5121, 5122, and 5123 and insert-
19 ing the following:

1 **“CHAPTER 2—COMMUNITY**
2 **PARTNERSHIPS AGAINST CRIME**

3 **“SEC. 5121. SHORT TITLE.**

4 “This chapter may be cited as the ‘Community Part-
5 nerships Against Crime Act of 1993’.

6 **“SEC. 5122. PURPOSES.**

7 “The purposes of this chapter are to—

8 “(1) improve the quality of life for law-abiding
9 public housing residents by reducing the levels of
10 fear, violence, and crime in their communities;

11 “(2) expand and enhance the Federal Govern-
12 ment’s commitment to eliminating crime in public
13 housing;

14 “(3) broaden the scope of the Public and As-
15 sisted Housing Drug Elimination Act of 1990 to
16 apply to all types of crime, and not simply crime
17 that is drug-related;

18 “(4) target opportunities for long-term commit-
19 ments of funding primarily to public housing agen-
20 cies with serious crime problems;

21 “(5) encourage the involvement of a broad
22 range of community-based groups, and residents of
23 neighboring housing that is owned or assisted by the
24 Secretary, in the development and implementation of
25 anti-crime plans;

1 “(6) reduce crime and disorder in and around
2 public housing through the expansion of community-
3 oriented policing activities and problem solving;

4 “(7) provide training, information services, and
5 other technical assistance to program participants;
6 and

7 “(8) establish a standardized assessment sys-
8 tem to evaluate need among public housing agencies,
9 and to measure progress in reaching crime reduction
10 goals.

11 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

12 “The Secretary of Housing and Urban Development,
13 in accordance with the provisions of this chapter, may
14 make grants, for use in eliminating crime in and around
15 public and other federally assisted low-income housing
16 projects (1) to public housing agencies (including Indian
17 housing authorities), and (2) to private, for profit, and
18 nonprofit owners of federally assisted low-income housing.
19 In designing the program, the Secretary shall consult with
20 the Attorney General.”.

21 (c) ELIGIBLE ACTIVITIES.—Section 5124(a) of the
22 Public and Assisted Housing Drug Elimination Act of
23 1990 (42 U.S.C. 11903(a)) is amended—

1 (1) in the introductory material preceding para-
2 graph (1), by inserting “and around” after “used
3 in”;

4 (2) in paragraph (3), by inserting “, such as
5 fencing, lighting, locking, and surveillance systems”
6 before the semicolon;

7 (3) in paragraph (4), by striking subparagraph
8 (A) and inserting the following new subparagraph:

9 “(A) to investigate crime; and”;

10 (4) in paragraph (6)—

11 (A) by striking “in and around public or
12 other federally assisted low-income housing
13 projects”; and

14 (B) by striking “and” after the semicolon;

15 (5) in paragraph (7)—

16 (A) by striking “where a public housing
17 agency receives a grant,”;

18 (B) by striking “drug abuse” and inserting
19 “crime”; and

20 (C) by striking the period at the end and
21 inserting a semicolon; and

22 (6) by adding at the end the following new
23 paragraphs:

24 “(8) the employment or utilization of one or
25 more individuals, including law enforcement officers,

1 made available by contract or other cooperative ar-
 2 rangement with State or local law enforcement agen-
 3 cies, to engage in community policing involving
 4 interaction with members of the community on
 5 proactive crime control and prevention;

6 “(9) youth initiatives, such as activities involv-
 7 ing training, education, after school programs, cul-
 8 tural programs, recreation and sports, career plan-
 9 ning, and entrepreneurship and employment; and

10 “(10) resident service programs, such as job
 11 training, education programs, drug and alcohol
 12 treatment, and other appropriate social services that
 13 address the contributing factors of crime.”.

14 (d) APPLICATIONS.—Section 5125 of the Public and
 15 Assisted Housing Drug Elimination Act of 1990 (42
 16 U.S.C. 11904) is amended—

17 (1) in subsection (a)—

18 (A) by striking “To receive a grant” and
 19 inserting the following:

20 “(1) APPLICATIONS.—To receive a grant”;

21 (B) in the second sentence, by striking
 22 “drug-related crime on the premises of” and in-
 23 serting the following: “crime in and around”;
 24 and

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

3 “(2) ONE-YEAR RENEWABLE GRANTS.—

4 “(A) IN GENERAL.—Eligible applicants
5 may submit an application for a 1-year grant
6 under this chapter that, subject to the availabil-
7 ity of appropriated amounts, shall be renewed
8 annually for a period of not more than 4 years,
9 if the Secretary finds, after an annual or more
10 frequent performance review, that the public
11 housing agency is performing under the terms
12 of the grant and applicable laws in a satisfac-
13 tory manner and meets such other requirements
14 as the Secretary may prescribe.

15 “(B) PREFERENCE.—The Secretary shall
16 accord a preference to applicants for grants
17 under this paragraph if the grant is to be used
18 to continue or expand activities eligible for as-
19 sistance under this chapter that have received
20 previous assistance either under this chapter, as
21 it existed prior to the enactment of the Housing
22 and Community Development Act of 1993, or
23 under section 14 of the United States Housing
24 Act of 1937. Such preference shall not preclude
25 the selection by the Secretary of other meritori-

1 ous applications, particularly applications which
2 address urgent or severe crime problems or
3 which demonstrate especially promising ap-
4 proaches to reducing crime. Such preference
5 shall not be construed to require continuation
6 of activities determined by the Secretary to be
7 unworthy of continuation.

