

104TH CONGRESS
1ST SESSION

H. R. 2198

To abolish the Department of Housing and Urban Development and provide for reducing Federal spending for housing and community development activities by consolidating and eliminating programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1995

Mr. BROWNBACK (for himself, Mrs. MYRICK, Mr. GUTKNECHT, Mr. LARGENT, Mr. ARMEY, Mr. DELAY, Mr. BOEHNER, Mr. ROBERTS, Mr. WALKER, Mr. KASICH, Mr. BLILEY, Mr. SOLOMON, Mr. SAXTON, Mr. DREIER, Mr. DORNAN, Mr. ROHRABACHER, Mr. MILLER of Florida, Mr. HOEKSTRA, Mr. SHADEGG, Mr. SCARBOROUGH, Mr. FOLEY, Mr. SOUDER, Mr. TIAHRT, Mr. CHRYSLER, Mr. CHRISTENSEN, Mr. COOLEY, Mrs. SMITH of Washington, Mr. TATE, Mr. SMITH of Michigan, Mr. HEFLEY, Mr. HASTINGS of Washington, Mr. NUSSLE, Mr. INGLIS of South Carolina, Mr. NORWOOD, Mr. STOCKMAN, Mrs. SEASTRAND, Mr. TALENT, Mr. SANFORD, Mr. SALMON, Mr. BONO, Mrs. CHENOWETH, Mr. MCINTOSH, Mr. HOSTETTLER, Mr. FUNDERBURK, Mr. COBURN, Mr. GRAHAM, Mr. HILLEARY, Mr. HUTCHINSON, Mr. BASS, Mr. CUNNINGHAM, Mr. RADANOVICH, Mr. PARKER, Mr. DOOLITTLE, Mr. HERGER, Mr. KOLBE, Mr. WHITE, and Mr. HAYWORTH) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To abolish the Department of Housing and Urban Development and provide for reducing Federal spending for

housing and community development activities by consolidating and eliminating programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Housing Opportunities
5 and Empowerment Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

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

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

TITLE I—ABOLISHMENT OF DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT AND DISPOSITION OF FUNCTIONS

Subtitle A—Abolishment of Department of Housing and Urban Development

- Sec. 101. Reestablishment of Department as Housing and Urban Development Programs Resolution Agency.
- Sec. 102. Functions.
- Sec. 103. Continuation of service of HUD officers.
- Sec. 104. Reorganization.
- Sec. 105. Abolishment of Resolution Agency.
- Sec. 106. GAO report.
- Sec. 107. Conforming amendments.
- Sec. 108. Effective date.

Subtitle B—Disposition of Particular Programs, Functions, and Agencies of
Department of Housing and Urban Development

- Sec. 121. Program transfers.
- Sec. 122. Reestablishment of Office of Federal Housing Enterprise Oversight as independent office in Department of the Treasury.
- Sec. 123. Termination of Government National Mortgage Association.
- Sec. 124. Abolishment of Office of Public Affairs.
- Sec. 125. Effective date.

Subtitle C—Miscellaneous Provisions

- Sec. 141. References.
- Sec. 142. Exercise of authorities.
- Sec. 143. Savings provisions.
- Sec. 144. Transfer of assets.
- Sec. 145. Delegation and assignment.
- Sec. 146. Authority of Office of Management and Budget with respect to functions transferred.

- Sec. 147. Proposed changes in law.
- Sec. 148. Definition of transfer.
- Sec. 149. Definitions.

TITLE II—TENANT-BASED VOUCHERS FOR RENTAL AND HOMEOWNERSHIP ASSISTANCE

Subtitle A—Block Grants for State Housing Voucher Assistance

- Sec. 201. Federal assistance for State voucher program.
- Sec. 202. Block grants.
- Sec. 203. State voucher program requirements.
- Sec. 204. Waiver of voucher program requirements and flexible use of grant amounts.
- Sec. 205. Remedies for noncompliance.
- Sec. 206. Administrative fee.
- Sec. 207. Monitoring.

Subtitle B—Federal Housing Voucher Assistance Program

- Sec. 221. Program authority.
- Sec. 222. Eligible families.
- Sec. 223. Amount of assistance payment.
- Sec. 224. Payment standard and fair market rentals.
- Sec. 225. Eligible dwelling units.
- Sec. 226. Rents.
- Sec. 227. Leases.
- Sec. 228. Preferences for assistance.
- Sec. 229. Portability.
- Sec. 230. Use of housing assistance for homeownership.
- Sec. 231. Annual contributions contracts.
- Sec. 232. Housing voucher contracts.
- Sec. 233. Administrative fee.
- Sec. 234. Local voucher assistance agencies.
- Sec. 235. Definitions.

Subtitle C—Determination of State Allocations and Election of Federal or State Voucher Program

- Sec. 251. State allocations.
- Sec. 252. Availability of State allocation based on election to use Federal or State voucher program.

Subtitle D—Office of Federal Housing Voucher Assistance in Department of Health and Human Services

- Sec. 261. Establishment.
- Sec. 262. Voucher Administrator.
- Sec. 263. Duty and authority of Voucher Administrator.
- Sec. 264. Transfer of certain personnel.
- Sec. 265. Reports.
- Sec. 266. GAO audits.
- Sec. 267. Regulations.
- Sec. 268. Effective date.

Subtitle E—General Provisions

- Sec. 281. Definitions.

- Sec. 282. Maximum amount of housing assistance.
- Sec. 283. Authorization of appropriations.

