

Calendar No. 275

103D CONGRESS
1ST SESSION

S. 1299

[Report No. 103-174]

A BILL

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.

NOVEMBER 9 (legislative day, NOVEMBER 2), 1993

Reported with an amendment

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IN THE SENATE OF THE UNITED STATES

JULY 28 (legislative day, JUNE 30), 1993

Mr. RIEGLE (for himself and Mr. SARBANES) (by request) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

NOVEMBER 9 (legislative day, NOVEMBER 2), 1993

Reported by Mr. RIEGLE with an amendment

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

A BILL

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,*

1 SHORT TITLE AND TABLE OF CONTENTS

2 SECTION 1. (a) SHORT TITLE.—This Act may be
3 cited as the “Housing and Community Development Act
4 of 1993”.

5 (b) TABLE OF CONTENTS.—

TITLE I—FHA MULTIFAMILY REFORMS

- Sec. 101. Multifamily property disposition.
- Sec. 102. Amend the requirement for State and local government right of first refusal.
- Sec. 103. Repeal State agency multifamily property disposition demonstration.
- Sec. 104. Demonstration: RTC marketing and disposition of multifamily properties owned by HUD.
- Sec. 105. Authorize civil money penalties against general partners and certain managing agents of multifamily projects.
- Sec. 106. Extend HUD review period for approval of management improvement and operating plans.
- Sec. 107. Use of flexible subsidy in preservation projects.
- Sec. 108. Delete requirement to reduce interest rates to avoid foreclosure on assigned mortgages.

TITLE II—ENHANCE PROGRAM FLEXIBILITY

Subtitle A—Office of Public and Indian Housing

- Sec. 201. Freeze fees for administration of the certificate and voucher programs.
- Sec. 202. Revitalization of severely distressed public housing.
- Sec. 203. Disallowance of earned income for residents who obtain employment.
- Sec. 204. Ceiling rents based on reasonable rental value.

Subtitle B—Office of Community Planning and Development

- Sec. 210. Economic revitalization initiative.
- Sec. 211. HOME investment partnerships.
- Sec. 212. Reduce HOPE 3 match requirement to 25 percent.

Subtitle C—Community Partnerships Against Crime

- Sec. 220. COMPAC program.

TITLE III—TECHNICAL AND OTHER AMENDMENTS

Subtitle A—Public and Assisted Housing

- Sec. 301. Correct the definition of family in the 1937 Act to clarify that families are not required to include children.
- Sec. 302. Eliminate requirement for identification of CIAP replacement needs.
- Sec. 303. Applicability of public housing amendments to Indian housing.
- Sec. 304. Increase the unit threshold above which PHAs are required to adopt project-based accounting.

Subtitle B—Multifamily Housing

Sec. 310. Correct errors in multifamily mortgage limits.

Sec. 311. FHA multifamily risk-sharing HFA pilot program amendments.

Sec. 312. Subsidy layering review.

1 TITLE I—FHA MULTIFAMILY REFORMS

2 MULTIFAMILY PROPERTY DISPOSITION

3 SEC. 101. (a) SUBSIDIZED AND UNSUBSIDIZED

4 PROJECTS.—Section 203 of the Housing and Community

5 Development Amendments of 1978 is amended—

6 (1) in subsection (a)—

7 (A) by redesignating paragraphs (2)

8 through (6) as paragraphs (3) through (7), re-

9 spectively; and

10 (B) by striking paragraph (1) and insert-

11 ing in lieu thereof the following:

12 “(1) preserving so that they are available to

13 and affordable by low-income persons—

14 “(A) in the case of a subsidized or for-

15 merly subsidized multifamily housing project re-

16 ferred to in subsections (i)(2) (A) through (C),

17 all units in the project;

18 “(B) in the case of a subsidized or for-

19 merly subsidized project referred to in sub-

20 section (i)(2)(D), all units in the project that

21 are covered, or were covered immediately before

22 foreclosure or acquisition of the project by the

1 Secretary, by an assistance contract under any
2 of the authorities referred to in such subsection;

3 ~~“(C) in all other multifamily housing~~
4 ~~projects, at least the units that are covered, or~~
5 ~~were covered immediately before foreclosure or~~
6 ~~acquisition of the project by the Secretary, by~~
7 ~~a project-based assistance contract under—~~

8 ~~“(i) section 8(b)(2) of the United~~
9 ~~States Housing Act of 1937 (as such sec-~~
10 ~~tion existed before October 1, 1983) (new~~
11 ~~construction and substantial rehabilita-~~
12 ~~tion); section 8(b) of such Act (property~~
13 ~~disposition); section 8(d)(2) of such Act~~
14 ~~(project-based certificates); section 8(e)(2)~~
15 ~~of such Act (moderate rehabilitation); sec-~~
16 ~~tion 23 of such Act (as in effect before~~
17 ~~January 1, 1975); or section 101 of the~~
18 ~~Housing and Urban Development Act of~~
19 ~~1965 (rent supplements); or~~

20 ~~“(ii) section 8 of the United States~~
21 ~~Housing Act of 1937, following conversion~~
22 ~~from such section 101;~~

23 ~~“(2) in the case of multifamily housing projects~~
24 ~~other than subsidized projects, providing project-~~
25 ~~based rental assistance to units that were covered by~~

1 an assistance contract under the Loan Management
2 Set-Aside program under section 8(b) of such Act
3 immediately before foreclosure or acquisition of the
4 project by the Secretary: *Provided*, That the assist-
5 ance shall be limited to—

6 “(A) tenants residing in the units imme-
7 diately before the foreclosure or acquisition; and

8 “(B) tenants initially admitted to units
9 under such contract that were vacant at the
10 time of the foreclosure or sale by HUD of the
11 project;

12 and such assistance shall not be provided to subse-
13 quent tenants;”;

14 (2) in subsection (b)—

15 (A) in paragraph (1)—

16 (i) by striking “, including” and all
17 that follows through “persons;” and

18 (ii) by inserting “competent and” im-
19 mediately before “capable”;

20 (B) by adding at the end thereof the fol-
21 lowing new paragraph:

22 “(3) to develop such procedures as the Sec-
23 retary determines necessary to obtain appropriate
24 community or resident input into disposition plans;
25 and”;

1 (3) by striking paragraph (1) of subsection (d)
2 and the introductory material preceding such para-
3 graph (1), and inserting in lieu thereof the following:
4 “In carrying out the goals specified in subsections
5 (a)(1) and (2), the Secretary shall take not less than
6 one of the following actions:

7 “~~(1) Enter into contracts under section 8 of the~~
8 United States Housing Act of 1937, to the extent
9 budget authority is available, with owners of multi-
10 family housing projects that are acquired by a pur-
11 chaser other than the Secretary at foreclosure or
12 after sale by the Secretary.

13 “~~(A)(i) In the case of a subsidized or for-~~
14 merly subsidized project referred to in sub-
15 sections ~~(i)(2) (A) through (C)~~, the contract
16 shall be for a term of at least 15 years and
17 shall be sufficient to assist at least all units
18 covered by an assistance contract under any of
19 the authorities referred to in subsection
20 ~~(i)(2)(D)~~. In order to make available to families
21 any of such units that are occupied by persons
22 not eligible for assistance under section 8, but
23 that subsequently become vacant, a contract
24 under this clause shall also provide that when
25 any such vacancy occurs, the owner shall lease

1 the available unit to a family eligible for assist-
2 ance under section 8. The Secretary shall use
3 the authority contained in paragraph (3) in
4 connection with any unit in such projects that
5 does not receive project-based assistance under
6 this paragraph.

7 “(ii) In the case of a subsidized or for-
8 merly subsidized project referred to in sub-
9 section (i)(2)(D), the contract shall be for a
10 term of at least 15 years and shall be sufficient
11 to assist at least all units in the project that are
12 covered, or were covered immediately before
13 foreclosure or acquisition of the project by the
14 Secretary, by an assistance contract under any
15 of the authorities referred to in such subsection.
16 In order to make available to families any of
17 such units that are occupied by persons not eli-
18 gible for assistance under section 8, but that
19 subsequently become vacant, a contract under
20 this clause shall also provide that when any
21 such vacancy occurs, the owner shall lease the
22 available unit to a family eligible for assistance
23 under section 8.

24 “(iii) Contracts under clauses (i) and (ii)
25 shall be at contract rents that, consistent with

1 subsection (a), provide for the necessary reha-
2 bilitation of such project and do not exceed
3 such percentage of the existing housing fair
4 market rents for the area (as determined by the
5 Secretary under section 8(c) of the United
6 States Housing Act of 1937) as the Secretary
7 may prescribe.

8 “(B) In all other multifamily housing
9 projects the contract shall be for an initial term
10 of at least five years and shall at least be suffi-
11 cient to provide project-based rental assistance
12 for all units—

13 “(i) that are covered, or were covered
14 immediately before foreclosure or acquisi-
15 tion of the project by the Secretary, by an
16 assistance contract under—

17 “(I) section 8(b)(2) of the United
18 States Housing Act of 1937 (as such
19 section existed before October 1,
20 1983) (new construction and substan-
21 tial rehabilitation); section 8(b) prop-
22 erty disposition); section 8(d)(2) of
23 such Act (project-based certificates);
24 section 8(e)(2) of such Act (moderate
25 rehabilitation); section 23 of such Act

1 (as in effect before January 1, 1975);
 2 or section 101 of the Housing and
 3 Urban Development Act of 1965 (rent
 4 supplements); or

5 “(II) section 8 of the United
 6 States Housing Act of 1937, following
 7 conversion from such section 101; and

8 “(ii) that were covered by an assist-
 9 ance contract under the Loan Management
 10 Set-Aside program under section 8(b) of
 11 such Act immediately before foreclosure or
 12 acquisition of the project by the Secretary;
 13 *Provided, That the assistance shall be lim-*
 14 *ited to—*

15 “(I) tenants residing in the units
 16 immediately before the foreclosure or
 17 acquisition; and

18 “(II) tenants initially admitted to
 19 units under such contract that were
 20 vacant at the time of the foreclosure
 21 or sale by HUD of the project;

22 and such assistance shall not be provided
 23 to subsequent tenants.”;

24 (4) by adding the following new paragraph at
 25 the end of subsection (d):

1 “(4) In connection with projects referred to in
 2 paragraph (1), the Secretary is authorized to make
 3 available tenant-based rental assistance under sec-
 4 tion 8 (b) or (c) of such Act to very low-income fam-
 5 ilies (as defined in section 3(b)(2) of the United
 6 States Housing Act of 1937) that do not qualify for
 7 project-based assistance under such paragraph.”;
 8 and

9 (5) in subsections (e) (3) and (4), by striking
 10 “15-year period” and inserting in lieu thereof the
 11 following: “the period of assistance”.

12 (b) TENANT-BASED ASSISTANCE.—Section
 13 203(d)(2) of such Act is amended—

14 (1) in the first sentence, by striking the par-
 15 enthetical; and

16 (2) by adding at the end thereof the following
 17 new sentence: “Actions pursuant to this paragraph
 18 may be taken in connection with not more than 10
 19 percent of the units in subsidized or formerly sub-
 20 sidized projects owned by the Secretary.”.

21 (c) ALTERNATE ASSISTANCE.—Section 203(d)(3) of
 22 such Act is amended by striking “will ensure that,” and
 23 all that follows through the end, and inserting in lieu
 24 thereof the following: “will ensure that—

1 ~~“(A) the project is available to, and afford-~~
2 ~~able by, low-income persons; and~~

3 ~~“(B) for a period of not less than 15 years,~~
4 ~~there shall be in force such use restrictions and~~
5 ~~rent regulation as the Secretary may pre-~~
6 ~~scribe.”.~~

7 ~~(d) NONRENTAL, NONRESIDENTIAL USE.—Section~~
8 ~~203(d) of such Act, as amended by the previous provisions~~
9 ~~of this section, is amended—~~

10 ~~(1) by adding the following new paragraph at~~
11 ~~the end thereof:~~

12 ~~“(5)(A) Notwithstanding any other provision of~~
13 ~~law, of the total number of units in multifamily~~
14 ~~housing projects that are owned by the Secretary,~~
15 ~~the Secretary may make up to—~~

16 ~~“(i) 10 percent available for uses, other~~
17 ~~than rental or cooperative use, such as low-in-~~
18 ~~come homeownership opportunities, shelters for~~
19 ~~the homeless, and office space for resident or~~
20 ~~housing-related social service providers; and~~

21 ~~“(ii) five percent available for any use, if~~
22 ~~the Secretary, in consultation with the local or~~
23 ~~areawide governing body, determines that such~~
24 ~~action will assist efforts to deconcentrate low-~~
25 ~~income housing opportunities.~~

1 “(B) In connection with projects referred to in
2 subparagraph (A), the Secretary is authorized to
3 make available tenant-based rental assistance under
4 section 8 (b) or (e) of such Act to very low-income
5 families (as defined in section 3(b)(2) of the United
6 States Housing Act of 1937) to assist them in locat-
7 ing other decent, safe, and sanitary housing.”; and

8 (2) in the last sentence of subsection (e)(1), by
9 striking “value” and all that follows through “(d)”
10 and inserting in lieu thereof the following: “intended
11 use of the property after sale”.

12 (e) DISPLACEMENT.—Sections 203(f)(2) (B) and (C)
13 are each amended by striking “above-moderate income”
14 and inserting in lieu thereof “above low-income”.

15 (f) SALE OF MORTGAGES ON UNSUBSIDIZED
16 PROJECTS.—Section 203(h) of such Act is amended by
17 adding at the end thereof the following new paragraph:

18 “(4) Notwithstanding any other provision of
19 law, the Secretary is authorized to sell mortgages
20 held on multifamily housing projects other than sub-
21 sidized projects on such terms and conditions as the
22 Secretary may prescribe.”.

23 (g) DEFINITION OF “SUBSIDIZED PROJECT.”—Sec-
24 tion 203(i) of such Act is amended—

1 (1) in paragraph (1), by striking “or section
2 312 of the Housing Act of 1964”;

3 (2) by striking subparagraph (C) of paragraph
4 (2) and renumbering the remaining subparagraphs
5 accordingly;

6 (3) in paragraph (2)(C), as redesignated by
7 paragraph (2) of this subsection, by striking “or to”
8 and all that follows through “1964”;

9 (4) by striking subparagraph (D) of paragraph
10 (2), as redesignated by paragraph (2) of this sub-
11 section, and inserting in lieu thereof the following
12 new subparagraph:

13 “(D)(i) rent supplement payments under
14 section 101 of the Housing and Urban Develop-
15 ment of 1965; (ii) housing assistance payments
16 made under section 23 of the United States
17 Housing Act of 1937 (as in effect before Janu-
18 ary 1, 1975); or (iii) housing assistance pay-
19 ments made under section 8 of the United
20 States Housing Act of 1937 (excluding pay-
21 ments made for certificates under subsection
22 (b)(1) or vouchers under subsection (o)), if (ex-
23 cept for purposes of paragraphs (1) and (2) of
24 subsection (h) and section 183(c) of the Hous-
25 ing and Community Development Act of 1987)

1 such assistance payments are made to more
2 than 50 percent of the units in the project.”;

3 and

4 ~~(5) by striking paragraph (i)(4).~~

5 ~~(h) OTHER PROVISIONS.~~—Section 203 of such Act is
6 amended by adding at the end thereof the following new
7 subsection:

8 “~~(k)~~ In providing tenant-based assistance in connec-
9 tion with activities pursuant to subsection ~~(d)(4)~~ or
10 ~~(d)(5)(B)~~, the Secretary shall take into consideration the
11 condition of the local market in which the assistance will
12 be used and shall take such steps as the Secretary deems
13 necessary for the successful use of the assistance.”.

14 ~~(i) USE OF SAVINGS IN MANDATORY EXPENDI-~~
15 ~~TURES.~~—~~(1)~~ From amounts of savings in mandatory ex-
16 penditures that result from the amendments made by this
17 section, the Secretary shall—

18 ~~(A)~~ make grants to States and units of general
19 local government in a total amount of \$400,000,000
20 for the rehabilitation of multifamily projects for-
21 merly owned by the Secretary that have been trans-
22 ferred to such governmental entities;

23 ~~(B)~~ transfer a sufficient number of multifamily
24 housing projects owned by the Secretary to States
25 and units of general local government to assure full

1 use of the amount required for grants under sub-
2 paragraph (A); and

3 ~~(C)~~ require that the grantees comply with re-
4 quirements established by the Secretary governing
5 use of the project and the grant, including require-
6 ments governing use of the units for rental by low-
7 income families and affordability of rents, as deter-
8 mined by the Secretary.

9 The Secretary's authority to make expenditures for grants
10 under this subparagraph shall terminate on September 30,
11 1994. The Secretary shall, by notice published in the Fed-
12 eral Register, establish such requirements as may be nec-
13 essary to carry out the provisions of this subparagraph,
14 including a requirement that States and units of general
15 local government do not earn arbitrage profits from these
16 grants.

17 ~~(2)~~ For purposes of this subsection—

18 ~~(A)~~ the term “low-income families” has the
19 meaning given such term in section 3(b)(2) of the
20 United States Housing Act of 1937;

21 ~~(B)~~ the term “Secretary” means the Secretary
22 of Housing and Urban Development;

23 ~~(C)~~ the term “State” has the meaning given
24 such term in section 104(2) of the Cranston-Gon-
25 zalez National Affordable Housing Act, including

1 any agency or instrumentality thereof that is estab-
 2 lished pursuant to legislation and designated by the
 3 chief executive to act on behalf of the State with re-
 4 gard to paragraph (1)(A); and

5 (D) the term “unit of general local govern-
 6 ment” has the meaning given such term in section
 7 104(1) of the Cranston-Gonzalez National Afford-
 8 able Housing Act, including any agency or instru-
 9 mentality thereof that is established pursuant to leg-
 10 islation and designated by the chief executive to act
 11 on behalf of the jurisdiction with regard to para-
 12 graph (1)(A).

13 AMEND THE REQUIREMENT FOR STATE AND LOCAL
 14 GOVERNMENT RIGHT OF FIRST REFUSAL

15 SEC. 102. (a) Section 203(e)(2) of the Housing and
 16 Community Development Amendments of 1978 is amend-
 17 ed to read as follows:

18 “(2) The Secretary, within 60 days of acquiring
 19 title to a project, shall notify the unit of general
 20 local government and the State housing finance
 21 agency (or other agency or agencies designated by
 22 the Governor) of the acquisition of such title. Within
 23 60 days of this notice, the local government or des-
 24 ignated State agency may submit to the Secretary a
 25 preliminary expression of interest in the project. The
 26 Secretary may take such actions as may be nec-

1 essary to require the local government or designated
2 State agency to substantiate such interest. If the
3 local government or designated State agency has ex-
4 pressed interest within the 60-day period, and has
5 substantiated such interest if requested, upon ap-
6 proval of a disposition plan for a project, the Sec-
7 retary shall notify the local government and des-
8 ignated State agency of the terms and conditions of
9 the disposition plan and give the local government or
10 designated State agency 90 days from the date of
11 the notification to make an offer to purchase the
12 project. If the local government or designated State
13 agency does not express interest within the 60-day
14 period, or does not substantiate an expressed inter-
15 est if requested, the Secretary, upon approval of a
16 disposition plan, may offer the project for sale to
17 any interested person or entity.”.

18 (b) Section 203(e)(3) of such Act is amended by
19 striking “The” in the first sentence and inserting “Where
20 the Secretary has given the local government or designated
21 State agency 90 days to make an offer to purchase the
22 project, the”.

23 (c) Section 203(e) of such Act, as amended by sub-
24 sections (a) and (b), shall apply to projects that are ac-
25 quired on or after the effective date of this section. With

1 tion shall be carried out by agreement of the RTC and
2 the Secretary on such terms and conditions as are accept-
3 able to the RTC and the Secretary. The RTC shall estab-
4 lish policies and procedures for marketing and disposition,
5 subject to review and approval by the Secretary.

6 (b) The Secretary may waive the requirements of sec-
7 tion 203 of the Housing and Community Development
8 Amendments of 1978 and any related requirements, in-
9 cluding restrictions on the incomes of families occupying
10 the units and requirements for continued assistance. The
11 Secretary may also waive any other statutory and regu-
12 latory requirements that apply to the project and that the
13 Secretary determines are not consistent with the purposes
14 of a demonstration, except that the Secretary may not
15 waive any equal opportunity or nondiscrimination statu-
16 tory or regulatory requirements or procedures.

17 (c) In determining which properties to include in the
18 demonstration, the Secretary shall take into consideration
19 the size of the inventory of properties owned by the Sec-
20 retary in the locality and such other factors as the Sec-
21 retary determines are appropriate.

22 (d) The Secretary shall reimburse the RTC for the
23 direct costs associated with the demonstration, including
24 the costs of administration and marketing, property man-
25 agement, and any repair and rehabilitation. The Secretary

1 may use proceeds from the sale of the properties to reim-
2 burse the RTC for its costs.

3 ~~(e) The demonstration under this section shall—~~

4 ~~(1) be approved personally by the Secretary;~~

5 ~~(2) taken as a whole over the life of the dem-~~
6 ~~onstration, not result in higher costs to the Federal~~
7 ~~Government;~~

8 ~~(3) be generally consistent with the overall pur-~~
9 ~~poses of the program or programs under which the~~
10 ~~waiver is granted;~~

11 ~~(4) be the subject of an evaluation plan for~~
12 ~~which funding is obligated or set aside at the same~~
13 ~~time the demonstration is approved and which will~~
14 ~~be carried out by an independent party; the evalua-~~
15 ~~tion shall include an assessment of the impact and~~
16 ~~effectiveness of (A) any requirements waived pursu-~~
17 ~~ant to subsection (b), and (B) any differences be-~~
18 ~~tween the property disposition procedures of the~~
19 ~~RTC and the Secretary; and~~

20 ~~(5) be consistent with the Fair Housing Act,~~
21 ~~title VI of the Civil Rights Act of 1964, section 504~~
22 ~~of the Rehabilitation Act of 1973, and the Age Dis-~~
23 ~~crimination Act of 1975.~~

24 ~~(f) In approving the demonstration under this sec-~~
25 ~~tion, the Secretary may impose such requirements as the~~

1 Secretary considers to be appropriate to further its pur-
2 poses.

3 (g) The RTC shall submit an annual progress report
4 to the Secretary. The Secretary shall submit a report to
5 Congress within one year after completion of the dem-
6 onstration, describing the results of the demonstration and
7 making any recommendations for legislation.

8 (h) The demonstration under this section shall not
9 extend beyond the termination date of the Resolution
10 Trust Corporation.

11 (i) There is authorized to be appropriated \$1,000,000
12 for the evaluation of the demonstration under this section.