8 “(3) PUBLIC HOUSING AGENCIES THAT HAVE
9 ESPECIALLY SEVERE CRIME PROBLEMS.—The Sec-
10 retary shall, by regulation issued after notice and
11 opportunity for public comment, set forth criteria for
12 establishing a class of public housing agencies that
13 have especially severe crime problems. The Secretary
14 may allocate a portion of the annual appropriation
15 for this program for public housing agencies in this
16 class.”.

17 (2) in subsection (b)—

18 (A) by striking the introductory material
19 preceding paragraph (1) and inserting the fol-
20 lowing: “The Secretary shall approve applica-
21 tions under subsection (a)(2) that are not sub-
22 ject to a preference under subsection (a)(2)(B)
23 on the basis of—”;

1 (B) in paragraph (1), by striking “drug-re-
2 lated crime problem in” and inserting the fol-
3 lowing: “crime problem in and around”;

4 (C) in paragraph (2), by inserting imme-
5 diately after “crime problem in” the following:
6 “and around”; and

7 (D) in paragraph (4), by inserting after
8 “local government” the following: “, local com-
9 munity-based nonprofit organizations, local resi-
10 dent organizations that represent the residents
11 of neighboring projects that are owned or as-
12 sisted by the Secretary,”;

13 (3) in subsection (c)(2), by striking “drug-relat-
14 ed” each place it appears; and

15 (4) by striking subsection (d).

16 (e) DEFINITIONS.—Section 5126 of the Public and
17 Assisted Housing Drug Elimination Act of 1990 (42
18 U.S.C. 11905) is amended by striking paragraphs (1) and
19 (2), and redesignating paragraphs (3) and (4) as para-
20 graphs (1) and (2), respectively.

21 (f) IMPLEMENTATION.—Section 5127 of the Public
22 and Assisted Housing Drug Elimination Act of 1990 (42
23 U.S.C. 11906) is amended by striking “Cranston-Gonzalez
24 National Affordable Housing Act” and inserting “Housing
25 and Community Development Act of 1993”.

1 (g) REPORTS.—Section 5128 of the Public and As-
2 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.
3 11907) is amended—

4 (1) by striking “The Secretary” and inserting
5 the following:

6 “(a) GRANTEE REPORTS.—The Secretary”;

7 (2) by striking “drug-related crime in” and in-
8 serting “crime in and around”; and

9 (3) by adding at the end the following new sub-
10 section:

11 “(b) HUD REPORTS.—The Secretary shall submit a
12 report to the Congress describing the system used to dis-
13 tribute funds to grantees under this section. Such report
14 shall include, at a minimum—

15 “(1) a description of the criteria used to estab-
16 lish the class of public housing agencies with espe-
17 cially severe crime problems and a list of such agen-
18 cies;

19 “(2) the methodology used to distribute funds
20 among the public housing agencies on the list cre-
21 ated under paragraph (1); and

22 “(3) the Secretary’s recommendations for any
23 change to the method of distribution of funds.”.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
2 5130 of the Public and Assisted Housing Drug Elimini-
3 nation Act of 1990 (42 U.S.C. 11909) is amended—

4 (1) in the first sentence of subsection (a), by
5 striking “\$175,000,000 for fiscal year 1993” and all
6 that follows through the end of the sentence and in-
7 serting “\$265,000,000 for fiscal year 1994 and
8 \$325,000,000 for fiscal year 1995.”; and

9 (2) in subsection (b)—

10 (A) in the heading, by striking “SET-
11 ASIDES” and inserting “SET-ASIDE”; and

12 (B) by striking the second sentence.

13 (i) REPEAL.—Section 520(k) of the Cranston-Gon-
14 zalez National Affordable Housing Act (42 U.S.C. 11908)
15 is hereby repealed.

16 (j) TECHNICAL ASSISTANCE.—The Public and As-
17 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.
18 11901 et seq.) is further amended by adding at the end
19 the following new section:

20 **“SEC. 5131. TECHNICAL ASSISTANCE.**

21 “Of the amounts appropriated annually for each of
22 fiscal years 1994 and 1995 to carry out this chapter, the
23 Secretary shall use not more than \$10,000,000, directly
24 or indirectly, under grants, contracts, or cooperative
25 agreements, to provide training, information services, and

1 other technical assistance to public housing agencies and
 2 other entities with respect to their participation in the pro-
 3 gram authorized by this chapter. Such technical assistance
 4 may include the establishment and operation of the clear-
 5 inghouse on drug abuse in public housing and the regional
 6 training program on drug abuse in public housing under
 7 sections 5143 and 5144 of this Act. The Secretary is also
 8 authorized to use the foregoing amounts for obtaining as-
 9 sistance in establishing and managing assessment and
 10 evaluation criteria and specifications, and obtaining the
 11 opinions of experts in relevant fields.”.

12 **TITLE III—TECHNICAL AND**
 13 **OTHER AMENDMENTS**
 14 **Subtitle A—Public and Assisted**
 15 **Housing**

16 **SEC. 301. CORRECTION TO DEFINITION OF FAMILY.**

17 The first sentence of section 3(b)(3)(B) of the United
 18 States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(B))
 19 is amended—

20 (1) by striking “means” and inserting “in-
 21 cludes”; and

22 (2) by inserting “and” immediately after “chil-
 23 dren,”.