TITLE III—TRANSITION PROVISIONS RELATING TO REPLACEMENT OF PUBLIC HOUSING AND ASSISTED HOUSING PROGRAMS

- Sec. 301. Purpose.

Subtitle A—Replacement of Assisted Housing Programs

- Sec. 311. Termination of existing programs.
- Sec. 312. Transition to voucher assistance program.
- Sec. 313. Transfer of residual HUD authority to administrator of Federal Housing Voucher Assistance.
- Sec. 314. Treatment of families assisted under terminated programs.
- Sec. 315. Continued restrictions on use of existing public housing stock.
- Sec. 316. Audit of project-based section 8 assistance contracts.

Subtitle B—Interim Program for Public Housing Block Grants and Deregulation

- Sec. 321. Immediate termination of existing public housing programs.
- Sec. 322. Program authority.
- Sec. 323. Strategic plan.
- Sec. 324. Consolidation of funding.
- Sec. 325. Public Housing Block Grant Fund.
- Sec. 326. Grants.
- Sec. 327. Eligible activities.
- Sec. 328. Formula allocations.
- Sec. 329. Program requirements and waivers.
- Sec. 330. Authorization of appropriations.

Subtitle C—General Provisions

- Sec. 341. Definitions.

TITLE IV—BLOCK GRANTS FOR HOUSING AND COMMUNITY DEVELOPMENT OPPORTUNITIES

Subtitle A—Block Grants Program

- Sec. 401. Purpose.
- Sec. 402. General block grants.
- Sec. 403. Eligible States and entitlement areas.
- Sec. 404. Use of grant amounts.
- Sec. 405. Block grant plan.
- Sec. 406. Allocation of block grant amounts.

Subtitle B—Block Grants for Housing for Special Populations and Indian Housing

- Sec. 421. Block grants for housing for special populations.
- Sec. 422. Block grants for Indian housing.

Subtitle C—General Provisions Relating to Block Grants

- Sec. 431. Oversight.
- Sec. 432. Remedies for noncompliance.

- Sec. 433. Nondiscrimination.
- Sec. 434. Definitions.
- Sec. 435. Regulations.
- Sec. 436. Funding.
- Sec. 437. Repeals.

Subtitle D—Housing and Community Opportunities Agency

- Sec. 441. Establishment.
- Sec. 442. Director.
- Sec. 443. Duties.
- Sec. 444. Personnel.
- Sec. 445. Administrative provisions.
- Sec. 446. Report.

Subtitle E—Effective Date

- Sec. 451. Effective date.

TITLE V—SINGLE FAMILY HOUSING MORTGAGE INSURANCE

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- Sec. 501. Federal Home Mortgage Insurance Fund.
- Sec. 502. Authority to enter into risk-sharing agreements for mortgage insurance coverage.
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- Sec. 504. Insurance coverage.
- Sec. 505. Risk-sharing agreements.
- Sec. 506. Requirements for qualified mortgage insurers.
- Sec. 507. Definitions.
- Sec. 508. Limitation on commitments to insure mortgages.

Subtitle B—Federal Home Mortgage Insurance Fund Administration

- Sec. 531. Establishment.
- Sec. 532. Fund Administrator.
- Sec. 533. Duty and authority of Fund Administrator.
- Sec. 534. Personnel.
- Sec. 535. Reports.
- Sec. 536. GAO audits and reports.
- Sec. 537. Regulations.
- Sec. 538. Authorization of appropriations for administrative expenses.

Subtitle C—Transition Provisions

- Sec. 551. Prohibition of new FHA business.
- Sec. 552. Repeal of FHA insurance authority.
- Sec. 553. Sale of FHA assets.
- Sec. 554. Transfer of remaining FHA authority to administrator of Federal Home Mortgage Insurance Fund.
- Sec. 555. Definitions.

Subtitle D—General and Miscellaneous Provisions

- Sec. 571. Amendments to title 5, United States Code.
- Sec. 572. Authority of Director of OFHEO to monitor safety and soundness of Fund.

Sec. 573. Definitions.
 Sec. 574. Effective date.

TITLE VI—OFFICE OF FEDERALISM IN OFFICE OF MANAGEMENT
 AND BUDGET

Sec. 601. Establishment.
 Sec. 602. Administrator.
 Sec. 603. Functions of Administrator.
 Sec. 604. Authorization of appropriations.
 Sec. 605. Compensation of Administrator at level III of Executive Schedule.
 Sec. 606. Effective date.

1 **TITLE I—ABOLISHMENT OF DE-**
 2 **PARTMENT OF HOUSING AND**
 3 **URBAN DEVELOPMENT AND**
 4 **DISPOSITION OF FUNCTIONS**

5 **Subtitle A—Abolishment of Depart-**
 6 **ment of Housing and Urban De-**
 7 **velopment**

8 **SEC. 101. REESTABLISHMENT OF DEPARTMENT AS HOUS-**
 9 **ING AND URBAN DEVELOPMENT PROGRAMS**
 10 **RESOLUTION AGENCY.**

11 (a) REESTABLISHMENT OF DEPARTMENT.—The De-
 12 partment of Housing and Urban Development is hereby
 13 redesignated as the Housing and Urban Development Pro-
 14 grams Resolution Agency, which shall be an independent
 15 agency in the executive branch of the Government.