13 AUTHORIZE CIVIL MONEY PENALTIES AGAINST GENERAL
14 PARTNERS AND CERTAIN MANAGING AGENTS OF
15 MULTIFAMILY PROJECTS

16 SEC. 105. (a) Section 537 of the National Housing
17 Act is amended—

18 (1) in subsection (b)(1), by inserting after
19 “mortgagor” the second place it appears the follow-
20 ing: “or general partner of a partnership mortga-
21 gor”;

22 (2) in the heading to subsection (c), by deleting
23 “VIOLATIONS OF REGULATORY AGREEMENT” and
24 inserting in lieu thereof the following: “OTHER VIO-
25 LATIONS”;

26 (3) in subsection (c)(1)—

1 (A) by deleting “any mortgagor of prop-
2 erty” and all that follows through “as follows:”
3 and inserting in lieu thereof the following:

4 “(A) any mortgagor of property that in-
5 cludes five or more living units and that has a
6 mortgage insured, coinsured, or held pursuant
7 to this Act;

8 “(B) the general partner of a partnership
9 mortgagor;

10 “(C) any agent employed to manage the
11 property that has an identity of interest with
12 the general partner; or

13 “(D) any independent fee management en-
14 tity, under contract with the mortgagor or gen-
15 eral partner of a partnership mortgagor, that
16 fails to notify the Secretary, as required by the
17 Secretary, that it has been instructed by the
18 mortgagor or general partner of a partnership
19 mortgagor to engage in activities that are con-
20 trary to regulations and requirements of the
21 Secretary. A penalty may be imposed under this
22 section for knowingly and materially taking any
23 of the following actions:”;

24 (B) by adding after subparagraph (L) the
25 following new subparagraphs:

1 ~~“(M) Failure, when there is adequate~~
2 ~~project income available, to maintain the prem-~~
3 ~~ises, accommodations, and the grounds and~~
4 ~~equipment appurtenant thereto in good repair~~
5 ~~and condition in accordance with regulations~~
6 ~~and requirements of the Secretary.~~

7 ~~“(N) Failure, by a general partner of a~~
8 ~~partnership mortgagor, to provide management~~
9 ~~for the project that is acceptable to the Sec-~~
10 ~~retary pursuant to regulations and require-~~
11 ~~ments of the Secretary.”;~~

12 ~~(C) in the last sentence, by deleting “of~~
13 ~~such agreement” and inserting in lieu thereof~~
14 ~~the following: “of this subsection”; and~~

15 ~~(D) by redesignating subparagraphs (A)~~
16 ~~through (N) as clauses (i) through (xiv), respec-~~
17 ~~tively;~~

18 ~~(4) in subsection (d)(1)(B), by inserting after~~
19 ~~“mortgagor” the following: “, general partner of a~~
20 ~~partnership mortgagor, or agent employed to man-~~
21 ~~age the property or independent fee management en-~~
22 ~~tity as described in subsections (c)(1) (C) and (D),~~
23 ~~respectively,”;~~

1 (5) in subsection (e)(1), by deleting “a mortga-
2 gor” and inserting in lieu thereof the following: “an
3 entity or person”;

4 (6) in subsection (f), by inserting after “mort-
5 gagor” both times that it appears the following: “,
6 general partner of a partnership mortgagor, or agent
7 employed to manage the property or independent fee
8 management agent as described in subsections (e)(1)
9 (C) and (D), respectively.”; and

10 (7) by amending the heading to read as follows:
11 “~~CIVIL MONEY PENALTIES AGAINST MULTIFAMILY~~
12 ~~MORTGAGORS, GENERAL PARTNERS OF PARTNER-~~
13 ~~SHIP MORTGAGORS, AND MANAGING AGENTS”.~~

14 (b) The amendments made by subsection (a) shall
15 apply only with respect to—

16 (1) violations that occur on or after the effec-
17 tive date of this section; and

18 (2) in the case of a continuing violation (as de-
19 termined by the Secretary of Housing and Urban
20 Development), any portion of a violation that occurs
21 on or after such date.

22 ~~EXTEND HUD REVIEW PERIOD FOR APPROVAL OF~~
23 ~~MANAGEMENT IMPROVEMENT AND OPERATING PLANS~~

24 ~~SEC. 106.~~ Section 201(d)(6) of the Housing and
25 Community Development Amendments of 1978 is amend-
26 ed by striking “30” and inserting “120”.

1 USE OF FLEXIBLE SUBSIDY IN PRESERVATION PROJECTS

2 SEC. 107. (a) USE OF ASSISTANCE.—Section 201(k)
3 of the Housing and Community Development Amend-
4 ments of 1978 is amended by adding at the end thereof
5 the following new paragraph:

6 “(4) In providing, and contracting to provide,
7 assistance for capital improvements under this sec-
8 tion, the Secretary shall give priority to projects that
9 are eligible for incentives under section 224(b) of the
10 Emergency Low Income Housing Preservation Act
11 of 1987. The Secretary may make such assistance
12 available on a noncompetitive basis.”.

13 (b) CERTAIN UNINSURED PROJECTS.—Section
14 201(n)(2) of such Act is amended by inserting a comma
15 immediately after “insured mortgages in force” and the
16 following: “projects for which the Secretary holds the
17 mortgage, and projects with respect to which the Secretary
18 makes interest reduction payments under section 236(o)
19 of the National Housing Act”.

20 DELETE REQUIREMENT TO REDUCE INTEREST RATES TO
21 AVOID FORECLOSURE ON ASSIGNED MORTGAGES

22 SEC. 108. Section 7(i)(5) of the Department of Hous-
23 ing and Urban Development Act is amended by striking
24 out the first semicolon, and all that follows through “as
25 determined by the Secretary”.

1 TITLE II—ENHANCE PROGRAM FLEXIBILITY

2 Subtitle A—Office of Public and Indian Housing Freeze

3 Fees for Administration of the Certificate and

4 Voucher Programs

5 SEC. 201. Notwithstanding the second sentence of
 6 section 8(q)(1) of the United States Housing Act of 1937,
 7 other applicable law, and any implementing regulations
 8 and related requirements, the fee for the ongoing costs
 9 of administering the certificate and housing voucher pro-
 10 grams under sections 8(b) and 8(o) of such Act for Fed-
 11 eral fiscal year 1994 shall be based on the fair market
 12 rents for Federal fiscal year 1993. However, the Secretary
 13 may increase the fee in accordance with the third sentence
 14 of section 8(q)(1) and sections 8(q)(2) (ii) and (iii) of such
 15 Act.

16 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC
 17 HOUSING

18 SEC. 202. (a) SEVERELY DISTRESSED PUBLIC
 19 HOUSING.—Section 24 of the United States Housing Act
 20 of 1937 is amended as provided by this subsection.

21 (1) DELETE REQUIREMENT FOR DESIGNATION
 22 OF ELIGIBLE PROJECTS.—

23 (A) Subsection (b) is hereby repealed.

24 (B) Subsection (i)(2) is hereby repealed
 25 and the following paragraphs redesignated ac-
 26 cordingly.

1 (2) INCREASE PLANNING GRANT DOLLAR
2 CAP.—Subsection (c)(2) is amended by striking
3 “\$200,000” and inserting “\$500,000”.

4 (3) PLANNING GRANT ELIGIBLE ACTIVITIES:
5 COMMUNITY SERVICE.—Subsection (c)(3) is amend-
6 ed by inserting the following new subparagraph after
7 subparagraph (D) and redesignating the following
8 subparagraphs accordingly:

9 “(E) planning for community service ac-
10 tivities to be carried out by residents, other
11 members of the community, and other persons
12 willing to contribute to the social, economic, or
13 physical improvement of the community (com-
14 munity service is a required element of the revi-
15 talization program);”.

16 (4) PLANNING GRANT APPLICATION: COMMU-
17 NITY SERVICE.—Subsection (c)(4) is amended by in-
18 serting the following new subparagraph after sub-
19 paragraph (C) and redesignating the following sub-
20 paragraphs accordingly:

21 “(D) a description of the planning activi-
22 ties for community service to be carried out by
23 residents, other members of the community,
24 and other persons willing to contribute to the

1 social, economic, or physical improvement of the
2 community;”.

3 ~~(5) IMPLEMENTATION GRANT ELIGIBLE ACTIVI-~~
4 ~~TIES.—~~

5 (A) Subsection ~~(d)(2)~~ is amended by in-
6 sserting the following new subparagraphs after
7 subparagraph ~~(D)~~ and redesignating the follow-
8 ing subparagraphs accordingly:

9 “~~(E)~~ community service activities to be
10 carried out by residents, other members of the
11 community, and other persons willing to con-
12 tribute to the social, economic, or physical im-
13 provement of the community (community serv-
14 ice is a required element of the revitalization
15 program); and

16 “~~(F)~~ replacement of public housing units,
17 when required under section 18, through the
18 use of implementation grant funds for the de-
19 velopment of replacement units provided
20 through the methods permitted under section
21 18(b)(3);”.

22 ~~(B)~~ Subsection ~~(d)(2)(K)~~, as redesignated
23 by subparagraph ~~(A)~~ of this paragraph, is
24 amended by—

1 (i) striking “than 15 percent” and in-
2 serting “than 20 percent”; and

3 (ii) inserting before the period the fol-
4 lowing: “and provided that an amount
5 equal to 15 percent of the amount of any
6 grant under this subsection used for sup-
7 port services shall be contributed from
8 non-Federal sources (this contribution
9 shall be in the form of cash, administrative
10 costs, and the reasonable value of in-kind
11 contributions and may include funding
12 under title I of the Housing and Commu-
13 nity Development Act of 1974)”.

14 (6) IMPLEMENTATION GRANT APPLICATIONS:
15 COMMUNITY SERVICE.—Subsection (d)(3) is amend-
16 ed by inserting the following new subparagraph after
17 subparagraph (C) and redesignating the following
18 subparagraphs accordingly:

19 “(D) a description of the community serv-
20 ice activities to be carried out by residents,
21 other members of the community, and other
22 persons willing to contribute to the social, eco-
23 nomic, or physical improvement of the commu-
24 nity;”.

1 (7) PLANNING GRANT AND IMPLEMENTATION
2 GRANT SELECTION CRITERIA: NATIONAL GEO-
3 GRAPHIC DIVERSITY.—Subsections (c)(5) and (d)(4)
4 are each amended by—

5 (A) striking subparagraph (E) and redesign-
6 ating the following subparagraphs accordingly;
7 and

8 (B) inserting at the end the following new
9 flush matter:

10 “The Secretary may select a lower-rated, approvable
11 application over a higher-rated application to in-
12 crease the level of national geographic diversity of
13 applications approved under this section.”.

14 (8) IMPLEMENTATION GRANT SELECTION CRI-
15 TERIA.—Subsection (d)(4)(D) is amended by strik-
16 ing “the potential of the applicant for developing a
17 successful and affordable” and inserting “the quality
18 of the proposed”.

19 (9) DEFINITIONS.—(A) Subsection (h)(5) is
20 amended to read as follows:

21 “(5) SEVERELY DISTRESSED PUBLIC HOUS-
22 ING.—The term ‘severely distressed public housing’
23 means a public housing project or a building in a
24 project that—

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

9 “(B)(i)(I) is occupied predominantly by
10 families with children which have extremely low
11 incomes, high rates of unemployment, and ex-
12 tensive dependency on various forms of public
13 assistance; and

14 “(II) has high rates of vandalism and
15 criminal activity (including drug-related crimi-
16 nal activity); or

17 “(ii) has a vacancy rate, as determined by
18 the Secretary, of 50 percent or more; and

19 “(C) cannot be revitalized through assist-
20 ance under other programs, such as the pro-
21 grams under sections 9 and 14, or through
22 other administrative means because of the inad-
23 equacy of available funds; and

24 “(D) in the case of individual buildings,
25 the building is, in the Secretary’s determina-

1 tion, sufficiently separable from the remainder
2 of the project to make use of the building fea-
3 sible for purposes of this section.”.

4 (B) Subsection (h) is amended by adding the
5 following new paragraphs at the end thereof:

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

15 “~~(7)~~ ~~SUPPORT SERVICES.~~—The term ‘support
16 services’ includes all activities designed to lead to-
17 ward upward mobility, self-sufficiency, and improved
18 quality of life for the residents of the project, such
19 as literacy training, job training, day care, and eco-
20 nomic development, and may include such activities
21 for residents of the neighborhood.”.

22 (b) ~~CONFORMING AMENDMENT.~~—The first sentence
23 of section 25(m)(1) of the United States Housing Act of
24 1937 is amended to read as follows: “The term ‘eligible
25 housing’ means a public housing project, or one or more

1 buildings within a project, that is owned or operated by
 2 a troubled public housing agency.”.

3 (c) ~~COMPREHENSIVE GRANT AND DEVELOPMENT~~
 4 ~~GRANTS FOR REPLACEMENT HOUSING.~~—(1) Section
 5 5(a)(2) of the United States Housing Act of 1937 is
 6 amended by adding the following new sentence at the end
 7 thereof: “In providing assistance under this paragraph,
 8 the Secretary may give priority to public housing agencies
 9 that use comprehensive grants under section 14(k) for re-
 10 placement housing under section 18(b)(3)(A).”

11 (2) Section 14 of such Act is amended by adding the
 12 following new subsection at the end thereof:

13 “(q) The Secretary may authorize a public housing
 14 agency to use assistance allocated to it for use under sub-
 15 section (e) for the development of additional housing
 16 under this Act, in accordance with requirements applicable
 17 to the development of public housing, to provide replace-
 18 ment housing as required by section 18.”.

19 (d) ~~USE OF TENANT-BASED ASSISTANCE FOR RE-~~
 20 ~~PLACEMENT HOUSING.~~—(1) Section 18(b)(3)(A) of such
 21 Act is amended—

22 (A) by striking “or” at the end of clause (v);

23 (B) by redesignating clause (vi) as clause (vii);

24 and

1 (C) by inserting the following new clause imme-
2 diately after clause (v):

3 “(vi) the use of five-year tenant-based as-
4 sistance under section 8(b) or (o) if—

5 “(I) the project has been vacant for a
6 period of at least five years;

7 “(II) the proposed demolition is nec-
8 essary for revitalization of the remaining
9 units in the project; or

10 “(III) demolition of the entire project
11 is proposed and some or all of the units
12 will be replaced on the site; or”.

13 (2) Section 18(b)(3) of such Act is amended—

14 (A) in subparagraph (A)(v), by striking “to the
15 extent available” and all that follows through “5
16 years”; and

17 (B) in subparagraph (C), by adding the follow-
18 ing new flush matter at the end thereof:

19 *“Provided, That notwithstanding the other provisions of*
20 *this subparagraph, if the plan involves (I) a demolition*
21 *described in subparagraph (A)(vi) or (II) the demolition*
22 *of 200 or more units, tenant-based assistance under sec-*
23 *tion 8(b) or (o) may be approved if the public housing*
24 *agency determines, in accordance with such requirements*
25 *as the Secretary may prescribe, that such use is feasible*

1 and appropriate to meeting the low-income housing needs
2 in the community;”.

3 (3) Section 18(c)(2) of such Act is amended by in-
4 serting before the period at the end of the first sentence
5 a comma and the following: “except for amounts to be pro-
6 vided from the allocation of comprehensive grant assist-
7 ance to the public housing agency under section 14”.

8 (e) NEED FOR REPLACEMENT HOUSING.—The flush
9 matter at the end of section 18(b)(3) of such Act is
10 amended—

11 (1) by striking “except that,” and inserting in
12 lieu thereof the following: “except that (1)”; and

13 (2) by inserting immediately before the period
14 at the end thereof the following: “; and (2) a public
15 housing agency may demolish public housing dwell-
16 ing units without providing an additional unit for
17 each unit to be demolished if there is no need for
18 additional assisted housing in the community, as de-
19 termined in accordance with criteria determined by
20 the Secretary”.

21 (f) REPLACEMENT HOUSING OUTSIDE THE JURIS-
22 DICTION OF THE PHA.—Section 18(b)(3) of such Act is
23 amended by inserting the following new subparagraph
24 after subparagraph (C), and redesignating the following
25 subparagraphs accordingly:

1 “(D) may provide that all or part of such addi-
2 tional dwelling units may be located outside the ju-
3 risdiction of the public housing agency (the ‘original
4 agency’) if—

5 “(i) the location is in the same housing
6 market area as the original agency, as deter-
7 mined by the Secretary;

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

16 “(I) provide the dwelling units in ac-
17 cordance with subparagraph (A) of this
18 paragraph;

19 “(II) complete the plan on schedule in
20 accordance with subparagraph (F) of this
21 paragraph;

22 “(III) meet the requirements of sub-
23 paragraph (G) of this paragraph and the
24 maximum rent provisions of subparagraph
25 (H) of this paragraph; and

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

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

9 DISALLOWANCE OF EARNED INCOME FOR RESIDENTS
10 WHO OBTAIN EMPLOYMENT

11 SEC. 203. (a) DISALLOWANCE OF EARNED INCOME
12 FROM PUBLIC HOUSING RENT DETERMINATIONS.—

13 (1) IN GENERAL.—Section 3 of the United
14 States Housing Act of 1937 is amended by striking
15 the undesignated paragraph at the end thereof and
16 inserting in lieu thereof the following new sub-
17 section:

18 “(d) DISALLOWANCE OF EARNED INCOME FROM
19 PUBLIC HOUSING RENT DETERMINATIONS.—Notwith-
20 standing any other provision of law, the rent payable
21 under subsection (a) for any public housing unit by a fam-
22 ily whose income increases as a result of employment of
23 a member of the family who was previously unemployed
24 for one or more years not be increased as a result of the
25 increased income due to such employment for a period of

1 18 months, beginning with the commencement of employ-
2 ment.”.

3 (2) APPLICABILITY OF AMENDMENT.—Notwith-
4 standing the amendment made by paragraph (1),
5 any resident of public housing participating in the
6 authority contained in such undesignated paragraph
7 immediately before its amendment by this section
8 shall continue to be governed by such authority.

9 (b) REPEALER.—Section 957 of the Cranston-Gon-
10 zalez National Affordable Housing Act is hereby repealed.

11 CEILING RENTS BASED ON REASONABLE RENTAL VALUE

12 SEC. 204. (a) Section 3(a)(2)(A)(iii) of the United
13 States Housing Act of 1937 is amended to read as follows:

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

16 (b) The Secretary shall, by notice published in the
17 Federal Register, establish such requirements as may be
18 necessary to carry out the provisions of section 3(a)(2)(A)
19 of the United States Housing Act of 1937, as amended
20 by subsection (a). The notice shall also invite public com-
21 ments, and the Secretary shall issue final regulations
22 based on the initial notice, taking into account any public
23 comments received.

1 Subtitle B—Office of Community Planning and
2 Development Economic Revitalization Initiative

3 SEC. 210. (a) ECONOMIC REVITALIZATION
4 GRANTS.—(1) Section 108(a) of the Housing and Com-
5 munity Development Act of 1974 is amended by striking
6 the second sentence and inserting in lieu thereof the fol-
7 lowing: “A guarantee under this section (including a guar-
8 antee combined with a grant under subsection (q)) may
9 be used to assist a grantee in obtaining financing, only
10 if the grantee has made efforts to obtain the financing
11 without the use of the guarantee (and, if applicable, the
12 grant) and cannot complete the financing consistent with
13 the timely execution of the proposed activities and projects
14 without the guarantee (or, if applicable, the grant).”.

15 (2) Section 108 of such Act is further amended by
16 adding at the end thereof the following new subsection:

17 “(q)(1) The Secretary is authorized to use amounts
18 deobligated under section 119 to provide grants in accord-
19 ance with this subsection for economic revitalization
20 projects to eligible public entities (units of general local
21 government) in connection with notes or other obligations
22 guaranteed for such entities under this section.

23 “(2) By regulation, the Secretary shall prescribe the
24 terms and conditions of these grants (in accordance with
25 this title, except as otherwise permitted by this sub-

1 section); including guidelines related to economic revital-
2 ization projects eligible for grants; the amount of grant
3 funds to be provided for specific economic revitalization
4 projects applied for; and requirements applicable to the
5 use of the grant and the guaranteed loan proceeds by the
6 recipient. The regulations shall at a minimum implement
7 the provisions specified in this subsection.

8 “(3) The proceeds of the guaranteed loan, and the
9 grant under this subsection, shall be used to finance eco-
10 nomic development activities and projects eligible under
11 subsection (a) and specified in the approved application.
12 In this subsection, the term “economic revitalization
13 projects” refers to such eligible economic development
14 projects and activities.

15 “(4) If the eligible public entity proposes a grant
16 under this subsection, it shall submit its request to HUD,
17 in the form prescribed by HUD, with or as part of its
18 application for loan guarantee assistance under this sec-
19 tion.

20 “(5) To the extent funds are available, grants under
21 this subsection shall be approved on a first-come, first-
22 served basis.”.

23 (3) Section 119(o) of such Act is amended by striking
24 “shall be” and all that follows up to the period and insert-
25 ing in lieu thereof the following: “shall, as determined by

1 the Secretary, be added to amounts appropriated under
2 section 103 or be used to provide grants under section
3 108(q)."

4 (4) Title I of such Act is amended—

5 (A) in the second sentence of section 101(c), by
6 striking "and, if applicable, the funds received as a
7 result of a guarantee under section 108," and by in-
8 serting in lieu thereof "(including any such funds
9 used to make payments on a loan guaranteed by the
10 Secretary under section 108) and, if applicable, any
11 grant received under section 108(q)," and

12 (B) in section 104(b)(3), by striking "and, if
13 applicable, as a result of a guarantee under section
14 108," and by inserting in lieu thereof "(including
15 any such funds used to make payments on a loan
16 guaranteed by the Secretary under section 108) and,
17 if applicable, any grant received under section
18 108(q)."

19 (b) SECTION 108 LOAN GUARANTEES FOR
20 COLONIAS.—The first sentence of section 108(a) of the
21 Housing and Community Development Act of 1974 is
22 amended—

23 (1) by striking "or" immediately after "section
24 105(a)."; and

1 ~~(2)~~ by inserting immediately before the period
2 at the end thereof the following: ”; or ~~(5)~~ activities
3 under section 105(a)~~(2)~~ with respect to colonias
4 under section 916 of the Cranston-Gonzalez Na-
5 tional Affordable Housing Act”.

6 ~~(c)~~ GUARANTEE OF OBLIGATIONS BACKED BY SEC-
7 TION 108 LOANS.—Section 108 of the Housing and Com-
8 munity Development Act of 1974 is amended by adding
9 at the end thereof the following new subsection:

10 ~~“(r)(1)~~ The Secretary is authorized, upon such terms
11 and conditions as the Secretary deems appropriate, to
12 guarantee the timely payment of the principal of and in-
13 terest on such trust certificates or other obligations as
14 shall—

15 ~~“(A)~~ be offered by the Secretary or by any
16 other offeror approved for purposes of this sub-
17 section by the Secretary, and

18 ~~“(B)~~ be based on and backed by a trust or pool
19 composed of notes or other obligations guaranteed or
20 eligible for guarantee by the Secretary under this
21 section.

22 ~~“(2)~~ To the same extent as provided in subsection
23 ~~(f)~~, the full faith and credit of the United States is pledged
24 to the payment of all amounts which may be required to

1 be paid under any guarantee by the Secretary under this
2 subsection.