1 **SEC. 302. IDENTIFICATION OF CIAP REPLACEMENT NEEDS.**

2 Section 14 of the United States Housing Act of 1937
3 (42 U.S.C. 1437l) is amended—

4 (1) in subsection (d)—

5 (A) by striking paragraph (2); and

6 (B) in paragraph (4)—

7 (i) by striking “and replacements,”;

8 and

9 (ii) by striking “(1), (2), and (3)” and
10 inserting “(1) and (3)”; and

11 (2) in subsection (f)(1)—

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

13 (B) in subparagraph (D), by striking “(1),
14 (2), and (3)” and inserting “(1) and (3)”.

15 **SEC. 303. APPLICABILITY OF PUBLIC HOUSING AMEND-**
16 **MENTS TO INDIAN HOUSING.**

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

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

25 (b) APPLICABILITY OF AMENDMENT.—The amend-
26 ment made by subsection (a) shall not affect provisions

1 of the United States Housing Act of 1937 that were made
 2 applicable to public housing developed or operated pursu-
 3 ant to a contract between the Secretary and an Indian
 4 housing authority in accordance with section 201(b)(2) of
 5 such Act, as such section existed before the effective date
 6 of this section.

7 (c) APPLICABILITY OF HOUSING AND COMMUNITY
 8 DEVELOPMENT ACT OF 1992.—Sections 103(a)(1), 112,
 9 114, 116, 118, 903, and 927 of the Housing and Commu-
 10 nity Development Act of 1992 shall apply to public hous-
 11 ing developed or operated pursuant to a contract between
 12 the Secretary and an Indian housing authority.

13 **SEC. 304. PROJECT-BASED ACCOUNTING.**

14 Section 6(c)(4)(E) of the United States Housing Act
 15 of 1937 (42 U.S.C. 1437d(c)(4)(E)) is amended by strik-
 16 ing “250” and inserting “500”.

17 **SEC. 305. OPERATING SUBSIDY ADJUSTMENTS FOR ANTICI-**
 18 **PATED FRAUD RECOVERIES.**

19 Section 9(a) of the United States Housing Act of
 20 1937 (42 U.S.C. 1437g(a)) is amended by adding at the
 21 end the following new paragraph:

22 “(4) Adjustments to a public housing agency’s oper-
 23 ating subsidy made by the Secretary under this section
 24 shall reflect actual changes in rental income collections re-
 25 sulting from the application of section 904 of the Stewart

1 B. McKinney Homeless Assistance Amendments Act of
2 1988.”.

3 **SEC. 306. TECHNICAL ASSISTANCE FOR LEAD HAZARD RE-**
4 **DUCTION GRANTEES.**

5 Section 1011(g) of the Housing and Community De-
6 velopment Act of 1992 (42 U.S.C. 5318 note) is hereby
7 repealed.

8 **SEC. 307. ENVIRONMENTAL REVIEW IN CONNECTION WITH**
9 **GRANTS FOR LEAD-BASED PAINT HAZARD RE-**
10 **DUCTION.**

11 Section 1011 of the Housing and Community Devel-
12 opment Act of 1992 (42 U.S.C. 5318 note) is amended—

13 (1) by redesignating subsection (o) as sub-
14 section (p); and

15 (2) by adding after subsection (n) the following
16 new subsection:

17 “(o) ENVIRONMENTAL REVIEW.—

18 “(1) IN GENERAL.—For purposes of environ-
19 mental review, decisionmaking, and action pursuant
20 to the National Environmental Policy Act of 1960
21 and other provisions of law that further the purposes
22 of such Act, a grant under this section shall be
23 treated as assistance under the HOME Investment
24 Partnership Act, established under title II of the
25 Cranston-Gonzalez National Affordable Housing

1 Act, and shall be subject to the regulations promul-
 2 gated by the Secretary to implement section 288 of
 3 such Act.

4 “(2) APPLICABILITY.—This subsection shall
 5 apply to—

6 “(A) grants awarded under this section;
 7 and

8 “(B) grants awarded to States and units
 9 of general local government for the abatement
 10 of significant lead-based paint and lead dust
 11 hazards in low- and moderate-income owner-oc-
 12 cupied units and low-income privately owned
 13 rental units pursuant to title II of the Depart-
 14 ments of Veterans Affairs and Housing and
 15 Urban Development, and Independent Agencies
 16 Appropriations Act, 1992 (Public Law 102–
 17 139, 105 Stat. 736).”.

18 **SEC. 308. FIRE SAFETY IN FEDERALLY ASSISTED HOUSING.**

19 Section 31(c)(2)(A)(i) of the Federal Fire Prevention
 20 and Control Act of 1974 (15 U.S.C. 2227(c)(2)(A)(i)) is
 21 amended by adding “(or equivalent level of safety)” after
 22 “system”.

23 **SEC. 309. SECTION 23 CONVERSION PROJECTS.**

24 (a) SECTION 23 CONVERSION.—

1 (1) AUTHORIZATION.—Notwithstanding con-
2 tracts entered into pursuant to section 14(b)(2) of
3 the United States Housing Act of 1937, the Sec-
4 retary is authorized to enter into obligations for con-
5 version of Leonard Terrace Apartments in Grand
6 Rapids, Michigan, from a leased housing contract
7 under section 23 of such Act to a project-based rent-
8 al assistance contract under section 8 of such Act.