16 (b) RESOLUTION ADMINISTRATOR.—

17 (1) IN GENERAL.—There shall be at the head
 18 of the Agency an Administrator of the Agency, who
 19 shall be appointed by the President, by and with the
 20 advice and consent of the Senate. The agency shall

1 be administered under the supervision and direction
2 of the Resolution Administrator. The Resolution Ad-
3 ministrator shall receive compensation at the rate
4 prescribed for level III of the Executive Schedule
5 under section 5314 of title 5, United States Code.

6 (2) INITIAL APPOINTMENT.—Notwithstanding
7 any other provision of this title or any other law, the
8 President may, at any time after the date of the en-
9 actment of this Act, appoint an individual to serve
10 as Resolution Administrator (who may be the Sec-
11 retary of Housing and Urban Development), as such
12 position is established under paragraph (1). An ap-
13 pointment under this paragraph may not be con-
14 strued to affect the position of Secretary of Housing
15 and Urban Development or the authority of such
16 Secretary before the effective date under section
17 108(a).

18 (c) DUTIES OF RESOLUTION ADMINISTRATOR.—The
19 Resolution Administrator shall be responsible for—

20 (1) the administration and wind-up, during the
21 wind-up period (as such term is defined in section
22 149), of all functions of the Resolution Adminis-
23 trator pursuant to section 102 and titles III and V;

24 (2) the administration and wind-up, during the
25 wind-up period, of any outstanding obligations of the

1 Federal Government under any programs terminated
2 or repealed by this Act;

3 (3) coordinating and carrying out, with the Ad-
4 ministrator of the Office of Federal Housing Vouch-
5 er Assistance, the transition under section 312; and

6 (4) taking such other actions as may be nec-
7 essary, before the termination date under section
8 105(d), to wind up any outstanding affairs of the
9 Department of Housing and Urban Development.

10 **SEC. 102. FUNCTIONS.**

11 Except to the extent that a function is abolished or
12 vested in another official or agency by this Act, the Reso-
13 lution Administrator shall perform all functions that, im-
14 mediately before the effective date under section 108(a),
15 were functions of the Department of Housing and Urban
16 Development (or any office of the Department) or were
17 authorized to be performed by the Secretary of Housing
18 and Urban Development or any other officer or employee
19 of the Department in the capacity as such officer or em-
20 ployee.

21 **SEC. 103. CONTINUATION OF SERVICE OF HUD OFFICERS.**

22 (a) CONTINUATION OF SERVICE OF SECRETARY.—
23 The individual serving as the Secretary of Housing and
24 Urban Development on the effective date under section
25 108(a) may act as Resolution Administrator until the date

1 an individual is appointed under this title to the position
2 of Resolution Administrator, or until the end of the 120-
3 day period provided for in section 3348 of title 5, United
4 States Code (relating to limitations on the period of time
5 a vacancy may be filled temporarily), whichever is earlier.

6 (b) COMPENSATION FOR CONTINUED SERVICE.—Any
7 person who serves as the Resolution Administrator under
8 subsection (a) after the effective date under section 108(a)
9 and before the first appointment of a person to such posi-
10 tion after such date shall continue to be compensated for
11 so serving or acting at the rate at which such person was
12 compensated before such effective date.

13 **SEC. 104. REORGANIZATION.**

14 The Resolution Administrator may allocate or reallo-
15 cate any function of the Agency pursuant to this Act
16 among the officers of the Agency, and may establish, con-
17 solidate, alter, or discontinue in the Housing and Urban
18 Development Programs Resolution Agency any organiza-
19 tional entities that were entities of the Department of
20 Housing and Urban Development, as the Resolution Ad-
21 ministrator considers necessary or appropriate.

22 **SEC. 105. ABOLISHMENT OF RESOLUTION AGENCY.**

23 (a) IN GENERAL.—Effective on the termination date
24 under subsection (d), the Housing and Urban Develop-
25 ment Programs Resolution Agency is abolished.

1 (b) ABOLITION OF FUNCTIONS.—Except for func-
2 tions transferred or otherwise continued by this Act, all
3 functions that, immediately before the termination date,
4 were functions of the Housing and Urban Development
5 Programs Resolution Agency are abolished effective on the
6 termination date.

7 (c) PLAN FOR WINDING UP AFFAIRS.—Not later
8 than the effective date under section 108(a), the President
9 shall submit to the Congress a plan for winding up the
10 affairs of the Agency in accordance with this Act and by
11 not later than the termination date.

12 (d) TERMINATION DATE.—The termination date is
13 September 30, 2000.

14 **SEC. 106. GAO REPORT.**

15 Not later than 180 days after the date of enactment
16 of this Act, the Comptroller General of the United States
17 shall submit to the Congress a report which shall include
18 recommendations for the most efficient means of achiev-
19 ing, in accordance with this Act—

20 (1) the complete abolishment of the Depart-
21 ment of Housing and Urban Development; and

22 (2) the termination or transfer or other con-
23 tinuation of the functions of the Department of
24 Housing and Urban Development.

1 **SEC. 107. CONFORMING AMENDMENTS.**

2 (a) **PRESIDENTIAL SUCCESSION.**—Section 19(d)(1)
3 of title 3, United States Code, is amended by striking
4 “Secretary of Housing and Urban Development.”.

5 (b) **EXECUTIVE DEPARTMENTS.**—Section 101 of title
6 5, United States Code, is amended by striking the follow-
7 ing item:

8 “The Department of Housing and Urban De-
9 velopment.”.

10 (c) **SECRETARY’S COMPENSATION.**—Section 5312 of
11 title 5, United States Code, is amended by striking the
12 following item:

13 “Secretary of Housing and Urban Develop-
14 ment.”.