3 ~~“(3) In the event the Secretary pays a claim under~~
4 ~~a guarantee issued under this section, it shall be sub-~~
5 ~~rogated fully to the rights satisfied by such payment.~~

6 ~~“(4) No State or local law, and no Federal law, shall~~
7 ~~preclude or limit the exercise by the Secretary of—~~

8 ~~“(A) the power to contract with respect to pub-~~
9 ~~lic offerings and other sales of notes, trust certifi-~~
10 ~~cates, and other obligations guaranteed under this~~
11 ~~section upon such terms and conditions as the Sec-~~
12 ~~retary deems appropriate,~~

13 ~~“(B) the right to enforce by any means deemed~~
14 ~~appropriate by the Secretary any such contract, and~~

15 ~~“(C) the Secretary’s ownership rights, as appli-~~
16 ~~cable, in notes, certificates, or other obligations~~
17 ~~guaranteed under this section, or constituting the~~
18 ~~trust or pool against which trust certificates, or~~
19 ~~other obligations guaranteed under this section are~~
20 ~~offered.”.~~

21 HOME INVESTMENT PARTNERSHIPS

22 ~~SEC. 211. (a) PARTICIPATION BY STATE AGENCIES~~
23 ~~OR INSTRUMENTALITIES.—Section 104(2) of the Cran-~~
24 ~~ston-Gonzalez National Affordable Housing Act is amend-~~
25 ~~ed—~~

26 ~~(1) by striking “and”; and~~

1 (2) by inserting before the period at the end
2 thereof the following: “, and any agency or instru-
3 mentality thereof that is established pursuant to leg-
4 islation and designated by the chief executive to act
5 on behalf of the jurisdiction with regard to provi-
6 sions of this Act”.

7 (b) ~~SIMPLIFY PROGRAM-WIDE INCOME TARGETING~~
8 ~~FOR HOME RENTAL HOUSING.~~—Sections 214(1) (A) and
9 (B) of such Act are amended by striking “such funds are
10 invested with respect to dwelling units that are occupied
11 by” each place it appears and inserting in lieu thereof the
12 following: “(i) the families receiving such rental assistance
13 are, or (ii) the dwelling units assisted with such funds are
14 occupied by,”.

15 (c) ~~REMOVE FIRST-TIME HOMEBUYER LIMITATION~~
16 ~~FOR HOME UNITS.~~—Section 215(b) of such Act is amend-
17 ed by striking paragraph (3) and redesignating para-
18 graphs (4) and (5) as paragraphs (3) and (4), respectively.

19 (d) ~~SIMPLIFY RESALE PROVISIONS.~~—Section
20 215(b)(4)(B) of such Act is amended by striking “sub-
21 section” and inserting in lieu thereof “title”.

22 (e) ~~STABILIZATION OF HOME FUNDING THRESH-~~
23 ~~OLDS.~~—

24 (1) Sections 216(10) and 217(b)(4) of such Act
25 are hereby repealed.

1 (2) Section 217(b)(3) of such Act is amended—

2 (A) in the first sentence, by striking “only
3 those jurisdictions” and all that follows up to
4 the period and inserting in lieu thereof the fol-
5 lowing: “jurisdictions that are not participating
6 jurisdictions that are allocated an amount of
7 \$500,000 or greater and jurisdictions that are
8 participating jurisdictions shall receive an allo-
9 cation”; and

10 (B) in the last sentence, by striking “, ex-
11 cept as provided in paragraph (4)”.

12 (3) Section 216 of such Act is amended—

13 (A) in paragraph (3), by striking “Except
14 as provided in paragraph (10), a jurisdiction”
15 in the first sentence and inserting in lieu there-
16 of “A jurisdiction”; and

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

19 (f) COMPREHENSIVE AFFORDABLE HOUSING STRAT-
20 EGY.—

21 (1) HOME PROGRAM.—The first sentence of
22 section 218(d) of such Act is amended by inserting
23 immediately after “providing certification” the fol-
24 lowing: “that it is following a current housing af-

1 fordability strategy which has been approved by the
2 Secretary in accordance with section 105, and”.

3 ~~(2) HOMELESS ASSISTANCE PROGRAMS.—~~

4 ~~(A) IN GENERAL.—~~Section 401 of the
5 Stewart B. McKinney Homeless Assistance Act
6 is amended to read as follows:

7 HOUSING AFFORDABILITY STRATEGY.

8 “~~SEC. 401. (a) REQUIREMENT TO FOLLOW A~~
9 CHAS.—Assistance may be made available Under subtitle
10 B to metropolitan cities, urban counties, and States receiv-
11 ing a formula amount under section 413, only if the juris-
12 diction certifies that it is following a current housing af-
13 fordability strategy which has been approved by the Sec-
14 retary in accordance with section 105 of the Cranston-
15 Gonzalez National Affordable Housing Act.

16 “~~(b) REQUIREMENT FOR CONSISTENCY WITH~~
17 CHAS.—Assistance may be made available under this title
18 only if the application contains a certification that the pro-
19 posed project or activities are consistent with the housing
20 strategy of the State or unit of general local government
21 in which the project is located. The certification shall be
22 from the public official responsible for submitting the
23 strategy for the jurisdiction.”.

24 ~~(B) CONFORMING CHANGES.—~~Title IV of
25 such Act is amended by striking sections
26 426(a)(2)(F), 434(a)(10), and 454(b)(9).

1 (g) SIMPLIFY HOME MATCHING REQUIREMENTS.—
2 Section 220 of the Cranston-Gonzalez National Affordable
3 Housing Act is amended to read as follows:

4 “(a) CONTRIBUTION.—Each participating jurisdic-
5 tion shall make contributions to housing that qualifies as
6 affordable housing under this title that total, throughout
7 a fiscal year, not less than 25 percent of the funds drawn
8 from the jurisdictions’s HOME Investment Trust Fund
9 in that fiscal year. This contribution shall be in addition
10 to any amounts made available under section
11 216(3)(A)(ii).”.

12 (h) DELETE SEPARATE AUDIT REQUIREMENT FOR
13 THE HOME PROGRAM.—Section 283 of such Act is
14 amended—

15 (1) by striking the section heading and insert-
16 ing in lieu thereof the following: “**AUDITS BY THE**
17 **COMPTROLLER GENERAL.**”;

18 (2) by striking subsection (a);

19 (3) by striking “(b) AUDITS BY THE COMP-
20 TROLLER GENERAL.—” and redesignating para-
21 graphs (1) and (2) as subsections (a) and (b), re-
22 spectively; and

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

1 (i) HOME ENVIRONMENTAL REVIEW AMEND-
2 MENTS.—Section 288 of such Act is amended—

3 (1)(A) in the first sentence of subsection (a), by
4 striking out “participating jurisdictions” and insert-
5 ing in lieu thereof the following: “jurisdictions, In-
6 dian tribes, or insular areas”; and

7 (B) in the first sentence of subsection (b) and
8 in subsection (c)(4), by striking “participating juris-
9 diction” each place it appears and inserting in lieu
10 thereof the following: “jurisdiction, Indian tribe, or
11 insular area”; and

12 (2) by inserting at the end of subsection (a) the
13 following new sentences: “The regulations shall,
14 among other matters, provide for the monitoring of
15 the performance of environmental reviews under this
16 section and, in the discretion of the Secretary, for
17 the provision of facilitation of training for such per-
18 formance and suspension or termination of the as-
19 sumption under this section. The Secretary’s duty
20 under the foregoing sentence shall not be construed
21 as being in derogation of any responsibility assumed
22 by a State or unit of general local government with
23 respect to any particular release of funds.”;

24 (3) in subsection (d), by striking out “ASSIST-
25 ANCE TO A STATE.—In the case of assistance to

1 States” and inserting in lieu thereof the following:
 2 “ASSISTANCE TO UNITS OF GENERAL LOCAL GOV-
 3 ERNMENT FROM A STATE.—In the case of assist-
 4 ance to units of general local government from a
 5 State”.

6 (j) USE OF CDBG FUNDS FOR HOME ADMINISTRA-
 7 TIVE EXPENSES.—Section 105(a)(13) of the Housing and
 8 Community Development Act of 1974 is amended by in-
 9 serting immediately after “charges related to” the follow-
 10 ing:

11 “(A) administering the HOME program under
 12 title II of the Cranston-Gonzalez National Afford-
 13 able Housing Act and (B)”.

14 (k) PROJECT DELIVERY COSTS.—Section 105(a)(21)
 15 of such Act is amended by—

16 (1) inserting immediately after “housing coun-
 17 seling” the following: “in connection with tenant-
 18 based rental assistance and affordable housing
 19 projects assisted under title II of the Cranston-Gon-
 20 zalez National Affordable Housing Act”; and

21 (2) striking “authorized” and all that follows
 22 through “law” and inserting in lieu thereof the fol-
 23 lowing: “assisted under title II of the Cranston-Gon-
 24 zalez National Affordable Housing Act”.

1 REDUCE HOPE 3 MATCH REQUIREMENT TO 25 PERCENT

2 SEC. 212. Section 443(c)(1) of the Cranston-Gon-
3 zalez National Affordable Housing Act is amended by
4 striking “33” and inserting “25”.

5 Subtitle C—Community Partnerships Against Crime
6 Compae Program

7 SEC. 220. (a) CONFORMING PROVISIONS.—(1) Sec-
8 tion 5001 of the Anti-Drug Abuse Act of 1988 is amend-
9 ed—

10 (A) by striking

“CHAPTER 2—PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION”

11 and inserting in lieu thereof the following:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

12 (B) by striking “Congressional findings.” and
13 inserting in lieu thereof the following: “Purposes.”;

14 and

15 (C) by adding after

“Sec. 5130. Authorization of appropriations.”

16 the following:

“Sec. 5131. Technical assistance.”.

17 (2) The heading for chapter 2 of subtitle C of
18 title V of the Anti-Drug Abuse Act of 1988 is
19 amended to read as follows:

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

3 (b) ~~SHORT TITLE, PURPOSES, AND AUTHORITY TO~~
4 ~~MAKE GRANTS.~~—Sections 5121, 5122, and 5123 of the
5 Public and Assisted Housing Drug Elimination Act of
6 1990 are amended to read as follows:

7 **“SEC. 5121. SHORT TITLE.**

8 “~~This chapter may be cited as the ‘Community Part-~~
9 ~~nerships Against Crime Act of 1993’.~~”

10 **“SEC. 5122. PURPOSES.**

11 “~~The purposes of this chapter are to—~~

12 “~~(1) substantially expand and enhance the Fed-~~
13 ~~eral Government’s commitment to eliminating crime~~
14 ~~in public housing;~~”

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

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

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

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

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

7 ~~“(7) 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) using amounts appropriated~~
18 ~~for fiscal year 1994 only, to private, for-profit and non-~~
19 ~~profit owners of federally assisted low-income housing. In~~
20 ~~designing the program, the Secretary shall consult with~~
21 ~~the Attorney General.”.~~

22 ~~(c) ELIGIBLE ACTIVITIES.—Section 5124 of such Act~~
23 ~~is amended—~~

24 ~~(1) by striking “(a) PUBLIC AND ASSISTED~~
25 ~~HOUSING.—”;~~

1 (2) by inserting in the introductory material,
2 immediately after “used in”, the following: “and
3 around”;

4 (3) in paragraph (3), by inserting immediately
5 before the semicolon the following: “, such as fence-
6 ing, lighting, locking, and surveillance systems”;

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

9 “(A) to investigate crime; and”;

10 (5) 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 (6) 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 in lieu thereof “crime”; and

20 (C) by striking the period at the end and
21 inserting in lieu thereof a colon;

22 (7) by adding the following new paragraphs
23 after paragraph (7):

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- and problem-oriented
 4 policing involving interaction with members of the
 5 community on proactive crime control and preven-
 6 tion;”

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

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

15 (8) by striking subsection (b).

16 (d) APPLICATIONS.—Section 5125 of such Act is
 17 amended—

18 (1) in subsection (a)—

19 (A) by adding the paragraph designation
 20 “(1)” immediately after “IN GENERAL.—”;

21 (B) in the first sentence, by striking “; a
 22 public housing resident management corpora-
 23 tion,”;

24 (C) in the second sentence, by striking
 25 “drug-related crime on the premises of” and in-

1 serting in lieu thereof the following: “crime in
2 and around”; and

3 (D) by adding the following new para-
4 graphs at the end:

5 “(2) The Secretary shall, by regulation issued
6 after notice and opportunity for public comment, set
7 forth criteria for establishing a class of public hous-
8 ing agencies that have especially severe crime prob-
9 lems. Any public housing agency within this class
10 may submit an application for a one-year grant
11 under this chapter that, subject to the availability of
12 appropriated amounts, shall be renewed for a period
13 not exceeding the four subsequent years: *Provided,*
14 That the Secretary finds, after an annual or more
15 frequent performance review, that the public housing
16 agency is performing under the terms of the grant
17 and applicable laws in a satisfactory manner and
18 meets such other requirements as the Secretary may
19 prescribe.

20 “(3) Any eligible applicant may submit an ap-
21 plication for a grant for a period of up to two years.
22 The Secretary may accord a preference to applica-
23 tions seeking a subsequent grant under this para-
24 graph if the grant is to be used to continue or ex-
25 pand activities assisted under a previous grant under

1 this paragraph and the Secretary finds that the ap-
2 plicant's program under the prior grant is being
3 managed soundly and demonstrates success. Any
4 preferences under the preceding sentence shall not
5 unreasonably prejudice the opportunities of other
6 public housing agencies to be awarded grants under
7 this paragraph.”;

8 (2) in subsection (b)—

9 (A) in the introductory material, by strik-
10 ing “subsections (c) and (d)” and inserting in
11 lieu thereof “subsections (a) and (c)”;

12 (B) in paragraph (1), by striking “drug re-
13 lated crime problem in” and inserting in lieu
14 thereof the following: “crime problem in and
15 around”;

16 (C) in paragraph (2), by inserting imme-
17 diately after “crime problem in” the following:
18 “and around”; and

19 (D) in paragraph (4), by inserting after
20 “local government” the following: “, local com-
21 munity-based non-profit organizations, local
22 resident organizations that represent the resi-
23 dents of neighboring projects that are owned or
24 assisted by the Secretary.”;

1 (3) in subsection (c)(2) by striking “drug relat-
2 ed” the two places it appears; and

3 (4) by striking subsection (d).

4 (e) DEFINITIONS.—Section 5126 of such Act is
5 amended by striking paragraphs (1) and (2), and renum-
6 bering paragraphs (3) and (4) as paragraphs (1) and (2),
7 respectively.

8 (f) IMPLEMENTATION.—Section 5127 of such Act is
9 amended by striking “Cranston-Gonzalez National Afford-
10 able Housing Act” and inserting in lieu thereof “Housing
11 and Community Development Act of 1993”.

12 (g) REPORTS.—Section 5128 of such Act is amended
13 by striking “drug-related crime in” and inserting in lieu
14 thereof the following: “crime in and around”.

15 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
16 5130 of such Act is amended—

17 (1) in the first sentence of subsection (a), by
18 striking “\$175,000,000 for fiscal year 1993” and all
19 that follows and inserting in lieu thereof:
20 \$265,000,000 for fiscal year 1994 and
21 \$325,000,000 for fiscal year 1995.”;

22 (2) in subsection (b)—

23 (A) by striking “SET-ASIDES” and insert-
24 ing in lieu thereof “SET-ASIDE”;

25 (B) by striking the first sentence;

1 (C) by striking “drug elimination”;

2 (D) by striking “fiscal years 1993 and
3 1994” and inserting in lieu thereof “fiscal year
4 1994”; and

5 (E) by striking “and 5.0 percent” and all
6 that follows through the end of the sentence
7 and inserting in lieu thereof a period; and

8 (3) by striking subsection (c) and section
9 520(k) of the Cranston-Gonzalez National Afford-
10 able Housing Act.

11 (i) TECHNICAL ASSISTANCE.—Such Act is further
12 amended by adding at the end thereof the following new
13 section:

14 **“SEC. 5131. TECHNICAL ASSISTANCE.**

15 “Of the amounts appropriated annually for each of
16 fiscal years 1994 and 1995 to carry out this chapter, the
17 Secretary is authorized to use up to \$10,000,000, directly
18 or indirectly, under grants, contracts, cooperative agree-
19 ments, or otherwise, to provide training, information serv-
20 ices, and other technical assistance to public housing agen-
21 cies and other entities with respect to their participation
22 in the program authorized by this chapter. Such technical
23 assistance may include the establishment and operation of
24 the clearinghouse on drug abuse in public housing and the
25 regional training program on drug abuse in public housing

1 under sections 5143 and 5144 of this Act. The Secretary
 2 is also authorized to use the foregoing amounts for obtain-
 3 ing assistance in establishing and managing assessment
 4 and evaluation criteria and specifications, and obtaining
 5 the opinions of experts in relevant fields.”.

6 TITLE III—TECHNICAL AND OTHER
 7 AMENDMENTS

8 Subtitle A—Public and Assisted Housing

9 CORRECT THE DEFINITION OF FAMILY IN THE 1937 ACT
 10 TO CLARIFY THAT FAMILIES ARE NOT REQUIRED TO
 11 INCLUDE CHILDREN

12 SEC. 301. The first sentence of section 3(b)(3)(B) of
 13 the United States Housing Act of 1937 is amended by—

14 (1) striking out “means” and inserting “in-
 15 cludes”; and

16 (2) inserting “and” immediately after “chil-
 17 dren,”.

18 ELIMINATE REQUIREMENT FOR IDENTIFICATION OF CIAP
 19 REPLACEMENT NEEDS

20 SEC. 302. (a) Section 14(d) of the United States
 21 Housing Act of 1937 is amended—

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

23 (2) in paragraph (4)—

24 (A) by deleting “and replacements,”; and

25 (B) by striking “, (2).”.

26 (b) Section 14(f)(1) of such Act is amended—

1 INCREASE THE UNIT THRESHOLD ABOVE WHICH PHAS
 2 ARE REQUIRED TO ADOPT PROJECT-BASED ACCOUNTING
 3 SEC. 304. Section 6(c)(4)(E) of the United States
 4 Housing Act of 1937 is amended by striking “250” and
 5 inserting in lieu thereof ‘500’.

6 Subtitle B—Multifamily Housing

7 CORRECT ERRORS IN MULTIFAMILY MORTGAGE LIMITS
 8 SEC. 310. Sections 207(c)(3), 213(b)(2),
 9 220(d)(3)(B)(iii), and 234(e)(3) of the National Housing
 10 Act are each amended by striking “\$59,160” and insert-
 11 ing “\$56,160”.

12 FHA MULTIFAMILY RISK-SHARING; HFA PILOT PROGRAM
 13 AMENDMENTS

14 SEC. 311. (a) Section 542(c) of the Housing and
 15 Community Development Act of 1992 is amended—

16 (1) in paragraph (2)(C), by striking the last
 17 sentence and inserting in lieu thereof the following
 18 new sentence: “Such agreements shall specify that
 19 the qualified housing finance agency and the Sec-
 20 retary shall share any loss in accordance with the
 21 risk-sharing agreement.”;

22 (2) in paragraph (2)(E)—

23 (A) by inserting the clause designation
 24 “(i)” before the first sentence;

1 (B) in the first sentence, by inserting after
2 “subsection” the following:”; except as provided
3 in this section.”; and

4 (C) by adding the following new paragraph
5 (2)(E)(ii):

6 “(ii) The mortgage shall—

7 “(I) provide for complete amortization
8 by periodic payments within such terms as
9 the Secretary shall prescribe;

10 “(II) not exceed 40 years from the be-
11 ginning of amortization; and

12 “(III) not exceed a loan-to-value or
13 loan-to-replacement cost of 90 percent for
14 profit-motivated owners and 100 percent
15 for nonprofit owners.”;

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

18 “(F) The Secretary, upon request of a
19 qualified housing finance agency, may insure
20 and make commitments to insure under this
21 section any mortgage, advance, or loan other-
22 wise eligible under this section, pursuant to a
23 risk-sharing agreement providing that the hous-
24 ing finance agency will carry out (under a dele-
25 gation or otherwise, and with or without com-

1 pensation, but subject to audit, exception, or re-
2 view requirements) such credit approval, ap-
3 praisal, inspection, issuance of commitments,
4 cost certification, servicing, property disposi-
5 tion, or other functions as the Secretary, pursu-
6 ant to regulations, shall approve as consistent
7 with the purpose of this section. All appraisals
8 of property for mortgage insurance under this
9 section shall be completed by a Certified Gen-
10 eral Appraiser in accordance with the Uniform
11 Standards of Professional Appraisal Practice.

12 “(G) Qualified housing finance agencies
13 shall make available to the Secretary or the
14 Secretary’s designee, at the Secretary’s request,
15 such financial and other records as the Sec-
16 retary deems necessary for program review and
17 monitoring purposes.

18 “(H) Notwithstanding any other provision
19 of this section, no new, existing, or rehabilitated
20 multifamily housing with respect to which a
21 mortgage is insured under this section shall be
22 operated for transient or hotel purposes. For
23 purposes of this paragraph, the term ‘rental for
24 transient or hotel purposes’ shall have such
25 meaning as prescribed by the Secretary, but

1 rental for any period less than 30 days shall in
2 any event constitute rental for such purposes.

3 ~~“(I) No mortgage with respect to multi-~~
4 ~~family housing may be insured under this sec-~~
5 ~~tion unless—~~

6 ~~“(i) the mortgagor certifies under~~
7 ~~oath that while such insurance remains~~
8 ~~outstanding, he or she will not rent, or~~
9 ~~permit the rental of, such housing or any~~
10 ~~part thereof for transient or hotel pur-~~
11 ~~poses; and~~

12 ~~“(ii) the housing finance agency has~~
13 ~~entered into such contract with the mort-~~
14 ~~gagor as the Secretary deems necessary to~~
15 ~~enable the housing finance agency to pre-~~
16 ~~vent or terminate any use of such property~~
17 ~~or project for transient or hotel purposes~~
18 ~~while the mortgage insurance remains out-~~
19 ~~standing.”; and~~

20 (4) by adding at the end thereof the following
21 new paragraphs:

22 ~~“(9) ENVIRONMENTAL AND OTHER REVIEWS.—~~

23 ~~“(A) NEPA.—~~

24 ~~“(i) IN GENERAL.—(I) In order to as-~~
25 ~~sure that the policies of the National Envi-~~

1 ronmental Policy Act of 1969 and other
2 provisions of law which further the pur-
3 poses of such Act (as specified in regula-
4 tions issued by the Secretary) are most ef-
5 fectively implemented in connection with
6 commitments to insure mortgages under
7 subsection (c)(2), and to assure to the pub-
8 lic undiminished protection of the environ-
9 ment, the Secretary, in lieu of the environ-
10 mental protection procedures otherwise ap-
11 plicable, may under regulations provide for
12 commitments to insure mortgages under
13 subsection (c)(2) upon the request of quali-
14 fied housing finance agencies under this
15 subsection if the States or units of general
16 local governments, as designated by the
17 Secretary in accordance with regulations,
18 assume all of the responsibilities for envi-
19 ronmental review, decisionmaking, and ac-
20 tion pursuant to such Act, and such other
21 provisions of law as the regulations of the
22 Secretary specify, that would otherwise
23 apply to the Secretary with respect to the
24 commitment or endorsement of mortgage
25 insurance on particular properties.