9 (2) REPAYMENT REQUIRED.—The authorization
10 made in paragraph (1) is conditioned on the repay-
11 ment to the Secretary of all amounts received by the
12 public housing agency under the comprehensive im-
13 provement assistance program under section 14 of
14 the United States Housing Act of 1937 for the
15 Leonard Terrace Apartment project and the
16 amounts, as determined by the Secretary, received
17 by the public housing agency under the formula in
18 section 14(k) of such Act by reason of the project.

19 (b) CONTRACT RENEWAL.—

20 (1) IN GENERAL.—Leased housing contracts
21 under section 23 of the United States Housing Act
22 of 1937, as such section existed before the date of
23 enactment of the Housing and Community Develop-
24 ment Act of 1974, that—

1 (A) were converted to section 8 contracts
2 on terms similar to or the same as the terms
3 of the section 8 new construction program; and

4 (B) expire during fiscal year 1994 or
5 1995;

6 shall be extended for a period not to exceed 5 years
7 as if the rents on such projects were established
8 under the section 8 new construction program, ex-
9 cept that section 8(c)(2)(C) of the United States
10 Housing Act of 1937 shall not apply to such con-
11 tracts.

12 (2) BUDGET COMPLIANCE.—To the extent that
13 paragraph (1) results in additional costs under this
14 section, such paragraph shall be effective only to the
15 extent that amounts to cover such additional costs
16 are provided in advance in appropriation Acts.

17 **SEC. 310. INDEMNIFICATION OF CONTRACTORS FOR INTEL-**
18 **LECTUAL PROPERTY RIGHTS DISPUTES.**

19 A recipient of Federal housing assistance may not use
20 such funds to indemnify contractors or subcontractors
21 against costs associated with litigating or settling disputes
22 concerning the infringement of intellectual property rights.

1 **SEC. 311. ASSUMPTION OF ENVIRONMENTAL REVIEW RE-**
2 **SPONSIBILITIES UNDER UNITED STATES**
3 **HOUSING ACT OF 1937 PROGRAMS.**

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

7 **“SEC. 26. ENVIRONMENTAL REVIEWS.**

8 “(a) IN GENERAL.—

9 “(1) RELEASE OF FUNDS.—In order to assure
10 that the policies of the National Environmental Pol-
11 icy Act of 1969 and other provisions of law which
12 further the purposes of such Act (as specified in reg-
13 ulations issued by the Secretary) are most effectively
14 implemented in connection with the expenditure of
15 funds under this title, and to assure to the public
16 undiminished protection of the environment, the Sec-
17 retary may, under such regulations, in lieu of the en-
18 vironmental protection procedures otherwise applica-
19 ble, provide for the release of funds for projects or
20 activities under this title, as specified by the Sec-
21 retary upon the request of a public housing agency
22 under this section, if the State or unit of general
23 local government, as designated by the Secretary in
24 accordance with regulations, assumes all of the re-
25 sponsibilities for environmental review, decisionmak-
26 ing, and action pursuant to such Act, and such other

1 provisions of law as the regulations of the Secretary
2 may specify, which would otherwise apply to the Sec-
3 retary with respect to the release of funds.

4 “(2) IMPLEMENTATION.—The Secretary, after
5 consultation with the Council on Environmental
6 Quality, shall issue such regulations as may be nec-
7 essary to carry out this section. Such regulations
8 shall specify the programs to be covered.

9 “(b) PROCEDURE.—The Secretary shall approve the
10 release of funds subject to the procedures authorized by
11 this section only if, not less than 15 days prior to such
12 approval and prior to any commitment of funds to such
13 projects or activities, the public housing agency has sub-
14 mitted to the Secretary a request for such release accom-
15 panied by a certification of the State or unit of general
16 local government which meets the requirements of sub-
17 section (c). The Secretary’s approval of any such certifi-
18 cation shall be deemed to satisfy the Secretary’s respon-
19 sibilities under the National Environmental Policy Act of
20 1969 and such other provisions of law as the regulations
21 of the Secretary specify insofar as those responsibilities
22 relate to the release of funds which are covered by such
23 certification.

24 “(c) CERTIFICATION.—A certification under the pro-
25 cedures authorized by this section shall—

1 “(1) be in a form acceptable to the Secretary;

2 “(2) be executed by the chief executive officer
3 or other officer of the State or unit of general local
4 government who qualifies under regulations of the
5 Secretary;

6 “(3) specify that the State or unit of general
7 local government under this section has fully carried
8 out its responsibilities as described under subsection
9 (a); and

10 “(4) specify that the certifying officer—

11 “(A) consents to assume the status of a re-
12 sponsible Federal official under the National
13 Environmental Policy Act of 1969 and agrees
14 to comply with each provision of law specified
15 in regulations issued by the Secretary insofar as
16 the provisions of such Act or other such provi-
17 sion of law apply pursuant to subsection (a);
18 and

19 “(B) is authorized and consents on behalf
20 of the State or unit of general local government
21 and himself or herself to accept the jurisdiction
22 of the Federal courts for the purpose of en-
23 forcement of his or her responsibilities as such
24 an official.

1 “(d) APPROVAL BY STATES.—In cases in which a
 2 unit of general local government carries out the respon-
 3 sibilities described in subsection (c), the Secretary may
 4 permit the State to perform those actions of the Secretary
 5 described in subsection (b) and the performance of such
 6 actions by the State, where permitted by the Secretary,
 7 shall be deemed to satisfy the Secretary’s responsibilities
 8 referred to in the second sentence of subsection (b).”.