15 (d) **DEPUTY SECRETARY’S COMPENSATION.**—Section
16 5313 of title 5, United States Code, is amended by strik-
17 ing the following item:

18 “Deputy Secretary of Housing and Urban De-
19 velopment.”.

20 (e) **INSPECTOR GENERAL’S COMPENSATION.**—Sec-
21 tion 5315 of title 5, United States Code, is amended by
22 striking the following item:

23 “Inspector General, Department of Housing
24 and Urban Development.”.

1 (f) ASSISTANT SECRETARIES', GENERAL COUNSEL'S,
2 AND CFO'S COMPENSATION.—Section 5315 of title 5,
3 United States Code, is amended—

4 (1) by striking the following item:

5 “Assistant Secretaries of Housing and Urban
6 Development (8).”;

7 (2) by striking the following item:

8 “General Counsel of the Department of Hous-
9 ing and Urban Development.”; and

10 (3) by striking the following item:

11 “Chief Financial Officer, Department of Hous-
12 ing and Urban Development.”.

13 (g) DEPARTMENT OF HOUSING AND URBAN DEVEL-
14 OPMENT ACT.—Effective on the termination date, the De-
15 partment of Housing and Urban Development Act (42
16 U.S.C. 3531 et seq.) is repealed.

17 **SEC. 108. EFFECTIVE DATE.**

18 (a) IN GENERAL.—Except as provided in subsection
19 (b), this subtitle shall take effect, and the amendments
20 under this subtitle shall be made and shall apply, on Octo-
21 ber 1, 1995.

22 (b) PROVISIONS EFFECTIVE ON DATE OF ENACT-
23 MENT.—The following provisions of this subtitle shall take
24 effect on the date of the enactment of this Act:

25 (1) Section 101(b).

1 (2) Section 105(c).

2 (3) Section 106.

3 **Subtitle B—Disposition of Particu-**
4 **lar Programs, Functions, and**
5 **Agencies of Department of**
6 **Housing and Urban Develop-**
7 **ment**

8 **SEC. 121. PROGRAM TRANSFERS.**

9 (a) TRANSFER OF FUNCTIONS.—The functions that,
10 immediately before the effective date under section 108(a),
11 were performed by the Secretary of Housing and Urban
12 Development are hereby transferred, as follows:

13 (1) FAIR HOUSING ACT.—All such functions re-
14 lating to the Fair Housing Act, rights guaranteed
15 under the Fair Housing Act, and the Fair Housing
16 Assistance program under such Act (not including
17 any functions relating to the Fair Housing Initia-
18 tives program under section 561 of the Housing and
19 Community Development Act of 1987), are trans-
20 ferred to the Attorney General of the United States.

21 (2) INTERSTATE LAND SALES FULL DISCLO-
22 SURE ACT.—All such functions relating to the Inter-
23 state Land Sales Full Disclosure Act are transferred
24 to the Federal Trade Commission.

1 (3) REAL ESTATE SETTLEMENT PROCEDURES
2 ACT OF 1974.—All functions relating to the Real Es-
3 tate Settlement Procedures Act of 1974 are trans-
4 ferred to the Board of Governors of the Federal Re-
5 serve System.

6 (4) MANUFACTURED HOME STANDARDS.—All
7 such functions relating to the National Manufac-
8 tured Housing Construction and Safety Standards
9 Act of 1974 are transferred to the Administrator of
10 the Rural Housing and Community Development
11 Service of the Department of Agriculture.

12 (5) LEAD-BASED PAINT POISONING PREVEN-
13 TION ACT.—All such functions relating to titles III,
14 IV, and V of the Lead-Based Paint Poisoning Pre-
15 vention Act are transferred to the Administrator of
16 the Environmental Protection Agency.

17 (6) RESIDENTIAL LEAD-BASED PAINT HAZARD
18 REDUCTION ACT OF 1992.—All such functions relat-
19 ing to sections 1015, 1016, 1017, 1018, 1051, 1052,
20 1053, and 1061 of the Housing and Community De-
21 velopment Act of 1992 are transferred to the Ad-
22 ministrator of the Environmental Protection Agency.

23 (7) HOME MORTGAGE DISCLOSURE ACT OF
24 1975.—All such functions relating to the Home

1 Mortgage Disclosure Act of 1975 are transferred to
2 the Secretary of the Treasury.

3 (b) TRANSITION ASSISTANCE.—The head of the
4 agency or office to which a function is transferred under
5 this section may, for such period of time as may reason-
6 ably be necessary to facilitate the orderly implementation
7 of this section, utilize the services of officers, employees,
8 and other personnel of the Housing and Urban Develop-
9 ment Programs Resolution Agency with respect to func-
10 tions transferred to the agency or office by this section.

11 **SEC. 122. REESTABLISHMENT OF OFFICE OF FEDERAL**
12 **HOUSING ENTERPRISE OVERSIGHT AS INDE-**
13 **PENDENT OFFICE IN DEPARTMENT OF THE**
14 **TREASURY.**

15 (a) REESTABLISHMENT.—The Office of Federal
16 Housing Enterprise Oversight of the Department of Hous-
17 ing and Urban Development (in this section referred to
18 as the “Office) is hereby reestablished as an office in the
19 Department of the Treasury.

20 (b) CONTINUATION OF SERVICE AND COMPENSATION
21 OF DIRECTOR.—The individual serving as the Director of
22 the Office on the effective date under section 108(a) may
23 act as Director of the Office as reestablished under this
24 section for the remainder of the term for which such per-
25 son was appointed.