1 “(II) The Secretary shall issue regula-
2 tions to carry out this subparagraph only
3 after consultation with the Council on En-
4 vironmental Quality. Such regulations
5 shall, among other matters, provide for
6 monitoring of the performance of environ-
7 mental reviews under this subparagraph
8 and, in the discretion of the Secretary, for
9 the provision or facilitation of training for
10 such performance and suspension or termi-
11 nation of the assumption under clause (I).
12 The Secretary’s duty under the foregoing
13 sentence shall not be construed as being in
14 derogation of any responsibility assumed
15 by a State or unit of general local govern-
16 ment with respect to any particular prop-
17 erty under clause (I).

18 “(ii) PROCEDURE.—The Secretary
19 shall approve the commitment to insure
20 subject to the procedures authorized by
21 this paragraph only if, at least 15 days
22 prior to such approval and prior to any
23 commitment or endorsement of mortgage
24 insurance on the property the qualified
25 housing finance agency has submitted to

1 the Secretary a request for such commit-
2 ment to insure accompanied by a certifi-
3 cation of the State or unit of general local
4 government which meets the requirements
5 of clause (iii). The Secretary's approval of
6 any such certification shall be deemed to
7 satisfy the Secretary's responsibilities
8 under the National Environmental Policy
9 Act of 1969 and such other provisions of
10 law as the regulations of the Secretary
11 specify insofar as those responsibilities re-
12 late to the commitment or endorsement of
13 mortgage insurance on the property which
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 each provision of law~~
11 ~~specified in regulations issued by the~~
12 ~~Secretary insofar as the provisions of~~
13 ~~such Act or other such provision of~~
14 ~~law apply pursuant to clause (i), and~~
15 ~~is authorized and consents on behalf~~
16 ~~of the State or unit of general local~~
17 ~~government and himself or herself to~~
18 ~~accept the jurisdiction of the Federal~~
19 ~~courts for the purpose of enforcement~~
20 ~~of the responsibilities as such an offi-~~
21 ~~cial.~~

22 ~~“(B) LEAD-BASED PAINT POISONING PRE-~~
23 ~~VENTION.—In carrying out the requirements of~~
24 ~~section 302 of the Lead-Based Paint Poisoning~~
25 ~~Prevention Act (42 U.S.C. 4822), the Secretary~~

1 may provide by regulation for the assumption of
 2 all or part of the Secretary's duties under such
 3 Act by qualified housing finance agencies, for
 4 purposes of this section.

5 ~~“(C) CERTIFICATION OF SUBSIDY~~
 6 ~~LAYERING COMPLIANCE.—~~The requirements of
 7 section 102(d) of the Department of Housing
 8 and Urban Development Reform Act of 1989
 9 shall be satisfied in connection with a commit-
 10 ment to insure a mortgage under this sub-
 11 section by a certification by a qualified housing
 12 finance agency to the Secretary that the com-
 13 bination of Federal assistance provided in con-
 14 nection with a property for which a mortgage is
 15 to be insured shall not be any more than is nec-
 16 essary to provide affordable housing.

17 ~~“(10) As used in this section—~~

18 ~~“(A) the term ‘mortgage’ means a first~~
 19 ~~mortgage on real estate that is—~~

20 ~~“(i) owned in fee simple; or~~

21 ~~“(ii) on a leasehold—~~

22 ~~“(I) under a lease for not less~~
 23 ~~than 99 years which is renewable; or~~

24 ~~“(II) under a lease having a pe-~~
 25 ~~riod of not less than ten years to run~~

1 beyond the maturity of the mortgage;
2 and

3 ~~“(B) the term ‘first mortgage’ means a~~
4 single first lien given to secure advances on, or
5 the unpaid purchase price of, real estate, under
6 the laws of the State in which the real estate
7 is located, together with the credit instrument,
8 if any, secured thereby. Any other financing
9 permitted on property insured under this sec-
10 tion must be expressly subordinate to the in-
11 sured mortgage; and

12 ~~“(C) the terms ‘unit of general local gov-~~
13 ~~ernment’ and ‘State’ mean the same as defined~~
14 in section 102(a)(1) and (2), respectively, of the
15 Housing and Community Development Act of
16 1974.”.

17 (b) Section 544(1) is amended to read as follows:

18 ~~“(1) The term ‘multifamily housing’ means~~
19 housing accommodations on the mortgaged property
20 that are designed principally for residential use, con-
21 form to standards satisfactory to the Secretary, and
22 consist of not less than five rental units on one site.
23 These units may be detached, semi-detached, row
24 houses, or multifamily structures.”.

1 ply with the guidelines established under subsection (a),
 2 the Secretary may inform the housing credit agency that
 3 it may no longer submit certification of subsidy layering
 4 compliance under this section. In such circumstances, the
 5 responsibilities of section 102(d) of the Housing and
 6 Urban Development Reform Act for affected projects allo-
 7 cated a low income housing tax credit pursuant to section
 8 42 of the Internal Revenue Code of 1986 shall be carried
 9 out by the Secretary.”.

10 **SECTION 1. SHORT TITLE.**

11 *This Act may be cited as the “Housing and Commu-*
 12 *nity Development Act of 1993”.*

13 **SEC. 2. TABLE OF CONTENTS.**

14 *The table of contents for this Act is as follows:*

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Definitions.

TITLE I—FHA MULTIFAMILY REFORMS

Sec. 101. Multifamily property disposition.

Sec. 102. Repeal of State agency multifamily property disposition demonstration.

Sec. 103. RTC marketing and disposition of multifamily projects owned by HUD.

Sec. 104. Civil money penalties against general partners and certain managing agents of multifamily housing projects.

Sec. 105. Models for property disposition.

Sec. 106. Preventing mortgage defaults.

Sec. 107. Interest rates on assigned mortgages.

Sec. 108. Authorization of appropriations.

TITLE II—ENHANCED PROGRAM FLEXIBILITY

Subtitle A—Office of Public and Indian Housing

Sec. 201. Revitalization of severely distressed public housing.

Sec. 202. Disallowance of earned income for residents who obtain employment.

Sec. 203. Ceiling rents based on reasonable rental value.

Sec. 204. Resident management program.

Subtitle B—Office of Community Planning and Development

- Sec. 211. Economic development initiative.*
Sec. 212. HOME investment partnerships.
Sec. 213. HOPE match requirement.
Sec. 214. Flexibility of CDBG program for disaster areas.
Sec. 215. Flexibility of HOME program for disaster areas.

Subtitle C—Community Partnerships Against Crime

- Sec. 221. COMPAC program.*

TITLE III—TECHNICAL AND OTHER AMENDMENTS

Subtitle A—Public and Assisted Housing

- Sec. 301. Correction to definition of family.*
Sec. 302. Identification of CIAP replacement needs.
Sec. 303. Applicability of public housing amendments to Indian housing.
Sec. 304. Project-based accounting.
Sec. 305. Operating subsidy adjustments for anticipated fraud recoveries.
Sec. 306. Technical assistance for lead hazard reduction grantees.
Sec. 307. Environmental review in connection with grants for lead-based paint hazard reduction.
Sec. 308. Fire safety in federally assisted housing.
Sec. 309. Section 23 conversion projects.
Sec. 310. Indemnification of contractors for intellectual property rights disputes.

Subtitle B—Multifamily Housing

- Sec. 321. Correction of multifamily mortgage limits.*
Sec. 322. FHA multifamily risk-sharing; HFA pilot program amendments.
Sec. 323. Subsidy layering review.

Subtitle C—Rural Housing

- Sec. 331. Technical correction to rural housing preservation program.*

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 of*
 6 *Housing and Urban Development; and*

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

1 **TITLE I—FHA MULTIFAMILY**
2 **REFORMS**

3 **SEC. 101. MULTIFAMILY PROPERTY DISPOSITION.**

4 (a) *FINDINGS.*—*The Congress finds that—*

5 (1) *the portfolio of multifamily housing project*
6 *mortgages insured by the FHA is severely troubled*
7 *and at risk of default, requiring the Secretary to in-*
8 *crease loss reserves from \$5.5 billion in 1991 to \$11.9*
9 *billion in 1992 to cover estimated future losses;*

10 (2) *the inventory of multifamily housing projects*
11 *owned by the Secretary has more than tripled since*
12 *1989, and, by the end of 1993, may exceed 75,000*
13 *units;*

14 (3) *the cost to the Federal Government of owning*
15 *and maintaining multifamily housing projects esca-*
16 *lated to approximately \$250 million in fiscal year*
17 *1992;*

18 (4) *the inventory of multifamily housing projects*
19 *subject to mortgages held by the Secretary has in-*
20 *creased dramatically, to more than 2,400 mortgages,*
21 *and approximately half of these mortgages, secured by*
22 *projects with over 230,000 units, are delinquent;*

23 (5) *the inventory of insured and formerly in-*
24 *sured multifamily housing projects is rapidly deterio-*
25 *rating, endangering tenants and neighborhoods;*

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

4 (7) the current statutory framework governing
5 the disposition of multifamily housing projects effec-
6 tively impedes the Government's ability to dispose of
7 properties, protect tenants, and ensure that projects
8 are maintained over time.

9 (b) *MANAGEMENT AND DISPOSITION OF MULTIFAMILY*
10 *HOUSING PROJECTS.*—Section 203 of the Housing and
11 Community Development Amendments of 1978 (12 U.S.C.
12 1701z–11) is amended to read as follows:

13 ***“SEC. 203. MANAGEMENT AND DISPOSITION OF MULTIFAM-***
14 ***ILY HOUSING PROJECTS.***

15 “(a) *GOALS.*—The Secretary of Housing and Urban
16 Development (hereafter in this section referred to as the
17 ‘Secretary’) shall manage or dispose of multifamily housing
18 projects that are owned by the Secretary or that are subject
19 to a mortgage held by the Secretary in a manner that—

20 “(1) is consistent with the National Housing Act
21 and this section;

22 “(2) will protect the financial interests of the
23 Federal Government; and

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

1 “(A) *preserving housing so that it can re-*
2 *main available to and affordable by low-income*
3 *persons;*

4 “(B) *preserving and revitalizing residential*
5 *neighborhoods;*

6 “(C) *maintaining existing housing stock in*
7 *a decent, safe, and sanitary condition;*

8 “(D) *minimizing the involuntary displace-*
9 *ment of tenants;*

10 “(E) *maintaining housing for the purpose*
11 *of providing rental housing, cooperative housing,*
12 *and homeownership opportunities for low-income*
13 *persons; and*

14 “(F) *minimizing the need to demolish mul-*
15 *tifamily housing projects.*

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

20 “(b) *DEFINITIONS.—For purposes of this section, the*
21 *following definitions shall apply:*

22 “(1) *MULTIFAMILY HOUSING PROJECT.—The*
23 *term ‘multifamily housing project’ means any multi-*
24 *family rental housing project that is, or prior to ac-*
25 *quisition by the Secretary was, assisted or insured*

1 *under the National Housing Act, or was subject to a*
2 *loan under section 202 of the Housing Act of 1959.*

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

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

12 *“(B) Interest reduction payments made in*
13 *connection with mortgages insured under section*
14 *236 of the National Housing Act.*

15 *“(C) Direct loans made under section 202 of*
16 *the Housing Act of 1959.*

17 *“(D) Assistance in the form of—*

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

21 *“(ii) additional assistance payments*
22 *under section 236(f)(2) of the National*
23 *Housing Act;*

24 *“(iii) housing assistance payments*
25 *made under section 23 of the United States*

1 *Housing Act of 1937 (as in effect before*
2 *January 1, 1975); or*

3 “(iv) *housing assistance payments*
4 *made under section 8 of the United States*
5 *Housing Act of 1937 (excluding payments*
6 *made for tenant-based assistance under sec-*
7 *tion 8);*

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

12 “(3) *FORMERLY SUBSIDIZED PROJECT.*—*The*
13 *term ‘formerly subsidized project’ means a multifam-*
14 *ily housing project owned by the Secretary that was*
15 *a subsidized project immediately prior to its acquisi-*
16 *tion by the Secretary.*

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

21 “(c) *MANAGEMENT OR DISPOSITION OF PROPERTY.*—

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 the*
25 *Secretary on a negotiated, competitive bid, or other*

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

6 “(A) *satisfying the conditions of the disposi-*
7 *tion plan;*

8 “(B) *implementing a sound financial and*
9 *physical management program that is designed*
10 *to enable the project to meet anticipated operat-*
11 *ing 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 tenants*
15 *and working cooperatively with tenant organiza-*
16 *tions;*

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

19 “(E) *meeting such other requirements as the*
20 *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 determined
4 by the Secretary to be reasonable, with a man-
5 ager the Secretary has determined is capable
6 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 remain
12 in decent, safe, and sanitary condition;

13 “(ii) responding to the needs of the ten-
14 ants and working cooperatively with tenant
15 organizations;

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

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

21 “(B) to require the owner of a multifamily
22 housing project that is subject to a mortgage held
23 by the Secretary to contract for management
24 services for the project in the manner described
25 in subparagraph (A).

1 “(d) *MAINTENANCE OF HOUSING PROJECTS.*—

2 “(1) *HOUSING PROJECTS OWNED BY THE SEC-*
3 *RETARY.*—*In the case of multifamily housing projects*
4 *that are owned by the Secretary (or for which the Sec-*
5 *retary is mortgagee in possession), the Secretary*
6 *shall—*

7 “(A) *to the greatest extent possible, main-*
8 *tain all such occupied projects in a decent, safe,*
9 *and sanitary condition;*

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

12 “(C) *maintain all such projects for purposes*
13 *of providing rental or cooperative housing.*

14 “(2) *HOUSING PROJECTS SUBJECT TO A MORT-*
15 *GAGE HELD BY THE SECRETARY.*—*In the case of any*
16 *multifamily housing project that is subject to a mort-*
17 *gage held by the Secretary, the Secretary shall require*
18 *the owner of the project to carry out the requirements*
19 *of paragraph (1).*

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

23 “(1) *CONTRACT WITH OWNER.*—*Enter into con-*
24 *tracts under section 8 of the United States Housing*
25 *Act of 1937, to the extent budget authority is avail-*

1 *able, with owners of multifamily housing projects that*
2 *are acquired by a purchaser other than the Secretary*
3 *at foreclosure or after sale by the Secretary.*

4 “(A) *SUBSIDIZED OR FORMERLY SUB-*
5 *SIDIZED PROJECTS RECEIVING CERTAIN ASSIST-*
6 *ANCE.—In the case of a subsidized project re-*
7 *ferred to in subparagraph (A), (B), or (C) of*
8 *subsection (b)(2) or a formerly subsidized project*
9 *that was subsidized as described in any such*
10 *subparagraph—*

11 “(i) *the contract shall be sufficient to*
12 *assist at least all units covered by an assist-*
13 *ance contract under any of the authorities*
14 *referred to in subsection (b)(2)(D) before ac-*
15 *quisition, unless the Secretary acts pursu-*
16 *ant to the provisions of subparagraph (C) of*
17 *this paragraph;*

18 “(ii) *in the case of units requiring*
19 *project-based rental assistance pursuant to*
20 *clause (i) that are occupied by families who*
21 *are not eligible for assistance under section*
22 *8, a contract under this subparagraph shall*
23 *also provide that when a vacancy occurs,*
24 *the owner shall lease the available unit to a*

1 *family eligible for assistance under section*
2 *8; and*

3 “(iii) *the Secretary shall take actions*
4 *to ensure the availability and affordability,*
5 *as defined in paragraph (3)(B), for the re-*
6 *maining useful life of the project, as defined*
7 *by the Secretary, of any unit located in any*
8 *project referred to in subparagraph (A),*
9 *(B), or (C) of subsection (b)(2) that does not*
10 *otherwise receive project-based rental assist-*
11 *ance under this subparagraph. To carry out*
12 *this clause, the Secretary may require pur-*
13 *chasers to establish use or rent restrictions*
14 *on these units.*

15 “(B) *SUBSIDIZED OR FORMERLY SUB-*
16 *SIDIZED PROJECTS RECEIVING OTHER ASSIST-*
17 *ANCE.—In the case of a subsidized project re-*
18 *ferred to in subsection (b)(2)(D) or a formerly*
19 *subsidized project that was subsidized as de-*
20 *scribed in subsection (b)(2)(D)—*

21 “(i) *the contract shall be sufficient to*
22 *assist at least all units in the project that*
23 *are covered, or that were covered imme-*
24 *diately before foreclosure on or acquisition*
25 *of the project by the Secretary, by an assist-*

1 *ance contract under any of the authorities*
2 *referred to in such subsection, unless the*
3 *Secretary acts pursuant to provisions of*
4 *subparagraph (C); and*

5 *“(ii) in the case of units requiring*
6 *project-based rental assistance pursuant to*
7 *clause (i) that are occupied by families who*
8 *are not eligible for assistance under section*
9 *8, a contract under this paragraph shall*
10 *also provide that when a vacancy occurs,*
11 *the owner shall lease the available unit to a*
12 *family eligible for assistance under section*
13 *8.*

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

23 *“(i) the Secretary matches any reduc-*
24 *tion in the number of units otherwise re-*
25 *quired to be assisted with project-based rent-*

1 *al assistance under subparagraph (A) or*
2 *(B) with at least an equivalent increase in*
3 *the number of units made affordable, as*
4 *such term is defined in paragraph (3)(B),*
5 *to very low-income persons within*
6 *unsubsidized projects;*

7 *“(ii) the Secretary makes tenant-based*
8 *assistance under section 8 available to low-*
9 *income tenants residing in units otherwise*
10 *requiring project-based rental assistance*
11 *under subparagraph (A) or (B) upon dis-*
12 *position; and*

13 *“(iii) the units described in clause (i)*
14 *are located within the same market area.*

15 *“(D) CONTRACT REQUIREMENTS FOR*
16 *UNSUBSIDIZED PROJECTS.—Notwithstanding ac-*
17 *tions that are taken pursuant to subparagraph*
18 *(C), in any unsubsidized project—*

19 *“(i) the contract shall be at least suffi-*
20 *cient to provide project-based rental assist-*
21 *ance for all units that are covered or were*
22 *covered immediately before foreclosure or ac-*
23 *quisition by an assistance contract under—*

24 *“(I) section 8(b)(2) of the United*
25 *States Housing Act of 1937, as such*

1 *section existed before October 1, 1983*
2 *(new construction and substantial re-*
3 *habilitation); section 8(b) of such Act*
4 *(property disposition); section 8(d)(2)*
5 *of such Act (project-based certificates);*
6 *section 8(e)(2) of such Act (moderate*
7 *rehabilitation); section 23 of such Act*
8 *(as in effect before January 1, 1975);*
9 *or section 101 of the Housing and*
10 *Urban Development Act of 1965 (rent*
11 *supplements); or*

12 *“(II) section 8 of the United*
13 *States Housing Act of 1937, following*
14 *conversion from section 101 of the*
15 *Housing and Urban Development Act*
16 *of 1965; and*

17 *“(ii) the Secretary shall make available*
18 *tenant-based assistance under section 8 of*
19 *the United States Housing Act of 1937 to*
20 *tenants currently residing in units that*
21 *were covered by an assistance contract*
22 *under the Loan Management Set-Aside pro-*
23 *gram under section 8(b) of the United*
24 *States Housing Act of 1937 immediately be-*

1 *fore foreclosure or acquisition of the project*
2 *by the Secretary.*

3 “(2) *ANNUAL CONTRIBUTION CONTRACTS.—In*
4 *the case of unsubsidized multifamily housing projects*
5 *that are acquired by a purchaser other than the Sec-*
6 *retary at foreclosure or after sale by the Secretary,*
7 *enter into annual contribution contracts with public*
8 *housing agencies to provide tenant-based assistance*
9 *under section 8 of the United States Housing Act of*
10 *1937 to all low-income families who are eligible for*
11 *such assistance on the date that the project is ac-*
12 *quired by the purchaser. The Secretary shall take ac-*
13 *tion under this paragraph only after making a deter-*
14 *mination that there is an adequate supply of habit-*
15 *able housing in the area that is available to and af-*
16 *fordable by low-income families using such assistance.*
17 *Actions may also be taken pursuant to this para-*
18 *graph in connection with not more than 10 percent*
19 *of the aggregate number of units in subsidized or for-*
20 *merly subsidized projects disposed of by the Secretary*
21 *in each fiscal year.*

22 “(3) *OTHER ASSISTANCE.—*

23 “(A) *IN GENERAL.—In accordance with the*
24 *authority provided under the National Housing*
25 *Act, reduce the selling price, apply use or rent*

1 *restrictions on certain units, or provide other fi-*
2 *nancial assistance to the owners of multifamily*
3 *housing projects that are acquired by a pur-*
4 *chaser other than the Secretary at foreclosure, or*
5 *after sale by the Secretary, on terms that will en-*
6 *sure that at least those units otherwise required*
7 *to receive project-based section 8 assistance pur-*
8 *suant to subparagraph (A), (B), or (D) of para-*
9 *graph (1) are available to and affordable by low-*
10 *income persons for the remaining useful life of*
11 *the project, as defined by the Secretary.*

12 “(B) *DEFINITION.*—*A unit shall be consid-*
13 *ered affordable under this paragraph if—*

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

19 “(ii) *for low-income tenants other than*
20 *very low-income tenants, the rent for such*
21 *unit does not exceed 30 percent of 80 per-*
22 *cent of the area median income, as deter-*
23 *mined by the Secretary, with adjustments*
24 *for family size.*

1 “(C) *VERY LOW-INCOME TENANTS.*—The
2 *Secretary shall provide assistance under section*
3 *8 of the United States Housing Act of 1937 to*
4 *any very low-income tenant currently residing*
5 *in a unit otherwise required to receive project-*
6 *based rental assistance under section 8, pursuant*
7 *to subparagraph (A), (B), or (D) of paragraph*
8 *(1), if the rents charged such tenants as a result*
9 *of actions taken pursuant to this paragraph ex-*
10 *ceed the amount payable as rent under section*
11 *3(a) of the United States Housing Act of 1937.*

12 “(4) *TRANSFER FOR USE UNDER OTHER PRO-*
13 *GRAMS OF THE SECRETARY.*—

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

17 “(i) *to a public housing agency for use*
18 *of the project as public housing; or*

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

1 “(B) *REQUIREMENTS FOR AGREEMENT.*—
2 *The agreement described in subparagraph (A)*
3 *shall—*

4 “(i) *contain such terms, conditions,*
5 *and limitations as the Secretary determines*
6 *appropriate, including requirements to as-*
7 *sure use of the project under the public*
8 *housing, section 202, and section 811 pro-*
9 *grams; and*

10 “(ii) *ensure that no current tenant will*
11 *be displaced as a result of actions taken*
12 *under this paragraph.*

13 “(f) *OTHER ASSISTANCE.*—*In addition to the actions*
14 *required by subsection (e), the Secretary may take any of*
15 *the following actions:*

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

20 “(A) *authority for such loans is provided in*
21 *advance in an appropriations Act;*

22 “(B) *such loans are for a term of not more*
23 *than 5 years;*

24 “(C) *the Secretary is presented with satis-*
25 *factory documentation, evidencing a commitment*

1 *of permanent financing to replace such short-*
2 *term loan, from a lender who meets standards set*
3 *forth by the Secretary; and*

4 “(D) *the terms of such loans are consistent*
5 *with prevailing practices in the marketplace or*
6 *the provision of such loans results in no cost to*
7 *the Government, as defined in section 502 of the*
8 *Congressional Budget Act.*

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

14 “(3) *ALTERNATIVE USES.—*

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

19 “(i) *5 percent of the total number of*
20 *units in multifamily housing projects that*
21 *are disposed of by the Secretary during each*
22 *fiscal year to be made available for uses*
23 *other than rental or cooperative housing, in-*
24 *cluding low-income homeownership oppor-*
25 *tunities, community space, office space for*

1 *tenant or housing-related service providers*
2 *or security programs, or small business*
3 *uses, if such uses benefit the tenants of the*
4 *project; and*

5 “(ii) 5 percent of the total number of
6 units in multifamily housing projects that
7 are disposed of by the Secretary during each
8 fiscal year to be used in any manner, if the
9 Secretary and the unit of general local gov-
10 ernment or area-wide governing body deter-
11 mine that such use will further fair hous-
12 ing, community development, or neighbor-
13 hood revitalization goals.