9 **SEC. 312. INCREASED STATE FLEXIBILITY IN THE LOW-IN-**
 10 **COME HOME ENERGY ASSISTANCE PROGRAM.**

11 Section 927 of the Housing and Community Develop-
 12 ment Act of 1992 (42 U.S.C. 8624) is amended—

13 (1) in subsection (a)—

14 (A) in the heading, by striking “(a) ELIGI-
 15 BILITY.—” and inserting the following:

16 “(a) IN GENERAL.—”;

17 (B) by striking “(including but not limited
 18 to the Low-Income Home Energy Assistance
 19 Program)”; and

20 (C) by inserting “, except as provided in
 21 subsection (d)” before the period at the end;

22 (2) in subsection (b)—

23 (A) by striking “such” and inserting “or
 24 receiving energy”; and

1 (B) by inserting before the period at the
2 end “for any program in which eligibility or
3 benefits are based on need, except as provided
4 in subsection (d)”;

5 (3) by adding at the end the following new sub-
6 section:

7 “(d) SPECIAL RULE FOR LOW-INCOME HOME EN-
8 ERGY ASSISTANCE PROGRAM.—For purposes of the Low-
9 Income Home Energy Assistance Program, tenants de-
10 scribed in subsection (a)(2) shall not have their eligibility
11 automatically denied. States may consider the amount of
12 the heating or cooling component of utility allowances re-
13 ceived by such tenants when setting benefit levels under
14 the Low-Income Home Energy Assistance Program. Any
15 reduction in fuel assistance benefits must be reasonably
16 related to the amount of the heating or cooling component
17 of the utility allowance received. States shall ensure that
18 the highest level of assistance will be provided to those
19 households with the highest energy burdens, in accordance
20 with section 2605(b)(5) of the Low-Income Home Energy
21 Assistance Act of 1981.”.

1 **Subtitle B—Multifamily Housing**

2 **SEC. 321. CORRECTION OF MULTIFAMILY MORTGAGE LIM-**
3 **ITS.**

4 The National Housing Act (12 U.S.C. 1701 et seq.)
5 is amended in sections 207(c)(3), 213(b)(2),
6 220(d)(3)(B)(iii), and 234(e)(3) by striking “\$59,160”
7 each place it appears and inserting “\$56,160”.

8 **SEC. 322. FHA MULTIFAMILY RISK-SHARING; HFA PILOT**
9 **PROGRAM AMENDMENTS.**

10 (a) IN GENERAL.—Section 542(c) of the Housing
11 and Community Development Act of 1992 (12 U.S.C.
12 1707 note) is amended—

13 (1) in paragraph (1), by inserting after “quali-
14 fied housing finance agencies” the following: “(in-
15 cluding entities established by States that provide
16 mortgage insurance)”;

17 (2) in paragraph (2)—

18 (A) in subparagraph (C), by striking the
19 last sentence and inserting the following: “Such
20 agreements shall specify that the qualified
21 housing finance agency and the Secretary shall
22 share any loss in accordance with the risk-shar-
23 ing agreement.”; and

24 (B) by adding at the end the following new
25 subparagraph:

1 “(F) DISCLOSURE OF RECORDS.—Quali-
2 fied housing finance agencies shall make avail-
3 able to the Secretary such financial and other
4 records as the Secretary deems necessary for
5 program review and monitoring purposes.”;

6 (3) in paragraph (7)—

7 (A) by striking “very low-income”; and

8 (B) by striking “(2)”; and

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

11 “(9) ENVIRONMENTAL AND OTHER REVIEWS.—

12 “(A) ENVIRONMENTAL REVIEWS.—

13 “(i) IN GENERAL.—(I) In order to as-
14 sure that the policies of the National Envi-
15 ronmental Policy Act of 1969 and other
16 provisions of law which further the pur-
17 poses of such Act (as specified in regula-
18 tions issued by the Secretary) are most ef-
19 fectively implemented in connection with
20 the insurance of mortgages under sub-
21 section (c)(2), and to assure to the public
22 undiminished protection of the environ-
23 ment, the Secretary may, under such regu-
24 lations, in lieu of the environmental protec-
25 tion procedures otherwise applicable, pro-

1 vide for agreements to endorse for insur-
2 ance mortgages under subsection (c)(2)
3 upon the request of qualified housing fi-
4 nance agencies under this subsection, if the
5 State or unit of general local government,
6 as designated by the Secretary in accord-
7 ance with regulations, assumes all of the
8 responsibilities for environmental review,
9 decisionmaking, and action pursuant to
10 such Act, and such other provisions of law
11 as the regulations of the Secretary may
12 specify, that would otherwise apply to the
13 Secretary with respect to the insurance of
14 mortgages on particular properties.

15 “(II) The Secretary shall issue regula-
16 tions to carry out this subparagraph only
17 after consultation with the Council on En-
18 vironmental Quality. Such regulations
19 shall, among other matters, provide—

20 “(aa) for the monitoring of the
21 performance of environmental reviews
22 under this subparagraph;

23 “(bb) subject to the discretion of
24 the Secretary, for the provision or fa-

1 cilitation of training for such perform-
2 ance; and

3 “(cc) subject to the discretion of
4 the Secretary, for the suspension or
5 termination by the Secretary of the
6 qualified housing finance agency’s re-
7 sponsibilities under subclause (I).