1 (c) FUNCTIONS.—All functions relating to safety and
2 soundness of the enterprises (as such term is defined in
3 section 1303 of the Housing and Community Development
4 Act of 1992) that, immediately before the effective date
5 under section 108(a), were performed by the Secretary of
6 Housing and Urban Development (including the functions
7 under part 2 of subtitle A of title XIII of such Act, the
8 Federal National Mortgage Association Charter Act, and
9 the Federal Home Loan Mortgage Corporation Act) shall
10 be functions of the Secretary of the Treasury.

11 (d) PERSONNEL.—

12 (1) IN GENERAL.—The personnel employed in
13 connection with the functions referred to in sub-
14 section (c) shall be personnel of the Office as rees-
15 tablished by this section.

16 (2) EFFECT.—Any full-time or part-time per-
17 sonnel employed in permanent positions shall not be
18 separated or reduced in grade or compensation be-
19 cause of the reestablishment of the Office under this
20 section during the 1-year period beginning on the ef-
21 fective date under section 108(a).

22 (e) AMENDMENTS TO TITLE XIII OF HOUSING AND
23 COMMUNITY DEVELOPMENT ACT OF 1992.—Title XIII of
24 the Housing and Community Development Act of 1992
25 is amended—

1 (1) in section 1303 (12 U.S.C. 4502)—

2 (A) in paragraphs (5) and (14), by striking
3 “Department of Housing and Urban Develop-
4 ment” each place it appears and inserting “De-
5 partment of the Treasury”; and

6 (B) by striking paragraph (15) and insert-
7 ing the following new paragraph:

8 “(15) SECRETARY.—Except as specifically pro-
9 vided otherwise, the term ‘Secretary’ means the Sec-
10 retary of the Treasury.”;

11 (2) in section 1311 (12 U.S.C. 4511)—

12 (A) by striking “Department of Housing
13 and Urban Development” and inserting “De-
14 partment of the Treasury”; and

15 (B) by adding at the end the following new
16 sentences: “Notwithstanding any other provi-
17 sion of this Act, the Secretary of the Treasury
18 may not merge or consolidate the Office of Fed-
19 eral Housing Enterprise Oversight of the De-
20 partment, or any of the functions or respon-
21 sibilities of such Office, with any other function
22 or program administered by the Secretary. Any
23 reference in any other Federal law, any Execu-
24 tive order, rule, regulation, or delegation of au-
25 thority, or any document of or pertaining to the

1 Office of Federal Housing Enterprise Oversight
2 of the Department of Housing and Urban De-
3 velopment (1) to such Office, is deemed to refer
4 to the Office of Federal Housing Enterprise
5 Oversight of the Department of the Treasury,
6 and (2) to the Director of such Office or an
7 officer of such office, is deemed to refer to the
8 Director of the Office of Federal Housing En-
9 terprise Oversight of the Department of the
10 Treasury or an officer of such office.”;

11 (3) in section 1315(d) (12 U.S.C. 4515(d))—

12 (A) in the subsection heading, by striking
13 “HUD” and inserting “TREASURY DEPART-
14 MENT”; and

15 (B) by striking “Department of Housing
16 and Urban Development” and inserting “De-
17 partment of the Treasury”;

18 (4) in section 1316(g)(3) (12 U.S.C.
19 4516(g)(3))—

20 (A) by striking “(A)”; and

21 (B) by striking, “and (B)” and all that fol-
22 lows through “Secretary”;

23 (5) in section 1319F(2) (12 U.S.C. 4525(2)),
24 by striking “Department of Housing and Urban De-

1 velopment” and inserting “Department of the Treas-
2 ury”;

3 (6) in section 1319G(a) (12 U.S.C. 4526(a)),
4 by striking the last sentence; and

5 (7) by striking the designation and heading for
6 part 2 of subtitle A and inserting the following:

7 **“PART 2—AUTHORITY OF SECRETARY OF**
8 **HOUSING AND URBAN DEVELOPMENT**

9 **“SEC. 1320. DEFINITION OF SECRETARY.**

10 “For purposes of this part, the term ‘Secretary’
11 means the Secretary of Housing and Urban Develop-
12 ment.”.

13 (f) AMENDMENTS TO TITLE 5, UNITED STATES
14 CODE.—

15 (1) COMPENSATION.—Section 5313 of title 5,
16 United States Code, is amended by striking the item
17 relating to the Director of the Office of Federal
18 Housing Enterprise Oversight, Department of Hous-
19 ing and Urban Development, and inserting the fol-
20 lowing new item:

21 “Director of the Office of Federal Housing En-
22 terprise Oversight, Department of the Treasury.”.

23 (2) EXCLUSION FROM SENIOR EXECUTIVE
24 SERVICE.—Section 3132(a)(1)(D) of title 5, United
25 States Code, is amended by striking “Department of

1 Housing and Urban Development” and inserting
2 “Department of the Treasury”.

3 (g) CLERICAL AMENDMENT.—The table of contents
4 in section 1(b) of the Housing and Community Develop-
5 ment Act of 1992 (Public Law 102–550; 106 Stat. 3679)
6 is amended by striking the item relating to part 2 of sub-
7 title A and inserting the following new items:

“PART 2—AUTHORITY OF SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

“Sec. 1320. Definition of Secretary.”.