14 “(B) *DISPLACEMENT PROTECTION.*—The
15 Secretary shall—

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

22 “(ii) take such actions as the Secretary
23 determines necessary to ensure the successful
24 use of any tenant-based assistance provided
25 under this subparagraph.

1 “(4) *AUTHORIZATION OF USE OR RENT RESTRICTIONS IN UNSUBSIDIZED PROJECTS.*—In carrying out
2 the goals specified in subsection (a), the Secretary
3 may require certain units in unsubsidized projects
4 upon disposition to contain use or rent restrictions
5 providing that such units will be available to and af-
6 fordable by very low-income persons for the remaining
7 useful life of the property, as defined by the Secretary.

9 “(g) *CONTRACT REQUIREMENTS.*—

10 “(1) *CONTRACT TERM.*—

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

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

24 “(2) *CONTRACT RENT.*—

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

11 “(B) *UP-FRONT GRANTS.*—*If such an ap-*
12 *proach is determined to be more cost-effective, the*
13 *Secretary may utilize the budget authority pro-*
14 *vided for project-based section 8 contracts issued*
15 *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 multi-*
22 *family housing project that is owned by the Secretary,*
23 *the Secretary shall develop a disposition plan for the*
24 *project that specifies the minimum terms and condi-*
25 *tions of the Secretary for disposition of the project,*

1 *the initial sales price that is acceptable to the Sec-*
2 *retary, and the assistance that the Secretary plans to*
3 *make available to a prospective purchaser in accord-*
4 *ance with this section. The initial sales price shall re-*
5 *fect the intended use of the property after sale.*

6 “(2) *COMMUNITY AND TENANT INPUT INTO DIS-*
7 *POSITION PLANS AND SALES.—*

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

15 “(B) *TENANT ORGANIZATIONS.—The Sec-*
16 *retary shall develop procedures to facilitate,*
17 *where feasible and appropriate, the sale of multi-*
18 *family housing projects to existing tenant orga-*
19 *nizations with demonstrated capacity or to pub-*
20 *lic or nonprofit entities that represent or are af-*
21 *filiated with existing tenant organizations.*

22 “(C) *TECHNICAL ASSISTANCE.—*

23 “(i) *IN GENERAL.—To carry out the*
24 *procedures developed under subparagraphs*
25 *(A) and (B), the Secretary is authorized to*

1 *provide technical assistance, directly or in-*
2 *directly.*

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

15 “(iii) *AUTHORIZATION OF APPROPRIA-*
16 *TIONS.—There are authorized to be appro-*
17 *priated \$5,000,000 to carry out this sub-*
18 *paragraph. In addition, the Secretary is*
19 *authorized to use amounts appropriated for*
20 *technical assistance under the Emergency*
21 *Low Income Housing Preservation Act of*
22 *1987, the Low-Income Housing Preservation*
23 *and Resident Homeownership Act of 1990,*
24 *subtitle B of title IV of the Cranston-Gon-*
25 *zalez National Affordable Housing Act, for*

1 *the provision of technical assistance under*
2 *this section.*

3 “(i) *RIGHT OF FIRST REFUSAL.*—

4 “*(1) PROCEDURE.*—

5 “*(A) NOTIFICATION BY SECRETARY OF THE*
6 *ACQUISITION OF TITLE.*—*Not later than 30 days*
7 *after the Secretary acquires title to a multifam-*
8 *ily housing project, the Secretary shall notify the*
9 *appropriate unit of general local government*
10 *and State agency or agencies designated by the*
11 *Governor of the acquisition of such title.*

12 “*(B) EXPRESSION OF INTEREST.*—*Not later*
13 *than 45 days after receiving notification from*
14 *the Secretary under subparagraph (A), the unit*
15 *of general local government or designated State*
16 *agency may submit to the Secretary a prelimi-*
17 *nary expression of interest in the project. The*
18 *Secretary may take such actions as may be nec-*
19 *essary to require the unit of general local govern-*
20 *ment or designated State agency to substantiate*
21 *such interest.*

22 “*(C) TIMELY EXPRESSION OF INTEREST.*—
23 *If the unit of general local government or des-*
24 *ignated State agency has expressed interest in*
25 *the project before the expiration of the 45-day pe-*

1 riod referred to in subparagraph (B) and has
2 substantiated such interest if requested, the Sec-
3 retary shall notify the unit of general local gov-
4 ernment or designated State agency, within a
5 reasonable period of time, of the terms and con-
6 ditions of the disposition plan, in accordance
7 with subsection (h). The Secretary shall then give
8 the unit of general local government or des-
9 ignated State agency not more than 90 days
10 after the date of such notification to make an
11 offer to purchase the project.

12 “(D) NO TIMELY EXPRESSION OF INTER-
13 EST.—If the unit of general local government or
14 designated State agency does not express interest
15 before the expiration of the 45-day period re-
16 ferred to in subparagraph (B), or does not sub-
17 stantiate an expressed interest if requested, the
18 Secretary may offer the project for sale to any
19 interested person or entity.

20 “(2) ACCEPTANCE OF OFFERS.—If the Secretary
21 has given the unit of general local government or des-
22 ignated State agency 90 days to make an offer to pur-
23 chase the project, the Secretary shall accept an offer
24 that complies with the terms and conditions of the
25 disposition plan. The Secretary may accept an offer

1 *that does not comply with the terms and conditions*
2 *of the disposition plan if the Secretary determines*
3 *that the offer will further the goals specified in sub-*
4 *section (a) by actions that include extension of the*
5 *duration of low-income affordability restrictions or*
6 *otherwise restructuring the transaction in a manner*
7 *that enhances the long-term affordability for low-in-*
8 *come persons. The Secretary shall, in particular, have*
9 *discretion to reduce the initial sales price in exchange*
10 *for the extension of low-income affordability restric-*
11 *tions beyond the period of assistance contemplated by*
12 *the attachment of assistance pursuant to subsection*
13 *(e) or for an increase in the number of units that are*
14 *available to and affordable by low-income families. If*
15 *the Secretary and the unit of general local govern-*
16 *ment or designated State agency cannot reach agree-*
17 *ment within 90 days, the Secretary may offer the*
18 *project for sale to the general public.*

19 “(3) *PURCHASE BY UNIT OF GENERAL LOCAL*
20 *GOVERNMENT OR DESIGNATED STATE AGENCY.—Not-*
21 *withstanding any other provision of law, a unit of*
22 *general local government (including a public housing*
23 *agency) or designated State agency may purchase*
24 *multifamily housing projects in accordance with this*
25 *subsection.*

1 “(4) *APPLICABILITY.*—*This subsection shall*
2 *apply to projects that are acquired on or after the ef-*
3 *fective date of this subsection. With respect to projects*
4 *acquired before such effective date, the Secretary may*
5 *apply—*

6 “(A) *the requirements of paragraphs (2)*
7 *and (3) of section 203(e) as such paragraphs ex-*
8 *isted immediately before the effective date of this*
9 *subsection; or*

10 “(B) *the requirements of paragraphs (1)*
11 *and (2) of this subsection, if the Secretary gives*
12 *the unit of general local government or des-*
13 *ignated State agency—*

14 “(i) *45 days to express interest in the*
15 *project; and*

16 “(ii) *if the unit of general local govern-*
17 *ment or designated State agency expresses*
18 *interest in the project before the expiration*
19 *of the 45-day period, and substantiates such*
20 *interest if requested, 90 days from the date*
21 *of notification of the terms and conditions*
22 *of the disposition plan to make an offer to*
23 *purchase the project.*

24 “(j) *DISPLACEMENT OF TENANTS AND RELOCATION*
25 *ASSISTANCE.*—

1 “(1) *IN GENERAL.*—Whenever tenants will be
2 displaced as a result of the disposition of, or repairs
3 to, a multifamily housing project that is owned by the
4 Secretary (or for which the Secretary is mortgagee in
5 possession), the Secretary shall identify tenants who
6 will be displaced, and shall notify all such tenants of
7 their pending displacement and of any relocation as-
8 sistance that may be available. In the case of a multi-
9 family housing project that is not owned by the Sec-
10 retary (and for which the Secretary is not mortgagee
11 in possession), the Secretary shall require the owner
12 of the project to carry out the requirements of this
13 paragraph.

14 “(2) *RIGHTS OF DISPLACED TENANTS.*—The Sec-
15 retary shall assure for any such tenant (who contin-
16 ues to meet applicable qualification standards) the
17 right—

18 “(A) to return, whenever possible, to a re-
19 paired unit;

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

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

1 “(D) to receive any other available reloca-
2 tion assistance as the Secretary determines to be
3 appropriate.

4 “(k) MORTGAGE AND PROJECT SALES.—

5 “(1) IN GENERAL.—The Secretary may not ap-
6 prove the sale of any loan or mortgage held by the
7 Secretary (including any loan or mortgage owned by
8 the Government National Mortgage Association) on
9 any subsidized project or formerly subsidized project,
10 unless such sale is made as part of a transaction that
11 will ensure that such project will continue to operate
12 at least until the maturity date of such loan or mort-
13 gage, in a manner that will provide rental housing on
14 terms at least as advantageous to existing and future
15 tenants as the terms required by the program under
16 which the loan or mortgage was made or insured
17 prior to the assignment of the loan or mortgage on
18 such project to the Secretary.

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

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

1 “(B) if the sale transaction involves the pro-
2 vision of any additional subsidy funds by the
3 Secretary or a recasting of the mortgage;
4 unless such sale is made as part of a transaction that
5 will ensure that such project will continue to operate
6 at least until the maturity date of the loan or mort-
7 gage, in a manner that will provide rental housing on
8 terms at least as advantageous to existing and future
9 tenants as the terms required by the program under
10 which the loan or mortgage was made or insured
11 prior to the proposed sale of the project.

12 “(3) MORTGAGE SALES TO STATE AND LOCAL
13 GOVERNMENTS.—Notwithstanding any provision of
14 law that may require competitive sales or bidding, the
15 Secretary may carry out negotiated sales of mortgages
16 held by the Secretary that are secured by subsidized
17 or formerly subsidized multifamily housing projects,
18 without the competitive selection of purchasers or
19 intermediaries, to units of general local government
20 or State agencies, or groups of investors that include
21 at least 1 such unit of general local government or
22 State agency, if the negotiations are conducted with
23 such agencies, except that—

24 “(A) the terms of any such sale shall in-
25 clude the agreement of the purchasing agency or

1 *unit of local government or State agency to act*
2 *as mortgagee or owner of a beneficial interest in*
3 *such mortgages, in a manner consistent with*
4 *maintaining the projects that are subject to such*
5 *mortgages for occupancy by the general tenant*
6 *group intended to be served by the applicable*
7 *mortgage insurance program, including, to the*
8 *extent the Secretary determines appropriate, au-*
9 *thorizing such unit of local government or State*
10 *agency to enforce the provisions of any regu-*
11 *latory agreement or other program requirements*
12 *applicable to the related projects; and*

13 *“(B) the sales prices for such mortgages*
14 *shall be, in the determination of the Secretary,*
15 *the best prices that may be obtained for such*
16 *mortgages from a unit of general local govern-*
17 *ment or State agency, consistent with the expec-*
18 *tation and intention that the projects financed*
19 *will be retained for use under the applicable*
20 *mortgage insurance program for the life of the*
21 *initial mortgage insurance contract.*

22 *“(4) SALE OF MORTGAGES COVERING*
23 *UNSUBSIDIZED PROJECTS.—Notwithstanding any*
24 *other provision of law, the Secretary may sell mort-*

1 *gages held on unsubsidized projects on such terms and*
2 *conditions as the Secretary may prescribe.*

3 *“(l) PROJECT-BASED RENTAL ASSISTANCE FOR TERM*
4 *OF LESS THAN 15 YEARS.—Notwithstanding subsection*
5 *(g), project-based rental assistance in connection with the*
6 *disposition of a multifamily housing project may be pro-*
7 *vided for a contract term of less than 15 years if such assist-*
8 *ance is provided—*

9 *“(1) under a contract authorized under section 6*
10 *of the HUD Demonstration Act of 1993; and*

11 *“(2) pursuant to a disposition plan under this*
12 *section for a project that is determined by the Sec-*
13 *retary to be otherwise in compliance with this section.*

14 *“(m) REPORT TO CONGRESS.—Not later than June 1*
15 *of each year, the Secretary shall submit to the Committee*
16 *on Banking, Housing, and Urban Affairs of the Senate and*
17 *the Committee on Banking, Finance and Urban Affairs of*
18 *the House of Representatives, a report describing the status*
19 *of multifamily housing projects owned by or subject to mort-*
20 *gages held by the Secretary. The report shall include—*

21 *“(1) the name, address, and size of each project;*

22 *“(2) the nature and date of assignment;*

23 *“(3) the status of the mortgage;*

24 *“(4) the physical condition of the project;*

1 “(5) an occupancy profile of the project, includ-
2 ing the income, family size, and race of current resi-
3 dents as well as the rents paid by such residents;

4 “(6) the proportion of units in a project that are
5 vacant;

6 “(7) the date on which the Secretary became
7 mortgagee in possession;

8 “(8) the date and conditions of any foreclosure
9 sale;

10 “(9) the date of acquisition by the Secretary;

11 “(10) the date and conditions of any property
12 disposition sale;

13 “(11) a description of actions undertaken pursu-
14 ant to this section, including—

15 “(A) a comparison of results between ac-
16 tions taken after the date of enactment of the
17 Housing and Community Development Act of
18 1993 and actions taken in the years preceding
19 such date of enactment;

20 “(B) a description of any impediments to
21 the disposition or management of multifamily
22 housing projects, together with a recommenda-
23 tion of proposed legislative or regulatory changes
24 designed to ameliorate such impediments;

1 “(C) a description of actions taken to re-
2 structure or commence foreclosure on delinquent
3 multifamily mortgages held by the Department;
4 and

5 “(D) a description of actions taken to mon-
6 itor and prevent the default of multifamily hous-
7 ing mortgages held by the Federal Housing Ad-
8 ministration;

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

13 “(A) the costs associated with such delega-
14 tion;

15 “(B) the implications of contracting out or
16 delegating such functions for current Department
17 field or regional personnel, including anticipated
18 personnel or work load reductions;

19 “(C) necessary oversight required by De-
20 partment personnel, including anticipated per-
21 sonnel hours devoted to such oversight;

22 “(D) a description of any authority granted
23 to such public or private entities or States in
24 conjunction with the functions that have been
25 delegated or contracted out or that are not other-

1 *wise available for use by Department personnel;*
2 *and*

3 “(E) *the extent to which such public or pri-*
4 *vate entities or States include tenants of multi-*
5 *family housing projects in the disposition plan-*
6 *ning for such projects;*

7 “(13) *a description of the activities carried out*
8 *under subsection (j) during the preceding year; and*

9 “(14) *a description and assessment of the rules,*
10 *guidelines, and practices governing the Department’s*
11 *management of multifamily housing projects that are*
12 *owned by the Secretary (or for which the Secretary is*
13 *mortgagee in possession) as well as the steps that the*
14 *Secretary has taken or plans to take to improve the*
15 *management performance of the Department.”.*

16 (c) *EFFECTIVE DATE.*—*The Secretary shall, by notice*
17 *published in the Federal Register, which shall take effect*
18 *upon publication, establish such requirements as may be*
19 *necessary to implement the amendments made by this sec-*
20 *tion. The notice shall invite public comments and, not later*
21 *than 12 months after the date on which the notice is pub-*
22 *lished, the Secretary shall issue final regulations based on*
23 *the initial notice, taking into account any public comments*
24 *received.*

1 **SEC. 102. REPEAL OF STATE AGENCY MULTIFAMILY PROP-**
2 **ERTY DISPOSITION DEMONSTRATION.**

3 *Section 184 of the Housing and Community Develop-*
4 *ment Act of 1987 (12 U.S.C. 1701z-11 note) is hereby re-*
5 *pealed.*

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

8 (a) *AUTHORIZATION.*—*The Secretary may carry out*
9 *a demonstration with not more than 50 unsubsidized multi-*
10 *family housing projects owned by the Secretary, using the*
11 *RTC for the marketing and disposition of the projects. Any*
12 *such demonstration shall be carried out pursuant to an*
13 *agreement between the RTC and the Secretary on such*
14 *terms and conditions as are acceptable to the RTC and the*
15 *Secretary. The RTC shall establish policies and procedures*
16 *for marketing and disposition, subject to review and ap-*
17 *proval by the Secretary.*

18 (b) *RULES GOVERNING THE DEMONSTRATION.*—

19 (1) *IN GENERAL.*—*Except as provided in para-*
20 *graph (2), in carrying out the provisions of this sec-*
21 *tion, the RTC shall dispose of unsubsidized multifam-*
22 *ily housing projects pursuant to the provisions of sec-*
23 *tion 21A(c) of the Federal Home Loan Bank Act.*

24 (2) *EXCEPTION.*—*Notwithstanding paragraph*
25 *(1), a very low-income tenant currently residing in a*
26 *unit otherwise required under subsection (e)(1)(D) of*

1 *section 203 of the Housing and Community Develop-*
2 *ment Amendments of 1978 to receive project-based*
3 *rental assistance under section 8, shall upon disposi-*
4 *tion pay not more than the amount payable as rent*
5 *under section 3(a) of the United States Housing Act*
6 *of 1937.*

7 *(c) DETERMINATION OF PROJECTS INCLUDED.—In de-*
8 *termining which projects to include in the demonstration,*
9 *the Secretary and the RTC shall take into consideration—*

10 *(1) the prior experience of the RTC in disposing*
11 *of other multifamily housing projects in the jurisdic-*
12 *tions in which such projects are located; and*

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

15 *(d) REIMBURSEMENT.—The agreement entered into*
16 *pursuant to subsection (a) shall provide that the Secretary*
17 *shall reimburse the RTC for the direct costs associated with*
18 *the demonstration, including the costs of administration*
19 *and marketing, property management, and any repair and*
20 *rehabilitation. The Secretary may use proceeds from the*
21 *sale of the projects to reimburse the RTC for its costs.*

22 *(e) REPORTS.—*

23 *(1) ANNUAL REPORTS.—The Secretary and the*
24 *RTC shall jointly submit an annual report to the*
25 *Committee on Banking, Housing, and Urban Affairs*

1 of the Senate and the Committee on Banking, Fi-
 2 nance and Urban Affairs of the House of Representa-
 3 tives detailing the progress of the demonstration.

4 (2) *FINAL REPORT.*—Not later than 3 months
 5 after the completion of the demonstration, the Sec-
 6 retary shall submit to the Committee on Banking,
 7 Housing, and Urban Affairs of the Senate and the
 8 Committee on Banking, Finance and Urban Affairs
 9 of the House of Representatives a report describing
 10 the results of the demonstration and any rec-
 11 ommendations for legislative action.

12 (f) *TERMINATION.*—The demonstration under this sec-
 13 tion shall not extend beyond the termination date of the
 14 RTC.

15 **SEC. 104. CIVIL MONEY PENALTIES AGAINST GENERAL**
 16 **PARTNERS AND CERTAIN MANAGING AGENTS**
 17 **OF MULTIFAMILY HOUSING PROJECTS.**

18 (a) *CIVIL MONEY PENALTIES AGAINST MULTIFAMILY*
 19 *MORTGAGORS.*—Section 537 of the National Housing Act
 20 (12 U.S.C. 1735f-15) is amended—

21 (1) in subsection (b)(1), by inserting after “mort-
 22 gator” the second place it appears the following: “or
 23 general partner of a partnership mortgagor”;

24 (2) in subsection (c)—

1 (A) by striking the heading and inserting
2 the following:

3 “(c) *OTHER VIOLATIONS.*—”; and

4 (B) in paragraph (1)—

5 (i) by striking “The Secretary may”
6 and all that follows through the colon and
7 inserting the following:

8 “(A) *LIABLE PARTIES.*—The Secretary may
9 also impose a civil money penalty under this sec-
10 tion on—

11 “(i) any mortgagor of a property that
12 includes 5 or more living units and that
13 has a mortgage insured, coinsured, or held
14 pursuant to this Act;

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

17 “(iii) any agent employed to manage
18 the property that has an identity of interest
19 with the mortgagor or the general partner of
20 a partnership mortgagor of such property.

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

24 (ii) in subparagraph (B), as redesign-
25 ated, by redesignating subparagraphs (A)

1 through (L) as clauses (i) through (xii), re-
2 spectively; and

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

5 “(xiii) Failure to maintain the prem-
6 ises, accommodations, and the grounds and
7 equipment appurtenant thereto in good re-
8 pair and condition in accordance with reg-
9 ulations and requirements of the Secretary.

10 “(xiv) Failure, by a mortgagor or gen-
11 eral partner of a partnership mortgagor, to
12 provide management for the project that is
13 acceptable to the Secretary pursuant to reg-
14 ulations and requirements of the Sec-
15 retary.”; and

16 (iv) in the last sentence, by deleting “of
17 such agreement” and inserting “of this sub-
18 section”;

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

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

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

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

6 (6) in subsection (f), by inserting after “mortga-
7 gor” each place such term appears the following: “,
8 general partner of a partnership mortgagor, or iden-
9 tity of interest agent employed to manage the prop-
10 erty,”;

11 (7) by striking the heading of subsection (f) and
12 inserting the following: “*CIVIL MONEY PENALTIES*
13 *AGAINST MULTIFAMILY MORTGAGORS, GENERAL*
14 *PARTNERS OF PARTNERSHIP MORTGAGORS, AND*
15 *CERTAIN MANAGING AGENTS”;* and

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

23 (b) *APPLICABILITY OF AMENDMENTS.*—The amend-
24 ments made by subsection (a) shall apply only with respect
25 to—

1 (1) *violations that occur on or after the effective*
2 *date of this Act; and*

3 (2) *in the case of a continuing violation (as de-*
4 *termined by the Secretary), any portion of a violation*
5 *that occurs on or after such date.*

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

7 *The Federal Housing Commissioner shall develop mod-*
8 *els which shall be designed to assist States and units of gen-*
9 *eral local government in using other Federal programs for*
10 *the purpose of acquiring, rehabilitating, or otherwise par-*
11 *ticipating in—*

12 (1) *the disposition, pursuant to section 203 of*
13 *the Housing and Community Development Amend-*
14 *ments of 1978, of multifamily housing projects owned*
15 *by the Secretary; or*

16 (2) *the sale, pursuant to section 203 of the Hous-*
17 *ing and Community Development Amendments of*
18 *1978, of multifamily housing projects subject to mort-*
19 *gages held by the Secretary.*

20 **SEC. 106. PREVENTING MORTGAGE DEFAULTS.**

21 (a) *MULTIFAMILY HOUSING PLANNING AND INVEST-*
22 *MENT STRATEGIES.—*

23 (1) *PREPARATION OF ASSESSMENTS FOR INDE-*
24 *PENDENT ENTITIES.—Section 402(a) of the Housing*
25 *and Community Development Act of 1992 (12 U.S.C.*

1 1715–1a note) is amended by adding at the end the
2 following: “The assessment shall be prepared by an
3 entity that does not have an identity of interest with
4 the owner.”.