8 “(III) The Secretary’s duty under
9 subclause (II) shall not be construed to
10 limit any responsibility assumed by a State
11 or unit of general local government with
12 respect to any particular property under
13 subclause (I).

14 “(ii) PROCEDURE.—The Secretary
15 shall approve a mortgage for the provision
16 of mortgage insurance subject to the proce-
17 dures authorized by this paragraph only if,
18 not less than 15 days prior to such ap-
19 proval, prior to any approval, commitment,
20 or endorsement of mortgage insurance on
21 the property on behalf of the Secretary,
22 and prior to any commitment by the quali-
23 fied housing finance agency to provide fi-
24 nancing under the risk-sharing agreement
25 with respect to the property, the qualified

1 housing finance agency submits to the Sec-
2 retary a request for such approval, accom-
3 panied by a certification of the State or
4 unit of general local government that
5 meets the requirements of clause (iii). The
6 Secretary's approval of any such certifi-
7 cation shall be deemed to satisfy the Sec-
8 retary's responsibilities under the National
9 Environmental Policy Act of 1969 and
10 such other provisions of law as the regula-
11 tions of the Secretary specify insofar as
12 those responsibilities relate to the provision
13 of mortgage insurance on the property that
14 is covered by such certification.

15 “(iii) CERTIFICATION.—A certification
16 under the procedures authorized by this
17 paragraph shall—

18 “(I) be in a form acceptable to
19 the Secretary;

20 “(II) be executed by the chief ex-
21 ecutive officer or other officer of the
22 State or unit of general local govern-
23 ment who qualifies under regulations
24 of the Secretary;

1 “(III) specify that the State or
2 unit of general local government
3 under this section has fully carried
4 out its responsibilities as described
5 under clause (i); and

6 “(IV) specify that the certifying
7 officer consents to assume the status
8 of a responsible Federal official under
9 the National Environmental Policy
10 Act of 1969 and under each provision
11 of law specified in regulations issued
12 by the Secretary insofar as the provi-
13 sions of such Act or such other provi-
14 sions of law apply pursuant to clause
15 (i), and is authorized and consents on
16 behalf of the State or unit of general
17 local government and himself or her-
18 self to accept the jurisdiction of the
19 Federal courts for the purpose of en-
20 forcement of the responsibilities as
21 such an official.

22 “(iv) APPROVAL BY STATES.—In
23 cases in which a unit of general local gov-
24 ernment carries out the responsibilities de-
25 scribed in clause (i), the Secretary may

1 permit the State to perform those actions
2 of the Secretary described in clause (ii)
3 and the performance of such actions by the
4 State, where permitted by the Secretary,
5 shall be deemed to satisfy the Secretary's
6 responsibilities referred to in the second
7 sentence of clause (ii).

8 “(B) LEAD-BASED PAINT POISONING PRE-
9 VENTION.—In carrying out the requirements of
10 section 302 of the Lead-Based Paint Poisoning
11 Prevention Act, the Secretary may provide by
12 regulation for the assumption of all or part of
13 the Secretary's duties under such Act by quali-
14 fied housing finance agencies, for purposes of
15 this section.

16 “(C) CERTIFICATION OF SUBSIDY
17 LAYERING COMPLIANCE.—The requirements of
18 section 102(d) of the Department of Housing
19 and Urban Development Reform Act of 1989
20 may be satisfied in connection with a commit-
21 ment to insure a mortgage under this sub-
22 section by a certification by a housing credit
23 agency (including an entity established by a
24 State that provides mortgage insurance) to the
25 Secretary that the combination of assistance

1 within the jurisdiction of the Secretary and
2 other government assistance provided in connec-
3 tion with a property for which a mortgage is to
4 be insured shall not be any greater than is nec-
5 essary to provide affordable housing.

6 “(10) DEFINITIONS.—For purposes of this sub-
7 section, the following definitions shall apply:

8 “(A) MORTGAGE.—The term ‘mortgage’
9 means a first mortgage on real estate that is—

10 “(i) owned in fee simple; or

11 “(ii) subject to a leasehold interest
12 that—

13 “(I) has a term of not less than
14 99 years and is renewable; or

15 “(II) has a remaining term that
16 extends beyond the maturity of the
17 mortgage for a period of not less than
18 10 years.

19 “(B) FIRST MORTGAGE.—The term ‘first
20 mortgage’ means a single first lien given to se-
21 cure advances on, or the unpaid purchase price
22 of, real estate, under the laws of the State in
23 which the real estate is located, together with
24 the credit instrument, if any, secured thereby.
25 Any other financing permitted on property in-

1 sured under this section must be expressly sub-
2 ordinate to the insured mortgage.

3 “(C) UNIT OF GENERAL LOCAL GOVERN-
4 MENT; STATE.—The terms ‘unit of general local
5 government’ and ‘State’ have the same mean-
6 ings as in section 102(a) of the Housing and
7 Community Development Act of 1974.”.

8 (b) DEFINITION OF MULTIFAMILY HOUSING.—Sec-
9 tion 544(1) of the Housing and Community Development
10 Act of 1992 (12 U.S.C. 1707 note) is amended to read
11 as follows:

12 “(1) The term ‘multifamily housing’ means
13 housing accommodations on the mortgaged property
14 that are designed principally for residential use, con-
15 form to standards satisfactory to the Secretary, and
16 consist of not less than 5 rental units on 1 site.
17 These units may be detached, semidetached, row
18 house, or multifamily structures.”.