8 **SEC. 123. TERMINATION OF GOVERNMENT NATIONAL**
9 **MORTGAGE ASSOCIATION.**

10 (a) TERMINATION.—Section 302(a)(2)(A) of the Na-
11 tional Housing Act (12 U.S.C. 1717(a)(2)(A)) is amended
12 by adding at the end the following new sentences: “Upon
13 the effective date under section 125 of the Housing Oppor-
14 tunities and Empowerment Act, the body corporate de-
15 scribed in this subparagraph shall cease to exist. Upon
16 such effective date, any authority of the Department of
17 Housing and Urban Development under this Act or any
18 other Act to carry out duties and functions of the Associa-
19 tion shall terminate. On and after such effective date, the
20 Administrator of the Housing and Urban Development
21 Programs Resolution Agency may exercise the authority
22 of the Secretary of Housing and Urban Development to
23 carry out duties and functions of the Association, but only

1 to the extent necessary to fulfill outstanding obligations
2 of the Association and windup the business of the Associa-
3 tion (as provided in the plan established pursuant to sec-
4 tion 123(b) of such Act) and only until such time as such
5 authority is terminated (as provided by such plan). Such
6 Administrator may not guarantee, or make any commit-
7 ment to guarantee, any securities or notes based on or
8 backed by mortgages or otherwise engage in any new busi-
9 ness based on any authority of the Association.”.

10 (b) PHASE-OUT PLAN.—The Resolution Adminis-
11 trator shall establish a plan for winding up the affairs of
12 the Government National Mortgage Association (in this
13 section referred to as the “Association”). The plan—

14 (1) shall provide that the Association shall ter-
15minate upon the effective date under section 125;

16 (2) shall provide for the Resolution Adminis-
17trator to exercise the authority of the Secretary of
18Housing and Urban Development to carry out duties
19and functions of the Association, but only to the ex-
20tent necessary to fulfill outstanding obligations of
21the Association and windup the business of the As-
22sociation;

23 (3) may provide for the Federal National Mort-
24gage Association or the Federal Home Loan Mort-
25gage Corporation or other private secondary mort-

1 gage market entities, as the Secretary considers ap-
2 propriate, to assume any secondary market functions
3 of the Association or similar functions;

4 (4) shall include any recommendations for legis-
5 lation that may be necessary for carrying out the
6 amendment made by subsection (a) and the plan
7 under this subsection; and

8 (5) shall provide for any authority of the Reso-
9 lution Administrator under paragraph (2) to termi-
10 nate as soon as possible, but in no event later than
11 the termination date.

12 The Resolution Administrator shall submit a copy of the
13 plan under this section to the Congress not later than the
14 expiration of the 12-month period beginning on the date
15 of the enactment of this Act.

16 **SEC. 124. ABOLISHMENT OF OFFICE OF PUBLIC AFFAIRS.**

17 The Office of Public Affairs of the Department of
18 Housing and Urban Development is abolished and shall
19 not be a function of the Housing and Urban Development
20 Programs Resolution Agency pursuant to section 102.

21 **SEC. 125. EFFECTIVE DATE.**

22 This subtitle shall take effect, and the amendments
23 under this subtitle shall be made and shall apply, on the
24 effective date specified in section 108(a).

1 **Subtitle C—Miscellaneous**
2 **Provisions**

3 **SEC. 141. REFERENCES.**

4 Any reference in any other Federal law, Executive
5 order, rule, regulation, or delegation of authority, or any
6 document of or pertaining to an office from which a func-
7 tion is transferred by this Act—

8 (1) to the Secretary of Housing and Urban De-
9 velopment or an officer of the Department of Hous-
10 ing and Urban Development, is deemed to refer to
11 the head of the department or office to which such
12 function is transferred; and

13 (2) to the Department of Housing and Urban
14 Development is deemed to refer to the department
15 or office to which such function is transferred.

16 **SEC. 142. EXERCISE OF AUTHORITIES.**

17 Except as otherwise provided by law, a Federal offi-
18 cial to whom a function is transferred by this Act may,
19 for purposes of performing the function, exercise all au-
20 thorities under any other provision of law that were avail-
21 able with respect to the performance of that function to
22 the official responsible for the performance of the function
23 immediately before the effective date of the transfer of the
24 function.

1 **SEC. 143. SAVINGS PROVISIONS.**

2 (a) LEGAL DOCUMENTS.—All orders, determinations,
3 rules, regulations, permits, grants, loans, contracts, agree-
4 ments, certificates, licenses, and privileges—

5 (1) that have been issued, made, granted, or al-
6 lowed to become effective by the President, the Sec-
7 retary of Housing and Urban Development, any offi-
8 cer or employee of any office transferred or reestab-
9 lished by this Act, or any other Government official,
10 or by a court of competent jurisdiction, in the per-
11 formance of any function that is transferred by this
12 Act, and

13 (2) that are in effect on the effective date of
14 such transfer (or become effective after such date
15 pursuant to their terms as in effect on such effective
16 date),

17 shall continue in effect according to their terms until
18 modified, terminated, superseded, set aside, or revoked in
19 accordance with law by the President, any other author-
20 ized official, a court of competent jurisdiction, or operation
21 of law.