5 (2) *TIMING OF SUBMISSION OF NEEDS ASSESS-*
6 *MENTS.*—Section 402(b) of the Housing and Commu-
7 nity Development Act of 1992 (12 U.S.C. 17152–1a
8 note) is amended to read as follows:

9 “(b) *TIMING.*—To ensure that assessments for all cov-
10 ered multifamily housing properties will be submitted on
11 or before the conclusion of fiscal year 1997, the Secretary
12 shall require the owners of such properties, including cov-
13 ered multifamily housing properties for the elderly, to sub-
14 mit the assessments for the properties in accordance with
15 the following schedule:

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

18 “(2) For each of fiscal years 1995, 1996, and
19 1997, an additional 30 percent of the aggregate num-
20 ber of such properties.”.

21 (3) *REVIEW OF COMPREHENSIVE NEEDS ASSESS-*
22 *MENTS.*—Section 404(d) of the Housing and Commu-
23 nity Development Act of 1992 (12 U.S.C. 1715–1a
24 note) is amended to read as follows:

25 “(d) *REVIEW.*—

1 “(1) *IN GENERAL.*—*The Secretary shall review*
2 *each comprehensive needs assessment for completeness*
3 *and adequacy before the expiration of the 90-day pe-*
4 *riod beginning on the receipt of the assessment.*

5 “(2) *INCOMPLETE OR INADEQUATE ASSESS-*
6 *MENTS.*—*If the Secretary determines that the assess-*
7 *ment is substantially incomplete or inadequate, the*
8 *Secretary shall—*

9 “(A) *provide the owner with a reasonable*
10 *amount of time to resubmit an amended assess-*
11 *ment; and*

12 “(B) *indicate to the owner the portion of*
13 *the original assessment requiring completion or*
14 *other revision.”.*

15 “(4) *REPEAL OF NOTICE PROVISION.*—*Section*
16 *404(f) of the Housing and Community Development*
17 *Act of 1992 (12 U.S.C. 1715–1a note) is hereby re-*
18 *pealed.*

19 “(5) *FUNDING.*—*Title IV of the Housing and*
20 *Community Development Act of 1992 (12 U.S.C.*
21 *1715z–1a note) is amended by adding at the end the*
22 *following new section:*

23 **“SEC. 409. FUNDING.**

24 “(a) *ALLOCATION OF ASSISTANCE.*—*Based upon needs*
25 *identified in comprehensive needs assessments, and subject*

1 to otherwise applicable program requirements, including se-
2 lection criteria, the Secretary may allocate the following as-
3 sistance to owners of covered multifamily housing projects
4 and may provide such assistance on a noncompetitive basis:

5 “(1) Operating assistance and capital improve-
6 ment assistance for troubled multifamily housing
7 projects pursuant to section 201 of the Housing and
8 Community Development Amendments of 1978, except
9 for assistance set aside under section 201(n)(1).

10 “(2) Loan management assistance available pur-
11 suant to section 8 of the United States Housing Act
12 of 1937.

13 “(b) OPERATING ASSISTANCE AND CAPITAL IMPROVE-
14 MENT ASSISTANCE.—In providing assistance under sub-
15 section (a) the Secretary shall use the selection criteria set
16 forth in section 201(n) of the Housing and Community De-
17 velopment Amendments.

18 “(c) AMOUNT OF ASSISTANCE.—The Secretary may
19 fund all or only a portion of the needs identified in the
20 capital needs assessment of an owner selected to receive as-
21 sistance under this section.”.

22 (b) FLEXIBLE SUBSIDY PROGRAM.—

23 (1) DELETION OF UTILITY COST REQUIRE-
24 MENTS.—Section 201(i) of the Housing and Commu-

1 *nity Development Amendments of 1978 (12 U.S.C.*
2 *1715z-1a(i)) is hereby repealed.*

3 (2) *REPEAL OF MANDATORY CONTRIBUTION*
4 *FROM OWNER.—Section 201(k)(2) of the Housing and*
5 *Community Development Amendments of 1978 (12*
6 *U.S.C. 1715z-1a(k)(2)) is amended by striking “, ex-*
7 *cept that” and all that follows through “such loan”.*

8 (3) *FUNDING.—Section 201(n) of the Housing*
9 *and Community Development Amendments of 1978*
10 *(42 U.S.C. 1715z-1a(n)) is amended to read as fol-*
11 *lows:*

12 “(n)(1) *For fiscal year 1994 only, in providing, and*
13 *contracting to provide, assistance for capital improvements*
14 *under this section, the Secretary shall set aside an amount,*
15 *as determined by the Secretary, for projects that are eligible*
16 *for incentives under section 224(b) of the Emergency Low*
17 *Income Housing Preservation Act of 1987, as such section*
18 *existed before the date of enactment of the Cranston-Gon-*
19 *zalez National Affordable Housing Act. The Secretary may*
20 *make such assistance available on a noncompetitive basis.*

21 “(2) *Except as provided in paragraph (3), with respect*
22 *to assistance under this section not set aside for projects*
23 *under paragraph (1), the Secretary—*

24 “(A) *may award assistance on a noncompetitive*
25 *basis; and*

1 “(B) shall award assistance to eligible projects
2 on the basis of—

3 “(i) the extent to which the project is phys-
4 ically or financially troubled, as evidenced by the
5 comprehensive needs assessment submitted in ac-
6 cordance with title IV of the Housing and Com-
7 munity Development Act of 1992; and

8 “(ii) the extent to which such assistance is
9 necessary and reasonable to prevent the default
10 of federally insured mortgages.

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

14 “(A) the extent to which such assistance is nec-
15 essary to prevent the imminent foreclosure or default
16 of a project whose owner has not submitted a com-
17 prehensive needs assessment pursuant to title IV of
18 the Housing and Community Development Act of
19 1992;

20 “(B) the extent to which the project presents an
21 imminent threat to the life, health, and safety of
22 project residents; or

23 “(C) such other criteria as the Secretary may
24 specify by regulation or by notice printed in the Fed-
25 eral Register.

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

3 “(A) the extent to which there is evidence that
4 there will be significant opportunities for residents
5 (including a resident council or resident management
6 corporation, as appropriate) to be involved in the
7 management of the project (except that this para-
8 graph shall have no application to projects that are
9 owned as cooperatives); and

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

16 (c) IMPLEMENTATION AND EFFECTIVE DATE FOR SUB-
17 SECTIONS (a) AND (b).—

18 (1) IN GENERAL.—The Secretary shall, by notice
19 published in the Federal Register, which shall take ef-
20 fect upon publication, establish such requirements as
21 may be necessary to implement the amendments made
22 by subsections (a) and (b). The notice shall invite
23 public comments and, not later than 12 months after
24 the date on which the notice is published, the Sec-
25 retary shall issue final regulations based on the ini-

1 *tial notice, taking into account any public comments*
2 *received.*

3 (2) *CONTENTS.*—*The notice and the regulations*
4 *shall describe the method by which the Secretary allo-*
5 *cates assistance in accordance with section 409 of the*
6 *Housing and Community Development Act of 1992*
7 *(as added by section 106(a) of this Act) and para-*
8 *graphs (2) and (3) of section 201(n) of the Housing*
9 *and Community Development Amendments of 1978.*

10 (3) *ANNUAL PUBLICATIONS.*—*The Secretary shall*
11 *publish annually in the Federal Register—*

12 (A) *the method by which the Secretary de-*
13 *termines which capital needs assessments will be*
14 *received each year, in accordance with sections*
15 *402(b) and 404(d) of the Housing and Commu-*
16 *nity Development Act of 1992; and*

17 (B) *a list of all owners of covered multifam-*
18 *ily housing projects, by project, that have re-*
19 *ceived funding under—*

20 (i) *section 409 of the Housing and*
21 *Community Development Act of 1992 (as*
22 *added by section 106(a) of this Act); or*

23 (ii) *paragraphs (2) and (3) of section*
24 *201(n) of the Housing and Community De-*
25 *velopment Amendments of 1978.*

1 (4) *EFFECTIVE DATE.*—

2 (A) *IN GENERAL.*—Except as provided in
3 subparagraph (B), the amendments made by
4 subsections (a) and (b) shall take effect for
5 amounts made available for fiscal year 1995.

6 (B) *EXCEPTION.*—Notwithstanding sub-
7 paragraph (A), section 201(n)(1) of the Housing
8 and Community Development Amendments of
9 1978 (as added by subsection (b)(3)) shall take
10 effect on the date of enactment of this Act.

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

18 (e) *PARTIAL PAYMENTS OF CLAIM.*—

19 (1) *IN GENERAL.*—Notwithstanding any other
20 provision of law, if the Secretary is requested to ac-
21 cept assignment of a mortgage insured by the Sec-
22 retary that covers a multifamily housing project, as
23 such term is defined in section 203(b) of the Housing
24 and Community Development Amendments of 1978,
25 and the Secretary determines that partial payment

1 *would be less costly to the Federal Government than*
2 *other reasonable alternatives for maintaining the low-*
3 *income character of the project, the Secretary may re-*
4 *quest the mortgagee, in lieu of assignment, to—*

5 *(A) accept partial payment of the claim*
6 *under the mortgage insurance contract; and*

7 *(B) recast the mortgage, under such terms*
8 *and conditions as the Secretary may determine.*

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

15 *(f) GAO STUDY ON PREVENTION OF DEFAULT.—*

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

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

3 (A) *evaluate the factors considered in arriv-*
4 *ing at loss estimates and determine whether*
5 *other factors should be considered;*

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

10 (C) *recommend alternatives to the Sec-*
11 *retary's current procedures for preventing the fu-*
12 *ture default of multifamily housing project mort-*
13 *gages insured under title II of the National*
14 *Housing Act.*

15 (g) *GAO STUDY ON ACTUARIAL SOUNDNESS OF CER-*
16 *TAIN INSURANCE PROGRAMS.*—

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

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

3 (A) *evaluate the strategic importance of*
4 *these insurance programs to the mission of the*
5 *FHA;*

6 (B) *evaluate the impact of these insurance*
7 *programs upon the financial performance of the*
8 *General Insurance Fund;*

9 (C) *assess the potential losses expected*
10 *under these programs through fiscal year 1999;*

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

14 (E) *assess the ability of the FHA to manage*
15 *these programs; and*

16 (F) *make recommendations for any nec-*
17 *essary changes.*

18 (h) *ANNUAL ACTUARIAL REVIEW.*—

19 (1) *SPECIAL RISK INSURANCE FUND.*—*Section*
20 *238(c) of the National Housing Act (12 U.S.C.*
21 *1715z-3(c)) is amended by adding at the end the fol-*
22 *lowing new paragraph:*

23 “(3) *The Secretary shall undertake an annual*
24 *review of the actuarial soundness of each of the insur-*
25 *ance programs comprising the Special Risk Insurance*

1 *Fund, and shall present findings from such review to*
2 *the Congress in the FHA Annual Management Re-*
3 *port.”.*

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

8 “(g) *ANNUAL ACTUARIAL REVIEW.—The Secretary*
9 *shall undertake an annual review of the actuarial soundness*
10 *of each of the insurance programs comprising the General*
11 *Insurance Fund, and shall present findings from such re-*
12 *view to the Congress in the FHA Annual Management Re-*
13 *port.”.*

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

16 (1) *IN GENERAL.—Subject to notice and com-*
17 *ment from existing tenants, to prevent the imminent*
18 *default of a multifamily housing project subject to a*
19 *mortgage insured under title II of the National Hous-*
20 *ing Act, the Secretary may authorize the mortgagor*
21 *to use the project for purposes not contemplated by or*
22 *permitted under the regulatory 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 Secretary
13 shall—

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

19 (B) take such actions as the Secretary deter-
20 mines necessary to ensure the successful use of
21 any tenant-based assistance provided under this
22 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 invite*
3 *public comments and, not later than 12 months after*
4 *the date on which the notice is published, the Sec-*
5 *retary shall issue final regulations based on the ini-*
6 *tial notice, taking into account any public comments*
7 *received.*

8 *(j) MORTGAGE SALE DEMONSTRATION.—The Sec-*
9 *retary may carry out a demonstration to test the feasibility*
10 *of restructuring and disposing of troubled multifamily*
11 *mortgages held by the Secretary through the establishment*
12 *of partnerships between public, private, and nonprofit enti-*
13 *ties.*

14 *(k) NATIONAL INTERAGENCY TASK FORCE ON MULTI-*
15 *FAMILY HOUSING.—*

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

19 *(A) in subparagraph (D), by striking “and”*
20 *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.*—Sec-
8 tion 543(h) of the Housing and Community Develop-
9 ment Act of 1992 is amended by inserting after the
10 first sentence the following: “The Secretary may use
11 any non-Federal or private funding or may use the
12 authority provided for salaries and expenses in ap-
13 propriations Acts for activities carried out under this
14 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 amended
18 by striking the first semicolon, and all that follows through
19 “as determined by the Secretary”.

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

21 (a) *SPECIAL RISK INSURANCE FUND.*—Section 238(b)
22 of the National Housing Act (12 U.S.C. 1715z-3(b)) is
23 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 by
3 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 following*
7 *new section:*

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

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

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

20 *“(2) The cost to the Government, as defined in*
21 *section 502 of the Congressional Budget Act, of modi-*
22 *fications to existing loans, loan guarantees, or insur-*
23 *ance commitments.*

24 *“(3) The cost to the Government, as defined in*
25 *section 502 of the Congressional Budget Act, of loans*

1 *provided under section 203(f) of the Housing and*
 2 *Community Development Amendments of 1978.*

3 *“(4) The costs of the rehabilitation of multifam-*
 4 *ily housing projects (as defined in section 203(b) of*
 5 *the Housing and Community Development Amend-*
 6 *ments of 1978) upon disposition by the Secretary.”.*

7 **TITLE II—ENHANCED PROGRAM**
 8 **FLEXIBILITY**

9 **Subtitle A—Office of Public and**
 10 **Indian Housing**

11 **SEC. 201. REVITALIZATION OF SEVERELY DISTRESSED PUB-**
 12 **LIC HOUSING.**

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

15 *(1) by amending subsection (b) to read as fol-*
 16 *lows:*

17 *“(b) [RESERVED].”;*

18 *(2) in subsection (c)(2), by striking “\$200,000”*
 19 *and inserting “\$500,000”;*

20 *(3) in subsection (c)(3)—*

21 *(A) by redesignating subparagraphs (E)*
 22 *through (I) as subparagraphs (F) through (J),*
 23 *respectively;*

24 *(B) by inserting after subparagraph (D) the*
 25 *following new subparagraph:*

1 “(E) *planning for community service and*
2 *support service activities to be carried out by the*
3 *public housing agency, residents, members of the*
4 *community, and other persons and organizations*
5 *willing to contribute to the social, economic, or*
6 *physical improvement of the community (com-*
7 *munity service is a required element of the revi-*
8 *talization program);”;* and

9 (C) in subparagraph (H), as redesignated,
10 by striking “*designing a suitable replacement*
11 *housing plan,*” and inserting “*designing suitable*
12 *relocation and replacement housing plans,*”;

13 (4) in subsection (c)(4)—

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

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

19 “(D) *a description of the community service*
20 *and support service planning activities to be car-*
21 *ried out by the public housing agency, residents,*
22 *members of the community, and other persons*
23 *and organizations willing to contribute to the so-*
24 *cial, economic, or physical improvement of the*
25 *community;”;*

1 (5) in subsection (c)(5)—

2 (A) by striking subparagraph (E) and re-
3 designating subparagraphs (F) and (G) as sub-
4 paragraphs (E) and (F), accordingly;

5 (B) in subparagraph (E), as redesignated,
6 by inserting before the semicolon “; taking into
7 account the condition of the stock of the public
8 housing agency as a whole”; and

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

10 *“In making grants under this subsection, the Sec-*
11 *retary may select a lower-rated, approvable applica-*
12 *tion over a higher-rated application to increase the*
13 *national geographic diversity among applications ap-*
14 *proved under this section.”;*

15 (6) in subsection (d)(2)—

16 (A) by redesignating subparagraphs (E)
17 through (I) as subparagraphs (G) through (K),
18 respectively;

19 (B) by inserting after subparagraph (D) the
20 following new subparagraphs:

21 *“(E) community service activities to be car-*
22 *ried out by residents, members of the community,*
23 *and other persons willing to contribute to the so-*
24 *cial, economic, or physical improvement of the*

1 *community (community service is a required ele-*
2 *ment of the revitalization program);*

3 *“(F) replacement of public housing units;”;*

4 *and*

5 *(C) in subparagraph (K), as redesignated—*

6 *(i) by striking “15 percent” and in-*
7 *serting “20 percent”; and*

8 *(ii) by inserting before the period at*
9 *the end the following: “, except that an*
10 *amount equal to 15 percent of the amount*
11 *of any grant under this subsection used for*
12 *support services shall be contributed from*
13 *non-Federal sources (which contribution*
14 *shall be in the form of cash, administrative*
15 *costs, and the reasonable value of in-kind*
16 *contributions and may include funding*
17 *under title I of the Housing and Commu-*
18 *nity Development Act of 1974)”;*

19 *(7) in subsection (d)(3)—*

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) the*
24 *following new subparagraph:*

1 “(D) a description of the community service
2 and support service activities to be carried out
3 by the public housing agency, residents, members
4 of the community, and other persons and organi-
5 zations willing to contribute to the social, eco-
6 nomic, or physical improvement of the commu-
7 nity.”;

8 (8) in subsection (d)(4)—

9 (A) in subparagraph (D), by inserting
10 “(with assistance from the Department of Hous-
11 ing and Urban Development if necessary)” after
12 “applicant”;

13 (B) by striking subparagraph (E) and re-
14 designating subparagraphs (F) and (G) as sub-
15 paragraphs (E) and (F), respectively;

16 (C) in subparagraph (E), as redesignated,
17 by inserting before the semicolon “, taking into
18 account the condition of the applicant’s stock as
19 a whole”; and

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

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

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

3 “(3) *DEMOLITION AND REPLACEMENT.*—

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

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

20 (10) in subsection (h)—

21 (A) by amending paragraph (5) to read as
22 follows:

23 “(5) *SEVERELY DISTRESSED PUBLIC HOUSING.*—

24 The term ‘severely distressed public housing’ means a
25 public housing project or a building in a project—

1 “(A) that requires major redesign, recon-
2 struction, redevelopment, or partial or total dem-
3 olition to correct serious deficiencies in the origi-
4 nal design (including inappropriately high pop-
5 ulation density), deferred maintenance, physical
6 deterioration or obsolescence of major systems,
7 and other deficiencies in the physical plant of
8 the project; and

9 “(B) that either—

10 “(i)(I) is occupied predominantly by
11 families with children that have extremely
12 low incomes, high rates of unemployment,
13 and extensive dependency on various forms
14 of public assistance; and

15 “(II) has high rates of vandalism and
16 criminal activity (including drug-related
17 criminal activity); or

18 “(ii) that has a vacancy rate, as deter-
19 mined by the Secretary, of 50 percent or
20 more;

21 “(C) that cannot be revitalized through as-
22 sistance under other programs, such as the pro-
23 grams under sections 9 and 14, or through other
24 administrative means because of the inadequacy
25 of available funds; and

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

6 (B) by adding at the end the following new
7 paragraphs:

8 “(6) *COMMUNITY SERVICE*.—The term ‘commu-
9 nity service’ means services provided on a volunteer
10 or limited stipend basis for the social, economic, or
11 physical improvement of the community to be served.

12 “(7) *SUPPORT SERVICES*.—The term ‘support
13 services’ includes all activities designed to lead to-
14 ward upward mobility, self-sufficiency, and improved
15 quality of life for the residents of the project, such as
16 literacy training, job training, day care, and eco-
17 nomic development. Such activities may allow for the
18 participation of residents of the neighborhood.”; and

19 (11) in subsection (i)—

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

21 (B) by redesignating paragraphs (3) and
22 (4) as paragraphs (2) and (3), respectively.

23 (b) *CONFORMING AMENDMENT*.—The first sentence of
24 section 25(m)(1) of the United States Housing Act of 1937
25 (42 U.S.C. 1437w(m)(1)) is amended to read as follows:

1 “(1) The term ‘eligible housing’ means a public
2 housing project, or one or more buildings within a
3 project, that is owned or operated by a public housing
4 agency that has been troubled for not less than 3
5 years and that, as determined by the Secretary, has
6 failed to make substantial progress toward effective
7 management.”.

8 (c) *USE OF TENANT-BASED ASSISTANCE FOR RE-*
9 *PLACEMENT HOUSING.*—Section 18(b)(3)(C)(i) of the
10 United States Housing Act of 1937 (42 U.S.C.
11 1437p(b)(3)(C)(i)) is amended by striking “15-year”.

12 (d) *REPLACEMENT HOUSING OUTSIDE THE JURISDIC-*
13 *TION OF THE PHA.*—Section 18(b)(3) of the United States
14 Housing Act of 1937 (42 U.S.C. 1437p(b)(3)), as amended
15 by subsection (c), is amended—

16 (1) by redesignating subparagraphs (D) through
17 (H) as subparagraphs (E) through (I), respectively;
18 and

19 (2) by inserting after subparagraph (C) the fol-
20 lowing new subparagraph:

21 “(D) may provide that all or part of such addi-
22 tional dwelling units may be located outside of the ju-
23 risdiction of the public housing agency (the ‘original
24 agency’) if—

1 “(i) the location is in the same housing
2 market area as the original agency, as deter-
3 mined by the Secretary;

4 “(ii) the plan contains an agreement be-
5 tween the original agency and the public housing
6 agency in the alternate location or other public
7 or private entity that will be responsible for pro-
8 viding the additional units in the alternate loca-
9 tion (‘alternate agency or entity’) that the alter-
10 nate agency or entity will, with respect to the
11 dwelling units involved—

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

14 “(II) complete the plan on schedule in
15 accordance with subparagraph (F);

16 “(III) meet the requirements of sub-
17 paragraph (G) and the maximum rent pro-
18 visions of subparagraph (H); and

19 “(IV) not impose a local residency
20 preference on any resident of the jurisdic-
21 tion of the original agency for purposes of
22 admission to any such units; and

23 “(iii) the arrangement is approved by the
24 unit of general local government for the jurisdic-

1 tion in which the additional units will be lo-
2 cated;”.