19 **SEC. 323. SUBSIDY LAYERING REVIEW.**

20 Section 911 of the Housing and Community Develop-
21 ment Act of 1992 (42 U.S.C. 3545 note) is amended—

22 (1) by striking subsection (a) and inserting the
23 following:

24 “(a) CERTIFICATION OF SUBSIDY LAYERING COM-
25 PLIANCE.—The requirements of section 102(d) of the De-

1 partment of Housing and Urban Development Reform Act
2 of 1989 may be satisfied in connection with a project re-
3 ceiving assistance under a program that is within the ju-
4 risdiction of the Department of Housing and Urban Devel-
5 opment and under section 42 of the Internal Revenue
6 Code of 1986 by a certification by a housing credit agency
7 to the Secretary, submitted in accordance with guidelines
8 established by the Secretary, that the combination of as-
9 sistance within the jurisdiction of the Secretary and other
10 government assistance provided in connection with a prop-
11 erty for which assistance is to be provided within the juris-
12 diction of the Department of Housing and Urban Develop-
13 ment and under section 42 of the Internal Revenue Code
14 of 1986 shall not be any greater than is necessary to pro-
15 vide affordable housing.”; and

16 (2) by striking subsection (c) and inserting the
17 following:

18 “(c) REVOCATION BY SECRETARY.—If the Secretary
19 determines that a housing credit agency has failed to com-
20 ply with the guidelines established under subsection (a),
21 the Secretary—

22 “(1) may inform the housing credit agency that
23 the agency may no longer submit certification of
24 subsidy layering compliance under this section; and

1 “(2) shall carry out section 102(d) of the Hous-
 2 ing and Urban Development Reform Act relating to
 3 affected projects allocated a low-income housing tax
 4 credit pursuant to section 42 of the Internal Reve-
 5 nue Code of 1986.”.

6 **Subtitle C—Miscellaneous and**
 7 **Technical Amendments**

8 **SEC. 331. TECHNICAL CORRECTION TO RURAL HOUSING**
 9 **PRESERVATION PROGRAM.**

10 Section 515(c)(1) of the Housing Act of 1949 (42
 11 U.S.C. 1485(c)(1)) is amended by striking “December 21,
 12 1979” and inserting “December 15, 1989”.

13 **SEC. 332. CDBG TECHNICAL AMENDMENT.**

14 Notwithstanding any other provision of law, the city
 15 of Slidell, Louisiana may submit, not later than 10 days
 16 following the enactment of this Act, and the Secretary of
 17 Housing and Urban Development shall consider and ac-
 18 cept, the final statement of community development objec-
 19 tives and projected use of funds required by section
 20 104(a)(1) of the Housing and Community Development
 21 Act of 1974 in connection with a grant to the city of Sli-
 22 dell under title 1 of such Act for fiscal year 1994.

23 **SEC. 333. ENVIRONMENTAL REVIEW IN CONNECTION WITH**
 24 **SPECIAL PROJECTS.**

25 (a) IN GENERAL.—

1 (1) RELEASE OF FUNDS.—In order to assure
2 that the policies of the National Environmental Pol-
3 icy Act of 1969 and other provisions of law which
4 further the purposes of such Act (as specified in reg-
5 ulations issued by the Secretary) are most effectively
6 implemented in connection with the expenditure of
7 funds for special projects appropriated under an ap-
8 propriations Act for the Department of Housing and
9 Urban Development, such as special projects under
10 the head “Annual Contributions for Assisted Hous-
11 ing” in title II of the Departments of Veterans Af-
12 fairs and Housing and Urban Development, and
13 Independent Agencies Appropriations Act, 1993, and
14 to assure to the public undiminished protection of
15 the environment, the Secretary of Housing and
16 Urban Development may, under such regulations, in
17 lieu of the environmental protection procedures oth-
18 erwise applicable, provide for the release of funds for
19 particular special projects upon the request of recipi-
20 ents of special projects assistance, if the State or
21 unit of general local government, as designated by
22 the Secretary in accordance with regulations, as-
23 sumes all of the responsibilities for environmental
24 review, decisionmaking, and action pursuant to such
25 Act, and such other provisions of law as the regula-

1 tions of the Secretary specify, that would otherwise
2 apply to the Secretary were the Secretary to under-
3 take such special projects as Federal projects.

4 (2) IMPLEMENTATION.—The Secretary shall
5 issue regulations to carry out this section only after
6 consultation with the Council on Environmental
7 Quality. Such regulations shall—

8 (A) provide for monitoring of the perform-
9 ance of environmental reviews under this sec-
10 tion;

11 (B) in the discretion of the Secretary, pro-
12 vide for the provision or facilitation of training
13 for such performance; and

14 (C) subject to the discretion of the Sec-
15 retary, provide for suspension or termination by
16 the Secretary of the assumption under para-
17 graph (1).

18 (3) RESPONSIBILITIES OF STATE OR UNIT OF
19 GENERAL LOCAL GOVERNMENT.—The Secretary's
20 duty under paragraph (2) shall not be construed to
21 limit any responsibility assumed by a State or unit
22 of general local government with respect to any par-
23 ticular release of funds under paragraph (1).