22 (b) PROCEEDINGS.—This Act shall not affect any
23 proceedings or any application for any benefits, service,
24 license, permit, certificate, or financial assistance pending
25 on the date of the enactment of this Act before an agency
26 or office transferred by this Act, but such proceedings and

1 applications shall be continued. Orders shall be issued in
2 such proceedings, appeals shall be taken therefrom, and
3 payments shall be made pursuant to such orders, as if this
4 Act had not been enacted, and orders issued in any such
5 proceeding shall continue in effect until modified, termi-
6 nated, superseded, or revoked by a duly authorized official,
7 by a court of competent jurisdiction, or by operation of
8 law. Nothing in this subsection shall be considered to pro-
9 hibit the discontinuance or modification of any such pro-
10 ceeding under the same terms and conditions and to the
11 same extent that such proceeding could have been discon-
12 tinued or modified if this Act had not been enacted.

13 (c) SUITS.—This Act shall not affect suits com-
14 menced before the date of the enactment of this Act, and
15 in all such suits, proceeding shall be had, appeals taken,
16 and judgments rendered in the same manner and with the
17 same effect as if this Act had not been enacted.

18 (d) NONABATEMENT OF ACTIONS.—No suit, action,
19 or other proceeding commenced by or against the Depart-
20 ment of Housing and Urban Development or the Secretary
21 of Housing and Urban Development, or by or against any
22 individual in the official capacity of such individual as an
23 officer or employee of an office transferred or reestab-
24 lished by this Act, shall abate by reason of the enactment
25 of this Act.

1 (e) CONTINUANCE OF SUITS.—If any officer of the
2 Department of Housing and Urban Development in the
3 official capacity of such officer is a party to a suit with
4 respect to the function of the officer, and under this Act
5 such function is transferred to any other officer or office,
6 then such suit shall be continued with the other officer
7 or the head of such other office, as applicable, substituted
8 or added as a party.

9 **SEC. 144. TRANSFER OF ASSETS.**

10 Except as otherwise provided in this Act, so much
11 of the personnel, property, records, and unexpended bal-
12 ances of appropriations, allocations, and other funds em-
13 ployed, used, held, available, or to be made available in
14 connection with a function transferred to an official by
15 this Act shall be available to the official at such time or
16 times as the Director of the Office of Management and
17 Budget directs for use in connection with the functions
18 transferred.

19 **SEC. 145. DELEGATION AND ASSIGNMENT.**

20 Except as otherwise provided in this Act or otherwise
21 expressly prohibited by law, an official to whom functions
22 are transferred under this Act (including the head of any
23 officer to which functions are transferred) may delegate
24 any of the functions so transferred to such officers and
25 employees of the agency or office of such official as the

1 official may designate, and may authorize successive
2 redelegations of such functions as may be necessary or ap-
3 propriate. No delegation of functions under this section
4 or under any other provision of this Act shall relieve the
5 official to whom a function is transferred under this Act
6 of responsibility for the administration of the function.

7 **SEC. 146. AUTHORITY OF OFFICE OF MANAGEMENT AND**
8 **BUDGET WITH RESPECT TO FUNCTIONS**
9 **TRANSFERRED.**

10 (a) DETERMINATIONS.—If necessary, the Office of
11 Management and Budget shall make any determination of
12 the functions that are transferred under this Act.

13 (b) INCIDENTAL TRANSFERS.—The Director of the
14 Office of Management and Budget, at such time or times
15 as the Director shall provide, may make such incidental
16 dispositions of personnel, assets, liabilities, grants, con-
17 tracts, property, records, and unexpended balances of ap-
18 propriations, authorizations, allocations, and other funds
19 held, used, arising from, available to, or to be made avail-
20 able in connection with such functions, as may be nec-
21 essary to carry out the provisions of this Act.

22 (c) TERMINATIONS.—The Director of the Office of
23 Management and Budget shall provide for the termination
24 of the affairs of all entities terminated and for such fur-

1 ther measures and dispositions as may be necessary to ef-
2 fectuate the purposes of this Act.

3 **SEC. 147. PROPOSED CHANGES IN LAW.**

4 Not later than one year after the date of the enact-
5 ment of this Act, the Director of the Office of Manage-
6 ment and Budget shall submit to the Congress a descrip-
7 tion of any changes in Federal law necessary to reflect
8 abolishments, transfers, reestablishments, terminations,
9 and disposals under this Act.

10 **SEC. 148. DEFINITION OF TRANSFER.**

11 For purposes of this title, the vesting of a function
12 in a department or office pursuant to reestablishment of
13 an office shall be considered to be the transfer of the func-
14 tion.

15 **SEC. 149. DEFINITIONS.**

16 For purposes of this title, the following definitions
17 shall apply:

18 (1) **FUNCTION.**—The term “function” includes
19 any duty, obligation, power, authority, responsibility,
20 right, privilege, activity, or program.

21 (2) **OFFICE.**—The term “office” includes any
22 office, administration, agency, institute, council,
23 unit, organizational entity, or component thereof.

24 (3) **RESOLUTION ADMINISTRATOR.**—The term
25 “Resolution Administrator” means the Adminis-

1 trator of the Housing and Urban Development Pro-
2 grams Resolution Agency.

3 (4) TERMINATION DATE.—The term “termi-
4 nation date” means the termination date under sec-
5 tion 105(d).

6 (5) WIND-UP PERIOD.—The term “wind-up pe-
7 riod” means the period beginning on the effective
8 date under section 108(a) and ending on the termi-
9 nation date.