3 **SEC. 202. DISALLOWANCE OF EARNED INCOME FOR RESI-**
4 **DENTS WHO OBTAIN EMPLOYMENT.**

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

7 (1) by striking the undesignated paragraph at
8 the end of subsection (c)(3) (as added by section
9 515(b) of the Cranston-Gonzalez National Affordable
10 Housing Act); and

11 (2) by adding at the end the following new sub-
12 section:

13 “(d) *DISALLOWANCE OF EARNED INCOME FROM PUB-*
14 *LIC HOUSING RENT DETERMINATIONS.*—Notwithstanding
15 any other provision of law, the rent payable under sub-
16 section (a) for any public housing unit by a family whose
17 income increases as a result of employment of a member
18 of the family who was previously unemployed for one or
19 more years (including a family whose income increases as
20 a result of the participation of a family member in the
21 Family Self-Sufficiency program or other job training pro-
22 gram) shall not be increased for a period of 18 months, be-
23 ginning with the commencement of employment as a result
24 of the increased income due to such employment. After the
25 expiration of the 18-month period, rent increases due to the

1 *continued employment of such family member shall be lim-*
 2 *ited to 10 percent per year. In no case shall rent exceed*
 3 *the amount determined under subsection (a).”.*

4 (b) *APPLICABILITY OF AMENDMENT.*—*Notwithstand-*
 5 *ing the amendment made by subsection (a), any resident*
 6 *of public housing participating in the program under the*
 7 *authority contained in the undesignated paragraph at the*
 8 *end of section 3(c)(3) of the United States Housing Act of*
 9 *1937 as such paragraph existed before the date of enactment*
 10 *of this subsection shall continue to be governed by such au-*
 11 *thority.*

12 **SEC. 203. CEILING RENTS BASED ON REASONABLE RENTAL**
 13 **VALUE.**

14 (a) *AMENDMENT.*—*Section 3(a)(2)(A)(iii) of the*
 15 *United States Housing Act of 1937 (42 U.S.C.*
 16 *1437a(a)(2)(A)(iii)) is amended to read as follows:*

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

19 (b) *REGULATIONS.*—

20 (1) *IN GENERAL.*—*The Secretary shall, by regu-*
 21 *lation, after notice and an opportunity for public*
 22 *comment, establish such requirements as may be nec-*
 23 *essary to carry out the provisions of section*
 24 *3(a)(2)(A) of the United States Housing Act of 1937,*
 25 *as amended by subsection (a).*

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

5 (3) *TRANSITION RULE.*—*Prior to the issuance of*
6 *final regulations under paragraph (1), a public hous-*
7 *ing agency may implement ceiling rents which shall*
8 *be—*

9 (A) *determined in accordance with section*
10 *3(a)(2)(A) of the United States Housing Act of*
11 *1937, as such section existed before the date of*
12 *enactment of this Act; or*

13 (B) *equal to the 95th percentile of the rent*
14 *paid for a unit of comparable size by tenants in*
15 *the same project or a group of comparable*
16 *projects totaling 50 units or more.*

17 **SEC. 204. RESIDENT MANAGEMENT PROGRAM.**

18 *Section 20(f) of the United States Housing Act of 1937*
19 *(42 U.S.C. 1437r(f)) is amended—*

20 (1) *in paragraph (2), by striking “\$100,000”*
21 *and inserting “\$250,000”; and*

22 (2) *in paragraph (3), by adding at the end the*
23 *following: “The Secretary may use not more than 10*
24 *percent of the amounts made available under this sub-*

1 *section for program monitoring and evaluation, technical assistance, and information dissemination.”.*
2

3 ***Subtitle B—Office of Community***
4 ***Planning and Development***

5 ***SEC. 211. ECONOMIC DEVELOPMENT INITIATIVE.***

6 *(a) SECTION 108 ELIGIBLE ACTIVITIES.—*

7 *(1) IN GENERAL.—Section 108(a) of the Housing*
8 *and Community Development Act of 1974 (42 U.S.C.*
9 *5308(a)) is amended—*

10 *(A) in the first sentence—*

11 *(i) by striking “or” after “section*
12 *105(a);”; and*

13 *(ii) by inserting before the period the*
14 *following: “; (5) the acquisition, construc-*
15 *tion, reconstruction, or installation of pub-*
16 *lic facilities (except for buildings for the*
17 *general conduct of government); or (6) in*
18 *the case of colonias, public works and site*
19 *or other improvements”; and*

20 *(B) by striking the second sentence and in-*
21 *serting the following: “A guarantee under this*
22 *section (including a guarantee combined with a*
23 *grant under subsection (q)) may be used to assist*
24 *a grantee in obtaining financing only if the*
25 *grantee has made efforts to obtain the financing*

1 *without the use of the guarantee (and, if applica-*
2 *ble, the grant) and cannot complete the financing*
3 *consistent with the timely execution of the pro-*
4 *posed activities and projects without the guaran-*
5 *tee (or, if applicable, the grant).”.*

6 (2) *DEFINITION.—Section 102(a) of the Housing*
7 *and Community Development Act of 1974 (42 U.S.C.*
8 *5302(a)) is amended by adding at the end the follow-*
9 *ing new paragraph:*

10 “(24) *The term ‘colonia’ means any identifiable*
11 *community that—*

12 “(A) *is in the State of Arizona, California,*
13 *New Mexico, or Texas;*

14 “(B) *is in the United States-Mexico border*
15 *region;*

16 “(C) *is determined to be a colonia on the*
17 *basis of objective criteria, including lack of pota-*
18 *ble water supply, lack of adequate sewage sys-*
19 *tems, and lack of decent, safe, and sanitary hous-*
20 *ing; and*

21 “(D) *was in existence as a colonia before the*
22 *date of the enactment of the Cranston-Gonzalez*
23 *National Affordable Housing Act.”.*

24 (b) *ECONOMIC DEVELOPMENT GRANTS.—*

1 (1) *IN GENERAL.*—Section 108 of the Housing
2 and Community Development Act of 1974 (42 U.S.C.
3 5308) is amended by adding at the end the following
4 new subsection:

5 “(q) *ECONOMIC DEVELOPMENT GRANTS.*—

6 “(1) *AUTHORIZATION.*—The Secretary may make
7 grants in connection with notes or other obligations
8 guaranteed under this section to eligible public enti-
9 ties for the purpose of enhancing the security of loans
10 guaranteed under this section or improving the via-
11 bility of projects financed with loans guaranteed
12 under this section.

13 “(2) *ELIGIBLE ACTIVITIES.*—Assistance under
14 this subsection may be used for the purposes of and
15 in conjunction with projects and activities assisted
16 under subsection (a).

17 “(3) *APPLICATIONS.*—Applications for assistance
18 under this subsection shall be submitted by eligible
19 public entities in the form and in accordance with the
20 procedures established by the Secretary. Eligible pub-
21 lic entities may apply for grants only in conjunction
22 with a request for guarantee under subsection (a).

23 “(4) *SELECTION CRITERIA.*—The Secretary shall
24 establish criteria for awarding assistance under this
25 subsection. Such criteria shall include—

1 “(A) the extent of need for such assistance;

2 “(B) the level of distress in the community
3 to be served and in the jurisdiction applying for
4 assistance;

5 “(C) the quality of the plan proposed and
6 the capacity or potential capacity of the appli-
7 cant to successfully carry out the plan; and

8 “(D) such other factors as the Secretary de-
9 termines to be appropriate.”.

10 (2) *CONFORMING AMENDMENT.*—Title I of the
11 Housing and Community Development Act of 1974
12 (42 U.S.C. 5301 et seq.) is amended—

13 (A) in section 101(c) in the second sentence,
14 by inserting “or a grant” after “guarantee”; and

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

17 (c) *USE OF UDAG RECAPTURES.*—Section 119(o) of
18 the Housing and Community Development Act of 1974 (42
19 U.S.C. 5318(o)) is amended by inserting before the period
20 the following: “, except that amounts available to the Sec-
21 retary for use under this subsection as of October 1, 1993,
22 and amounts released to the Secretary pursuant to sub-
23 section (t) may be used to provide grants under section
24 108(q).”.

25 (d) *UDAG AMNESTY PROGRAM.*—

1 (1) *AMENDMENT.*—*Section 119 of the Housing*
2 *and Community Development Act of 1974 (42 U.S.C.*
3 *5318) is amended by adding at the end the following*
4 *new subsection:*

5 “(t) *UDAG AMNESTY PROGRAM.*—*If a grant or a por-*
6 *tion of a grant under this section remains unexpended as*
7 *of the issuance of a notice implementing this subsection, the*
8 *grantee may enter into an agreement, as provided under*
9 *this subsection, with the Secretary to receive a percentage*
10 *of the grant amount and relinquish all claims to the balance*
11 *of the grant within 90 days of the issuance of notice imple-*
12 *menting this subsection (or such later date as the Secretary*
13 *may approve). The Secretary shall not recapture any funds*
14 *obligated pursuant to this section during a period begin-*
15 *ning on the date of enactment of the Housing and Commu-*
16 *nity Development Act of 1993 until 90 days after the issu-*
17 *ance of a notice implementing this subsection. A grantee*
18 *may receive as a grant under this subsection—*

19 “(1) *33 percent of such unexpended amounts if—*

20 “(A) *the grantee agrees to expend not less*
21 *than one-half of the amount received for activi-*
22 *ties authorized pursuant to section 108(q) and to*
23 *expend such funds in conjunction with a loan*
24 *guarantee made under section 108 at least equal*
25 *to twice the amount of the funds received; and*

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

4 “(ii) except when waived by the Secretary
5 in the case of a severely distressed jurisdiction,
6 not more than one-half of the costs of activities
7 under subparagraph (B) are derived from such
8 unexpended amounts; or

9 “(2) 25 percent of such unexpended amounts if—

10 “(A) the grantee agrees to expend such
11 funds for economic development activities eligible
12 under title I of this Act; and

13 “(B) except when waived by the Secretary
14 in the case of a severely distressed jurisdiction,
15 not more than one-half of the costs of such activi-
16 ties are derived from such unexpended amount.”.

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

24 (e) GUARANTEE OF OBLIGATIONS BACKED BY SECTION
25 108 LOANS.—Section 108 of the Housing and Community

1 *Development Act of 1974 (42 U.S.C. 5308), as amended by*
2 *subsection (b), is amended by adding at the end the follow-*
3 *ing new subsection:*

4 “(r) *GUARANTEE OF OBLIGATIONS BACKED BY SEC-*
5 *TION 108 LOANS.—*

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

11 “(A) *are offered by the Secretary, or by any*
12 *other offeror approved for purposes of this sub-*
13 *section by the Secretary; and*

14 “(B) *are based on and backed by a trust or*
15 *pool composed of notes or other obligations guar-*
16 *anteed by the Secretary under this section.*

17 “(2) *FULL FAITH AND CREDIT OF THE UNITED*
18 *STATES.—Subsection (f) shall apply to any guarantee*
19 *under this subsection.*

20 “(3) *SUBROGATION.—If the Secretary pays a*
21 *claim under a guarantee issued under this section, the*
22 *Secretary shall be subrogated fully to the rights satis-*
23 *fied by such payment.*

1 “(4) *POWERS OF THE SECRETARY.*—No Federal,
2 *State, or local law shall preclude or limit the exercise*
3 *by the Secretary of—*

4 “(A) *the power to contract with respect to*
5 *public offerings and other sales of notes, trust*
6 *certificates, and other obligations guaranteed*
7 *under this section upon such terms and condi-*
8 *tions as the Secretary deems appropriate;*

9 “(B) *the right to enforce by any means*
10 *deemed appropriate by the Secretary any such*
11 *contract; and*

12 “(C) *the Secretary’s ownership rights, as*
13 *applicable, in notes, certificates, or other obliga-*
14 *tions guaranteed under this section, or constitut-*
15 *ing the trust or pool against which trust certifi-*
16 *cates or other obligations guaranteed under this*
17 *section are offered.”.*

18 (f) *EFFECTIVE DATE.*—*The Secretary shall, by notice*
19 *published in the Federal Register, which shall take effect*
20 *upon publication, establish such requirements as may be*
21 *necessary to implement the amendments made by this sec-*
22 *tion. The notice shall invite public comments and, not later*
23 *than 12 months after the date on which the notice is pub-*
24 *lished, the Secretary shall issue final regulations based on*

1 *the initial notice, taking into account any public comments*
2 *received.*

3 **SEC. 212. HOME INVESTMENT PARTNERSHIPS.**

4 (a) *PARTICIPATION BY STATE AGENCIES OR INSTRU-*
5 *MENTALITIES.—Section 104(2) of the Cranston-Gonzalez*
6 *National Affordable Housing Act (42 U.S.C. 12704(2)) is*
7 *amended by inserting before the period at the end the follow-*
8 *ing: “; or any agency or instrumentality thereof that is es-*
9 *tablished pursuant to legislation and designated by the chief*
10 *executive to act on behalf of the State with regard to the*
11 *provisions of this Act”.*

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

21 (c) *REMOVE FIRST-TIME HOMEBUYER LIMITATION*
22 *FOR HOME UNITS.—Section 215(b) of the Cranston-Gon-*
23 *zalez National Affordable Housing Act (42 U.S.C. 12745(b))*
24 *is amended by striking paragraph (3) and redesignating*

1 paragraphs (4) and (5) as paragraphs (3) and (4), respec-
2 tively.

3 (d) *SIMPLIFY RESALE PROVISIONS.*—Section
4 215(b)(3)(B) of the Cranston-Gonzalez National Affordable
5 Housing Act (42 U.S.C. 12745(b)(4)(B)), as redesignated
6 by subsection (c), is amended by striking “subsection” and
7 inserting “title”.

8 (e) *STABILIZATION OF HOME FUNDING THRESH-*
9 *OLDS.*—The Cranston-Gonzalez National Affordable Hous-
10 ing Act (42 U.S.C. 12701 et seq.) is amended—

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

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

13 (3) in section 217(b)(3)—

14 (A) in the first sentence, by striking “only
15 those jurisdictions” and all that follows through
16 “allocation” and inserting “jurisdictions that
17 are not participating jurisdictions that are allo-
18 cated an amount of \$500,000 or more and juris-
19 dictions that are participating jurisdictions shall
20 receive an allocation”; and

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

23 (4) in section 216—

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

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

6 (f) *COMPREHENSIVE AFFORDABLE HOUSING STRAT-*
 7 *EGY.*—

8 (1) *HOME PROGRAM.*—Section 218(d) of the
 9 *Cranston-Gonzalez National Affordable Housing Act*
 10 *(42 U.S.C. 12748(d))* is amended in the first sentence,
 11 by inserting “that it is following a current housing
 12 affordability strategy that has been approved by the
 13 Secretary in accordance with section 105, and” after
 14 “certification”.

15 (2) *HOMELESS ASSISTANCE PROGRAMS.*—Section
 16 401 of the *Stewart B. McKinney Homeless Assistance*
 17 *Act (42 U.S.C. 11361)* is amended to read as follows:

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

19 “(a) *REQUIREMENT TO FOLLOW A CHAS.*—Assistance
 20 may be made available under subtitle B to metropolitan
 21 cities, urban counties, and States receiving a formula
 22 amount under section 413, only if the jurisdiction certifies
 23 that it is following a current housing affordability strategy
 24 that has been approved by the Secretary in accordance with

1 *section 105 of the Cranston-Gonzalez National Affordable*
2 *Housing Act.*

3 “(b) *REQUIREMENT FOR CONSISTENCY WITH*
4 *CHAS.*—*Assistance may be made available under this title*
5 *only if the application contains a certification that the pro-*
6 *posed project or activities are consistent with the housing*
7 *affordability strategy of the State or unit of general local*
8 *government in which the project is located. The certification*
9 *shall be from the public official responsible for submitting*
10 *the strategy for the jurisdiction.*”

11 (3) *CONFORMING CHANGES.*—*Title IV of the*
12 *Stewart B. McKinney Homeless Assistance Act (42*
13 *U.S.C. 11361 et seq.) is amended by striking sections*
14 *426(a)(2)(F), 434(a)(10), and 454(b)(9).*

15 (g) *HOME MATCHING REQUIREMENTS.*—*Section*
16 *220(a) of the Cranston-Gonzalez National Affordable Hous-*
17 *ing Act (42 U.S.C. 12750(a)) is amended to read as follows:*

18 “(a) *CONTRIBUTION.*—*Each participating jurisdiction*
19 *shall make contributions to housing that qualifies as afford-*
20 *able housing under this title that total, throughout a fiscal*
21 *year, not less than 25 percent of the funds drawn from the*
22 *jurisdiction’s HOME Investment Trust Fund in that fiscal*
23 *year. Such contribution shall be in addition to any*
24 *amounts made available under section 216(3)(A)(ii).*”

1 (h) *SEPARATE AUDIT REQUIREMENT FOR THE HOME*
2 *PROGRAM.*—Section 283 of the Cranston-Gonzalez National
3 *Affordable Housing Act (42 U.S.C. 12833) is amended—*

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

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

7 (2) *by striking subsection (a);*

8 (3) *in subsection (b)—*

9 (A) *by striking “(b) AUDITS BY THE COMP-*
10 *TROLLER GENERAL.—”;* and

11 (B) *by redesignating paragraphs (1) and*
12 *(2) as subsections (a) and (b), respectively; and*

13 (4) *in subsection (a), as redesignated by para-*
14 *graph (3), by striking the second sentence.*

15 (i) *HOME ENVIRONMENTAL REVIEW AMENDMENTS.—*
16 *Section 288 of the Cranston-Gonzalez National Affordable*
17 *Housing Act (42 U.S.C. 12838) is amended—*

18 (1) *in subsection (a)—*

19 (A) *in the first sentence, by striking “par-*
20 *ticipating jurisdictions” and inserting “jurisdic-*
21 *tions, Indian tribes, or insular areas”;* and

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

23 “*The regulations shall—*

24 “*(1) provide for the monitoring of environmental*
25 *reviews performed under this section;*

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

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

5 *The Secretary’s duty under this subsection shall not be con-
6 strued to limit any responsibility assumed by a State or
7 unit of general local government with respect to any par-
8 ticular release of funds.”;*

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

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

15 (4) in subsection (d), by striking “ASSISTANCE
16 TO A STATE.—In the case of assistance to States” and
17 inserting the following: “ASSISTANCE TO UNITS OF
18 GENERAL LOCAL GOVERNMENT FROM A STATE.—In
19 the case of assistance to units of general local govern-
20 ment from a State”.

21 (j) *USE OF CDBG FUNDS FOR HOME ADMINISTRATIVE*
22 *EXPENSES.—Section 105(a)(13) of the Housing and Com-
23 munity Development Act of 1974 (42 U.S.C. 5305(a)(13))*
24 *is amended by inserting after “charges related to” the fol-
25 lowing: “(A) administering the HOME program under title*

1 *II of the Cranston-Gonzalez National Affordable Housing*
2 *Act; and (B)”.*

3 *(k) PROJECT DELIVERY COSTS.—Section 105(a)(21)*
4 *of the Housing and Community Development Act of 1974*
5 *(42 U.S.C. 5305(a)(21)) is amended—*

6 *(1) by inserting “in connection with tenant-*
7 *based assistance and affordable housing projects as-*
8 *sisted under title II of the Cranston-Gonzalez Na-*
9 *tional Affordable Housing Act” after “housing coun-*
10 *seling”; and*

11 *(2) by striking “authorized” and all that follows*
12 *through “any law” and inserting “assisted under title*
13 *II of the Cranston-Gonzalez National Affordable*
14 *Housing Act”.*

15 **SEC. 213. HOPE MATCH REQUIREMENT.**

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

19 **SEC. 214. FLEXIBILITY OF CDBG PROGRAM FOR DISASTER**
20 **AREAS.**

21 *Title I of the Housing and Community Development*
22 *Act of 1974 (42 U.S.C. 5301 et seq.) is amended by adding*
23 *at the end the following new section:*

1 **“SEC. 122. SUSPENSION OF REQUIREMENTS FOR DISASTER**
2 **AREAS.**

3 *“For the duration of time during which an area has*
4 *been declared a disaster area by the President under title*
5 *IV of the Robert T. Stafford Disaster Relief and Emergency*
6 *Assistance Act, the Secretary may suspend all requirements*
7 *for purposes of assistance under section 106 for that area,*
8 *except for those related to public notice of funding availabil-*
9 *ity, nondiscrimination, fair housing, labor standards, envi-*
10 *ronmental standards, and requirements that activities bene-*
11 *fit persons of low- and moderate-income.”.*

12 **SEC. 215. FLEXIBILITY OF HOME PROGRAM FOR DISASTER**
13 **AREAS.**

14 *Title II of the Cranston-Gonzalez National Affordable*
15 *Housing Act (42 U.S.C. 12721 et seq.) is amended by add-*
16 *ing at the end the following new section:*

17 **“SEC. 290. SUSPENSION OF REQUIREMENTS FOR DISASTER**
18 **AREAS.**

19 *“For the duration of time during which an area has*
20 *been declared a disaster area by the President under title*
21 *IV of the Robert T. Stafford Disaster Relief and Emergency*
22 *Assistance Act, the Secretary may suspend all requirements*
23 *for purposes of assistance under this title for that area, ex-*
24 *cept for those related to public notice of funding availabil-*
25 *ity, nondiscrimination, fair housing, labor standards, envi-*

1 *ronmental standards, and low-income housing afford-*
 2 *ability.”.*

3 ***Subtitle C—Community***
 4 ***Partnerships Against Crime***

5 ***SEC. 221. COMPAC PROGRAM.***

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

9 *(1) by striking the item relating to the heading*
 10 *for chapter 2 and inserting the following:*

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

11 *(2) by striking the item relating to section 5122*
 12 *and inserting the following:*

“Sec. 5122. Purposes.”;

13 *and*

14 *(3) by adding the following after the item relat-*
 15 *ing to section 5130:*

“Sec. 5131. Technical assistance.”.