24 (b) PROCEDURE.—The Secretary shall approve the
25 release of funds for projects subject to the procedures au-

1 thorized by this section only if, not less than 15 days prior
2 to such approval and prior to any commitment of funds
3 to such projects, the recipient submits to the Secretary
4 a request for such release, accompanied by a certification
5 of the State or unit of general local government which
6 meets the requirements of subsection (c). The Secretary's
7 approval of any such certification shall be deemed to sat-
8 isfy the Secretary's responsibilities under the National En-
9 vironmental Policy Act of 1969 and such other provisions
10 of law as the regulations of the Secretary specify insofar
11 as those responsibilities relate to the releases of funds for
12 special projects to be carried out pursuant thereto which
13 are covered by such certification.

14 (c) CERTIFICATION.—A certification under the proce-
15 dures authorized by this section shall—

16 (1) be in a form acceptable to the Secretary;

17 (2) be executed by the chief executive officer or
18 other officer of the State or unit of general local
19 government who qualifies under regulations of the
20 Secretary;

21 (3) specify that the State or unit of general
22 local government under this section has fully carried
23 out its responsibilities as described under subsection
24 (a); and

25 (4) specify that the certifying officer—

1 (A) consents to assume the status of a re-
2 sponsible Federal official under the National
3 Environmental Policy Act of 1969 and agrees
4 to comply with each provision of law specified
5 in regulations issued by the Secretary insofar as
6 the provisions of such Act or other such provi-
7 sion of law apply pursuant to subsection (a);
8 and

9 (B) is authorized and consents on behalf of
10 the State or unit of general local government
11 and himself or herself to accept the jurisdiction
12 of the Federal courts for the purpose of en-
13 forcement of the responsibilities as such an offi-
14 cial.

15 (d) APPROVAL BY STATES.—In cases in which a unit
16 of general local government carries out the responsibilities
17 described in subsection (a), the Secretary may permit the
18 State to perform those actions of the Secretary described
19 in subsection (b) and the performance of such actions by
20 the State, where permitted by the Secretary, shall be
21 deemed to satisfy the Secretary's responsibilities referred
22 to in the second sentence of subsection (b).

**TITLE IV—GENERAL
PROVISIONS**

SEC. 401. MOUNT RUSHMORE COMMEMORATIVE COIN ACT.

(a) DISTRIBUTION OF SURCHARGES.—Section 8 of the Mount Rushmore Commemorative Coin Act (31 U.S.C. 5112 note) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) the first \$18,750,000 shall be paid during fiscal year 1994 by the Secretary to the Society to assist the Society’s efforts to improve, enlarge, and renovate the Mount Rushmore National Memorial; and

“(2) the remainder shall be returned to the United States Treasury for purposes of reducing the national debt.”.

(b) RETROACTIVE EFFECT.—If, prior to the date of enactment of this Act, any amount of surcharges have been received by the Secretary of the Treasury and paid into the United States Treasury pursuant to section 8(1) of the Mount Rushmore Commemorative Coin Act, as in effect prior to the date of enactment of this Act, that amount shall be paid out of the Treasury to the extent necessary to comply with section 8(1) of the Mount Rushmore Commemorative Coin Act, as in effect after the date of enactment of this Act. Amounts paid pursuant to the

1 preceding sentence shall be out of funds not otherwise ap-
2 propriated.

3 **SEC. 402. MINORITY COMMUNITY DEVELOPMENT GRANTS**
4 **FOR COMMUNITIES WITH SPECIAL NEEDS.**

5 (a) AUTHORIZATION.—There are hereby authorized
6 to be expended from sums appropriated for water infra-
7 structure financing and other wastewater activities for
8 cities with special needs, not more than \$25,000,000, for
9 wastewater treatment projects, including the construction
10 of facilities and related expenses in minority communities
11 with special needs to—

12 (1) improve the housing stock infrastructure in
13 the special needs communities; and

14 (2) abate health hazards caused by groundwater
15 contamination from septage in arid areas with high
16 groundwater levels.

17 (b) TREATMENT PROJECTS.—The wastewater treat-
18 ment projects authorized under this section shall include
19 innovative technologies such as vacuum systems and con-
20 structed wetlands.

21 (c) DEFINITIONS.—For purposes of this section—

22 (1) the term “cities with special needs” includes
23 minority communities with special needs;

1 (2) the term “minority” means an African-
2 American, a Hispanic-American, an Asian-American,
3 or a Native American; and

4 (3) the term “minority community with special
5 needs” means an unincorporated community—

6 (A) that, based on the latest census data,
7 has a minority population in excess of 50 per-
8 cent;

9 (B) that has been unable to issue bonds or
10 otherwise finance a wastewater treatment sys-
11 tem itself because its attempts to change its po-
12 litical subdivision have been rejected by the
13 State legislature; and

14 (C) for which the State legislature has ap-
15 propriated funds to help pay for a wastewater
16 treatment project.

Passed the Senate November 19 (legislative day, No-
vember 2), 1993.

Attest:

Secretary.

S 1299 ES—2

S 1299 ES—3

S 1299 ES—4

S 1299 ES—5

S 1299 ES—6

S 1299 ES—7

S 1299 ES—8

S 1299 ES—9

S 1299 ES—10

S 1299 ES—11

S 1299 ES—12

S 1299 ES—13

S 1299 ES—14

S 1299 ES—15