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

1 **“CHAPTER 2—COMMUNITY PARTNERSHIPS**
2 **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 fear,*
10 *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 Assisted*
15 *Housing Drug Elimination Act of 1990 to apply to*
16 *all types of crime, and not simply crime that is drug-*
17 *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 range*
22 *of community-based groups, and residents of neigh-*
23 *boring housing that is owned or assisted by the Sec-*
24 *retary, 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 system
8 to evaluate need among public housing agencies, and
9 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 make*
14 *grants, for use in eliminating crime in and around public*
15 *and other federally assisted low-income housing projects (1)*
16 *to public housing agencies (including Indian housing au-*
17 *thorities), and (2) to private, for profit, and nonprofit own-*
18 *ers of federally assisted low-income housing. In designing*
19 *the program, the Secretary shall consult with the Attorney*
20 *General.”.*

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

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

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

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

6 “(A) to investigate crime; and”;

7 (4) in paragraph (6)—

8 (A) by striking “in and around public or
9 other federally assisted low-income housing
10 projects”; and

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

12 (5) in paragraph (7)—

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

15 (B) by striking “drug abuse” and inserting
16 “crime”; and

17 (C) by striking the period at the end and
18 inserting a semicolon; and

19 (6) by adding at the end the following new para-
20 graphs:

21 “(8) the employment or utilization of one or
22 more individuals, including law enforcement officers,
23 made available by contract or other cooperative ar-
24 rangement with State or local law enforcement agen-
25 cies, to engage in community policing involving inter-

1 *action with members of the community on proactive*
2 *crime control and prevention;*

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

7 “(10) resident service programs, such as job
8 *training, education programs, drug and alcohol treat-*
9 *ment, and other appropriate social services that ad-*
10 *dress the contributing factors of crime.”.*

11 (d) *APPLICATIONS.*—*Section 5125 of the Public and*
12 *Assisted Housing Drug Elimination Act of 1990 (42 U.S.C.*
13 *11904) is amended—*

14 (1) *in subsection (a)—*

15 (A) *by striking “To receive a grant” and*
16 *inserting the following:*

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

18 (B) *in the second sentence, by striking*
19 *“drug-related crime on the premises of” and in-*
20 *serting the following: “crime in and around”;*
21 *and*

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

24 “(2) *ONE-YEAR RENEWABLE GRANTS.*—

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

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

1 “(3) *PUBLIC HOUSING AGENCIES THAT HAVE ES-*
2 *PECIALLY SEVERE CRIME PROBLEMS.*—*The Secretary*
3 *shall, by regulation issued after notice and oppor-*
4 *tunity for public comment, set forth criteria for estab-*
5 *lishing a class of public housing agencies that have es-*
6 *pecially severe crime problems. The Secretary may al-*
7 *locate a portion of the annual appropriation for this*
8 *program for public housing agencies in this class.”.*

9 (2) *in subsection (b)—*

10 (A) *by striking the introductory material*
11 *preceding paragraph (1) and inserting the fol-*
12 *lowing: “The Secretary shall approve applica-*
13 *tions under subsection (a)(2) that are not subject*
14 *to a preference under subsection (a)(2)(B) on the*
15 *basis of—”;*

16 (B) *in paragraph (1), by striking “drug-re-*
17 *lated crime problem in” and inserting the follow-*
18 *ing: “crime problem in and around”;*

19 (C) *in paragraph (2), by inserting imme-*
20 *diately after “crime problem in” the following:*
21 *“and around”; and*

22 (D) *in paragraph (4), by inserting after*
23 *“local government” the following: “, local com-*
24 *munity-based nonprofit organizations, local resi-*
25 *dent organizations that represent the residents of*

1 *neighboring projects that are owned or assisted*
2 *by the Secretary,”;*

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

5 (4) *by striking subsection (d).*

6 (e) *DEFINITIONS.—Section 5126 of the Public and As-*
7 *sisted Housing Drug Elimination Act of 1990 (42 U.S.C.*
8 *11905) is amended by striking paragraphs (1) and (2), and*
9 *redesignating paragraphs (3) and (4) as paragraphs (1)*
10 *and (2), respectively.*

11 (f) *IMPLEMENTATION.—Section 5127 of the Public and*
12 *Assisted Housing Drug Elimination Act of 1990 (42 U.S.C.*
13 *11906) is amended by striking “Cranston-Gonzalez Na-*
14 *tional Affordable Housing Act” and inserting “Housing*
15 *and Community Development Act of 1993”.*

16 (g) *REPORTS.—Section 5128 of the Public and As-*
17 *sisted Housing Drug Elimination Act of 1990 (42 U.S.C.*
18 *11907) is amended—*

19 (1) *by striking “The Secretary” and inserting*
20 *the following:*

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

22 (2) *by striking “drug-related crime in” and in-*
23 *serting “crime in and around”;* and

24 (3) *by adding at the end the following new sub-*
25 *section:*

1 “(b) HUD REPORTS.—The Secretary shall submit a
2 report to the Congress describing the system used to distrib-
3 ute funds to grantees under this section. Such report shall
4 include, at a minimum—

5 “(1) a description of the criteria used to establish
6 the class of public housing agencies with especially se-
7 vere crime problems and a list of such agencies;

8 “(2) the methodology used to distribute funds
9 among the public housing agencies on the list created
10 under paragraph (1); and

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

13 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
14 5130 of the Public and Assisted Housing Drug Elimination
15 Act of 1990 (42 U.S.C. 11909) is amended—

16 (1) in the first sentence of subsection (a), by
17 striking “\$175,000,000 for fiscal year 1993” and all
18 that follows through the end of the sentence and in-
19 serting “\$265,000,000 for fiscal year 1994 and
20 \$325,000,000 for fiscal year 1995.”; and

21 (2) in subsection (b)—

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

24 (B) by striking the second sentence.

1 (i) *REPEAL.*—Section 520(k) of the Cranston-Gonzalez
2 *National Affordable Housing Act (42 U.S.C. 11908)* is here-
3 *by repealed.*

4 (j) *TECHNICAL ASSISTANCE.*—The Public and Assisted
5 *Housing Drug Elimination Act of 1990 (42 U.S.C. 11901*
6 *et seq.)* is further amended by adding at the end the follow-
7 *ing new section:*

8 **“SEC. 5131. TECHNICAL ASSISTANCE.**

9 *“Of the amounts appropriated annually for each of fis-*
10 *cal years 1994 and 1995 to carry out this chapter, the Sec-*
11 *retary shall use not more than \$10,000,000, directly or in-*
12 *directly, under grants, contracts, or cooperative agreements,*
13 *to provide training, information services, and other tech-*
14 *nical assistance to public housing agencies and other enti-*
15 *ties with respect to their participation in the program au-*
16 *thorized by this chapter. Such technical assistance may in-*
17 *clude the establishment and operation of the clearinghouse*
18 *on drug abuse in public housing and the regional training*
19 *program on drug abuse in public housing under sections*
20 *5143 and 5144 of this Act. The Secretary is also authorized*
21 *to use the foregoing amounts for obtaining assistance in es-*
22 *tablishing and managing assessment and evaluation cri-*
23 *teria and specifications, and obtaining the opinions of ex-*
24 *perts in relevant fields.”.*

1 **TITLE III—TECHNICAL AND**
2 **OTHER AMENDMENTS**
3 **Subtitle A—Public and Assisted**
4 **Housing**

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

6 *The first sentence of section 3(b)(3)(B) of the United*
7 *States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(B)) is*
8 *amended—*

9 (1) *by striking “means” and inserting “in-*
10 *cludes”;* and

11 (2) *by inserting “and” immediately after “chil-*
12 *dren,”.*

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

14 *Section 14 of the United States Housing Act of 1937*
15 *(42 U.S.C. 1437l) is amended—*

16 (1) *in subsection (d)—*

17 (A) *by striking paragraph (2); and*

18 (B) *in paragraph (4)—*

19 (i) *by striking “and replacements,”;*

20 *and*

21 (ii) *by striking “(1), (2), and (3)” and*
22 *inserting “(1) and (3)”;* and

23 (2) *in subsection (f)(1)—*

24 (A) *by striking subparagraph (B); and*

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

3 **SEC. 303. APPLICABILITY OF PUBLIC HOUSING AMEND-**
4 **MENTS TO INDIAN HOUSING.**

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

8 “(b) *APPLICABILITY OF TITLE I.*—Except as otherwise
9 *provided by law, the provisions of title I shall apply to low-*
10 *income housing developed or operated pursuant to a con-*
11 *tract between the Secretary and an Indian housing author-*
12 *ity.”.*

13 (b) *APPLICABILITY OF AMENDMENT.*—The amendment
14 *made by subsection (a) shall not affect provisions of the*
15 *United States Housing Act of 1937 that were made applica-*
16 *ble to public housing developed or operated pursuant to a*
17 *contract between the Secretary and an Indian housing au-*
18 *thority in accordance with section 201(b)(2) of such Act,*
19 *as such section existed before the effective date of this sec-*
20 *tion.*

21 (c) *APPLICABILITY OF HOUSING AND COMMUNITY DE-*
22 *VELOPMENT ACT OF 1992.*—Sections 103(a)(1), 112, 114,
23 116, 118, 903, and 927 of the *Housing and Community*
24 *Development Act of 1992 shall apply to public housing de-*

1 *veloped or operated pursuant to a contract between the Sec-*
2 *retary and an Indian housing authority.*

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

4 *Section 6(c)(4)(E) of the United States Housing Act*
5 *of 1937 (42 U.S.C. 1437d(c)(4)(E)) is amended by striking*
6 *“250” and inserting “500”.*

7 **SEC. 305. OPERATING SUBSIDY ADJUSTMENTS FOR ANTICI-**
8 **PATED FRAUD RECOVERIES.**

9 *Section 9(a) of the United States Housing Act of 1937*
10 *(42 U.S.C. 1437g(a)) is amended by adding at the end the*
11 *following new paragraph:*

12 *“(4) Adjustments to a public housing agency’s operat-*
13 *ing subsidy made by the Secretary under this section shall*
14 *reflect actual changes in rental income collections resulting*
15 *from the application of section 904 of the Stewart B.*
16 *McKinney Homeless Assistance Amendments Act of 1988.”.*

17 **SEC. 306. TECHNICAL ASSISTANCE FOR LEAD HAZARD RE-**
18 **DUCTION GRANTEES.**

19 *Section 1011(g) of the Housing and Community Devel-*
20 *opment Act of 1992 (42 U.S.C. 5318 note) is hereby re-*
21 *pealed.*

1 **SEC. 307. ENVIRONMENTAL REVIEW IN CONNECTION WITH**
2 **GRANTS FOR LEAD-BASED PAINT HAZARD RE-**
3 **DUCTION.**

4 *Section 1011 of the Housing and Community Develop-*
5 *ment Act of 1992 (42 U.S.C. 5318 note) is amended—*

6 *(1) by redesignating subsection (o) as subsection*
7 *(p); and*

8 *(2) by adding after subsection (n) the following*
9 *new subsection:*

10 *“(o) ENVIRONMENTAL REVIEW.—*

11 *“(1) IN GENERAL.—For purposes of environ-*
12 *mental review, decisionmaking, and action pursuant*
13 *to the National Environmental Policy Act of 1960*
14 *and other provisions of law that further the purposes*
15 *of such Act, a grant under this section shall be treated*
16 *as assistance under the HOME Investment Partner-*
17 *ship Act, established under title II of the Cranston-*
18 *Gonzalez National Affordable Housing Act, and shall*
19 *be subject to the regulations promulgated by the Sec-*
20 *retary to implement section 288 of such Act.*

21 *“(2) APPLICABILITY.—This subsection shall*
22 *apply to—*

23 *“(A) grants awarded under this section; and*

24 *“(B) grants awarded to States and units of*
25 *general local government for the abatement of*
26 *significant lead-based paint and lead dust haz-*

1 *ards in low- and moderate-income owner-occu-*
2 *pled units and low-income privately owned rent-*
3 *al units pursuant to title II of the Departments*
4 *of Veterans Affairs and Housing and Urban De-*
5 *velopment, and Independent Agencies Appro-*
6 *priations Act, 1992 (Public Law 102–139, 105*
7 *Stat. 736).”.*

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

9 *Section 31(c)(2)(A)(i) of the Federal Fire Prevention*
10 *and Control Act of 1974 (15 U.S.C. 2227(c)(2)(A)(i)) is*
11 *amended by adding “(or equivalent level of safety)” after*
12 *“system”.*

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

14 *(a) SECTION 23 CONVERSION.—*

15 *(1) AUTHORIZATION.—Notwithstanding con-*
16 *tracts entered into pursuant to section 14(b)(2) of the*
17 *United States Housing Act of 1937, the Secretary is*
18 *authorized to enter into obligations for conversion of*
19 *Leonard Terrace Apartments in Grand Rapids,*
20 *Michigan, from a leased housing contract under sec-*
21 *tion 23 of such Act to a project-based rental assist-*
22 *ance contract under section 8 of such Act.*

23 *(2) REPAYMENT REQUIRED.—The authorization*
24 *made in paragraph (1) is conditioned on the repay-*
25 *ment to the Secretary of all amounts received by the*

1 *public housing agency under the comprehensive im-*
2 *provement assistance program under section 14 of the*
3 *United States Housing Act of 1937 for the Leonard*
4 *Terrace Apartment project and the amounts, as deter-*
5 *mined by the Secretary, received by the public hous-*
6 *ing agency under the formula in section 14(k) of such*
7 *Act by reason of the project.*

8 **(b) CONTRACT RENEWAL.**—

9 **(1) IN GENERAL.**—*Leased housing contracts*
10 *under section 23 of the United States Housing Act of*
11 *1937, as such section existed before the date of enact-*
12 *ment of the Housing and Community Development*
13 *Act of 1974, that—*

14 **(A)** *were converted to section 8 contracts on*
15 *terms similar to or the same as the terms of the*
16 *section 8 new construction program; and*

17 **(B)** *expire during fiscal year 1994 or 1995;*
18 *shall be extended for a period not to exceed 5 years*
19 *as if the rents on such projects were established under*
20 *the section 8 new construction program, except that*
21 *section 8(c)(2)(C) of the United States Housing Act of*
22 *1937 shall not apply to such contracts.*

23 **(2) BUDGET COMPLIANCE.**—*To the extent that*
24 *paragraph (1) results in additional costs under this*
25 *section, such paragraph shall be effective only to the*

1 (A) in subparagraph (C), by striking the
2 last sentence and inserting the following: “Such
3 agreements shall specify that the qualified hous-
4 ing finance agency and the Secretary shall share
5 any loss in accordance with the risk-sharing
6 agreement.”; and

7 (B) by adding at the end the following new
8 subparagraph:

9 “(F) DISCLOSURE OF RECORDS.—Qualified
10 housing finance agencies shall make available to
11 the Secretary such financial and other records as
12 the Secretary deems necessary for program re-
13 view and monitoring purposes.”;

14 (3) in paragraph (7)—

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

16 (B) by striking “(2)”; and

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

19 “(9) ENVIRONMENTAL AND OTHER REVIEWS.—

20 “(A) ENVIRONMENTAL REVIEWS.—

21 “(i) IN GENERAL.—(I) In order to as-
22 sure that the policies of the National Envi-
23 ronmental Policy Act of 1969 and other
24 provisions of law which further the purposes
25 of such Act (as specified in regulations is-

1 sued by the Secretary) are most effectively
2 implemented in connection with the insur-
3 ance of mortgages under subsection (c)(2),
4 and to assure to the public undiminished
5 protection of the environment, the Secretary
6 may, under such regulations, in lieu of the
7 environmental protection procedures other-
8 wise applicable, provide for agreements to
9 endorse for insurance mortgages under sub-
10 subsection (c)(2) upon the request of qualified
11 housing finance agencies under this sub-
12 section, if the State or unit of general local
13 government, as designated by the Secretary
14 in accordance with regulations, assumes all
15 of the responsibilities for environmental re-
16 view, decisionmaking, and action pursuant
17 to such Act, and such other provisions of
18 law as the regulations of the Secretary may
19 specify, that would otherwise apply to the
20 Secretary with respect to the insurance of
21 mortgages on particular properties.

22 “(II) The Secretary shall issue regula-
23 tions to carry out this subparagraph only
24 after consultation with the Council on En-

1 *vironmental Quality. Such regulations*
2 *shall, among other matters, provide—*

3 *“(aa) for the monitoring of the*
4 *performance of environmental reviews*
5 *under this subparagraph;*

6 *“(bb) subject to the discretion of*
7 *the Secretary, for the provision or fa-*
8 *cilitation of training for such perform-*
9 *ance; and*

10 *“(cc) subject to the discretion of*
11 *the Secretary, for the suspension or ter-*
12 *mination by the Secretary of the quali-*
13 *fied housing finance agency’s respon-*
14 *sibilities under subclause (I).*

15 *“(III) The Secretary’s duty under*
16 *subclause (II) shall not be construed to limit*
17 *any responsibility assumed by a State or*
18 *unit of general local government with re-*
19 *spect to any particular property under*
20 *subclause (I).*

21 *“(ii) PROCEDURE.—The Secretary*
22 *shall approve a mortgage for the provision*
23 *of mortgage insurance subject to the proce-*
24 *dures authorized by this paragraph only if,*
25 *not less than 15 days prior to such ap-*

1 *proval, prior to any approval, commitment,*
2 *or endorsement of mortgage insurance on*
3 *the property on behalf of the Secretary, and*
4 *prior to any commitment by the qualified*
5 *housing finance agency to provide financing*
6 *under the risk-sharing agreement with re-*
7 *spect to the property, the qualified housing*
8 *finance agency submits to the Secretary a*
9 *request for such approval, accompanied by*
10 *a certification of the State or unit of gen-*
11 *eral local government that meets the re-*
12 *quirements of clause (iii). The Secretary's*
13 *approval of any such certification shall be*
14 *deemed to satisfy the Secretary's respon-*
15 *sibilities under the National Environmental*
16 *Policy Act of 1969 and such other provi-*
17 *sions of law as the regulations of the Sec-*
18 *retary specify insofar as those responsibil-*
19 *ities relate to the provision of mortgage in-*
20 *surance on the property that is covered by*
21 *such certification.*

22 “(iii) *CERTIFICATION.*—A certification
23 *under the procedures authorized by this*
24 *paragraph shall—*

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

3 “(II) be executed by the chief exec-
4 utive officer or other officer of the State
5 or unit of general local government
6 who qualifies under regulations of the
7 Secretary;

8 “(III) specify that the State or
9 unit of general local government under
10 this section has fully carried out its re-
11 sponsibilities as described under clause
12 (i); and

13 “(IV) specify that the certifying
14 officer consents to assume the status of
15 a responsible Federal official under the
16 National Environmental Policy Act of
17 1969 and under each provision of law
18 specified in regulations issued by the
19 Secretary insofar as the provisions of
20 such Act or such other provisions of
21 law apply pursuant to clause (i), and
22 is authorized and consents on behalf of
23 the State or unit of general local gov-
24 ernment and himself or herself to ac-
25 cept the jurisdiction of the Federal

1 *courts for the purpose of enforcement of*
2 *the responsibilities as such an official.*

3 “(iv) *APPROVAL BY STATES.—In cases*
4 *in which a unit of general local government*
5 *carries out the responsibilities described in*
6 *clause (i), the Secretary may permit the*
7 *State to perform those actions of the Sec-*
8 *retary described in clause (ii) and the per-*
9 *formance of such actions by the State, where*
10 *permitted by the Secretary, shall be deemed*
11 *to satisfy the Secretary’s responsibilities re-*
12 *ferred to in the second sentence of clause*
13 *(ii).*

14 “(B) *LEAD-BASED PAINT POISONING PRE-*
15 *VENTION.—In carrying out the requirements of*
16 *section 302 of the Lead-Based Paint Poisoning*
17 *Prevention Act, the Secretary may provide by*
18 *regulation for the assumption of all or part of*
19 *the Secretary’s duties under such Act by quali-*
20 *fied housing finance agencies, for purposes of*
21 *this section.*

22 “(C) *CERTIFICATION OF SUBSIDY LAYERING*
23 *COMPLIANCE.—The requirements of section*
24 *102(d) of the Department of Housing and Urban*
25 *Development Reform Act of 1989 may be satis-*

1 *fied in connection with a commitment to insure*
2 *a mortgage under this subsection by a certifi-*
3 *cation by a housing credit agency (including an*
4 *entity established by a State that provides mort-*
5 *gage insurance) to the Secretary that the com-*
6 *bination of assistance within the jurisdiction of*
7 *the Secretary and other government assistance*
8 *provided in connection with a property for*
9 *which a mortgage is to be insured shall not be*
10 *any greater than is necessary to provide afford-*
11 *able housing.*

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

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

16 “(i) *owned in fee simple; or*

17 “(ii) *subject to a leasehold interest*
18 *that—*

19 “(I) *has a term of not less than 99*
20 *years and is renewable; or*

21 “(II) *has a remaining term that*
22 *extends beyond the maturity of the*
23 *mortgage for a period of not less than*
24 *10 years.*

1 “(B) *FIRST MORTGAGE.*—The term ‘first
2 mortgage’ means a single first lien given to se-
3 cure advances on, or the unpaid purchase price
4 of, real estate, under the laws of the State in
5 which the real estate is located, together with the
6 credit instrument, if any, secured thereby. Any
7 other financing permitted on property insured
8 under this section must be expressly subordinate
9 to the insured mortgage.

10 “(C) *UNIT OF GENERAL LOCAL GOVERN-*
11 *MENT; STATE.*—The terms ‘unit of general local
12 government’ and ‘State’ have the same meanings
13 as in section 102(a) of the Housing and Commu-
14 nity Development Act of 1974.”.

15 (b) *DEFINITION OF MULTIFAMILY HOUSING.*—Section
16 544(1) of the Housing and Community Development Act
17 of 1992 (12 U.S.C. 1707 note) is amended to read as follows:

18 “(1) The term ‘multifamily housing’ means hous-
19 ing accommodations on the mortgaged property that
20 are designed principally for residential use, conform
21 to standards satisfactory to the Secretary, and consist
22 of not less than 5 rental units on 1 site. These units
23 may be detached, semidetached, row house, or multi-
24 family structures.”.

1 **SEC. 323. SUBSIDY LAYERING REVIEW.**

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

4 *(1) by striking subsection (a) and inserting the*
5 *following:*

6 *“(a) CERTIFICATION OF SUBSIDY LAYERING COMPLI-*
7 *ANCE.—The requirements of section 102(d) of the Depart-*
8 *ment of Housing and Urban Development Reform Act of*
9 *1989 may be satisfied in connection with a project receiving*
10 *assistance under a program that is within the jurisdiction*
11 *of the Department of Housing and Urban Development and*
12 *under section 42 of the Internal Revenue Code of 1986 by*
13 *a certification by a housing credit agency to the Secretary,*
14 *submitted in accordance with guidelines established by the*
15 *Secretary, that the combination of assistance within the ju-*
16 *risdiction of the Secretary and other government assistance*
17 *provided in connection with a property for which assistance*
18 *is to be provided within the jurisdiction of the Department*
19 *of Housing and Urban Development and under section 42*
20 *of the Internal Revenue Code of 1986 shall not be any great-*
21 *er than is necessary to provide affordable housing.”; and*

22 *(2) by striking subsection (c) and inserting the*
23 *following:*

24 *“(c) REVOCATION BY SECRETARY.—If the Secretary*
25 *determines that a housing credit agency has failed to com-*

1 *ply with the guidelines established under subsection (a), the*
 2 *Secretary—*

3 *“(1) may inform the housing credit agency that*
 4 *the agency may no longer submit certification of sub-*
 5 *sidy layering compliance under this section; and*

6 *“(2) shall carry out section 102(d) of the Hous-*
 7 *ing and Urban Development Reform Act relating to*
 8 *affected projects allocated a low-income housing tax*
 9 *credit pursuant to section 42 of the Internal Revenue*
 10 *Code of 1986.”.*

11 ***Subtitle C—Rural Housing***

12 ***SEC. 331. TECHNICAL CORRECTION TO RURAL HOUSING***

13 ***PRESERVATION PROGRAM.***

14 *Section 515(c)(1) of the Housing Act of 1949 (42*
 15 *U.S.C. 1485(c)(1)) is amended by striking “December 21,*
 16 *1979” and inserting “December 15, 1989”.*

S 1299 RH—2

S 1299 RH—3

S 1299 RH—4

S 1299 RH—5

S 1299 RH—6

S 1299 RH—7

S 1299 RH—8

S 1299 RH—9

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