10 **TITLE II—TENANT-BASED**
11 **VOUCHERS FOR RENTAL AND**
12 **HOMEOWNERSHIP ASSIST-**
13 **ANCE**

14 **Subtitle A—Block Grants for State**
15 **Housing Voucher Assistance**

16 **SEC. 201. FEDERAL ASSISTANCE FOR STATE VOUCHER PRO-**
17 **GRAM.**

18 (a) AUTHORITY AND PURPOSE.—For fiscal year
19 1996 and thereafter, the Administrator of the Federal
20 Housing Voucher Agency (appointed pursuant to subtitle
21 D) shall make assistance under this subtitle available to
22 each eligible State (in the amount of the allocation deter-
23 mined under section 251 for the State) for the purpose
24 of providing housing voucher assistance on behalf of low-

1 income families for the rental or ownership of existing
2 dwelling units by such families.

3 (b) ELIGIBLE STATES.—For purposes of this sub-
4 title, the term “eligible State” means a State that has pro-
5 vided notice under section 252.

6 **SEC. 202. BLOCK GRANTS.**

7 Assistance under this subtitle for an eligible State
8 shall be provided in the form of a grant to the State for
9 a fiscal year, which may be used only (except as provided
10 in section 204)—

11 (1) to provide housing voucher assistance in ac-
12 cordance with the requirements of section 203; and

13 (2) to the extent authorized in section 206, for
14 administrative costs of providing such voucher as-
15 sistance.

16 **SEC. 203. STATE VOUCHER PROGRAM REQUIREMENTS.**

17 (a) IN GENERAL.—With respect to a grant under this
18 subtitle to an eligible State, housing voucher assistance
19 in accordance with the requirements of this section is fi-
20 nancial assistance that complies with the following re-
21 quirements:

22 (1) HOUSING USE.—The assistance shall be
23 available only to cover rental or ownership expenses
24 of a dwelling unit that is the primary residence of
25 the individual, household, or family to or on behalf

1 of whom the assistance is provided and is located
2 within the State to which the grant is made.

3 (2) INDIVIDUAL ASSISTANCE.—The assistance
4 shall be provided to or on behalf of particular indi-
5 viduals, households, or families who are determined
6 to be eligible for such assistance based on the in-
7 come, resources, or financial need of the individual,
8 household, or family, subject to the limitation under
9 paragraphs (3) and (5).

10 (3) LOW-INCOME USE.—The assistance shall
11 not be available to or for any individual, household,
12 or family whose annual income exceeds the median
13 income for the area, as such median income is deter-
14 mined by the Voucher Administrator for purposes of
15 the Federal housing voucher assistance program
16 under subtitle B, with adjustments for smaller and
17 larger families.

18 (4) AMOUNT OF ASSISTANCE.—The amount of
19 assistance provided to or on behalf of an individual,
20 household, or family shall be determined based on
21 the income, resources, or financial need of the indi-
22 vidual, household, or family.

23 (5) DURATION OF ASSISTANCE.—Assistance
24 may not be provided for any individual, household,
25 or family for more than a specific number of

1 months, as shall be established by the State taking
2 into consideration any limitations on the duration of
3 eligibility of individuals, households, or families for
4 general welfare assistance under any such program
5 of the State.

6 (6) ELIGIBLE HOUSING.—The assistance may
7 not be used for the rental or occupancy of a dwelling
8 unit that fails to comply with any applicable State
9 or local laws, standards, or codes relating to housing
10 construction or condition, or fails to comply with
11 such other requirements as the State may, in its dis-
12 cretion, establish.

13 (7) CHOICE OF HOUSING.—Among dwelling
14 units for which the assistance is eligible to be used,
15 the choice of the dwelling unit for which the assist-
16 ance is used shall be solely within the discretion of
17 the family to whom or on behalf of whom the assist-
18 ance is provided.

19 (b) ADMINISTRATION.—The provision of housing
20 voucher assistance using grant amounts under this sub-
21 title shall be administered by the eligible State receiving
22 the grant, a political subdivision of the State, or any other
23 public or private entity selected or authorized by the State.

1 **SEC. 204. WAIVER OF VOUCHER PROGRAM REQUIREMENTS**
2 **AND FLEXIBLE USE OF GRANT AMOUNTS.**

3 (a) IN GENERAL.—Pursuant to a request by a State
4 that meets the requirements under this section, the Vouch-
5 er Administrator shall waive the requirements of this sub-
6 title requiring use of grant amounts under this subtitle
7 for voucher assistance and authorize the State to use such
8 amounts for any affordable housing activities under sec-
9 tion 404(e), subject to the provisions of subsections (g),
10 (h), and (i) of section 404. A waiver under this section
11 shall be effective for the first fiscal year commencing after
12 the request is approved and each fiscal year thereafter.

13 (b) CONSISTENCY WITH STATE WELFARE PRO-
14 GRAM.—Affordable housing activities conducted with
15 grant amounts under this subtitle pursuant to a waiver
16 under this section for a State shall, to the extent the State
17 determines reasonable and practicable, be consistent with
18 the purposes of and requirements under the general wel-
19 fare assistance program of the State, including purposes
20 and requirements to engage in work or training and pro-
21 viding for duration of eligibility.

22 (c) WAIVER REQUEST.—A request for a waiver under
23 this section for a State shall—

24 (1) be made in writing;

25 (2) be signed by the chief executive officer of
26 the State;

1 (3) describe how the use of the grant amounts
2 will comply with the requirement under subsection
3 (b);

4 (4) include a certification that grant amounts
5 made available to the State under this subtitle will
6 be used in compliance with subsection (a); and

7 (5) include a certification that a plan for the
8 use of any grant amounts will be made publicly
9 available prior to any use of such amounts.

10 (d) STANDARD FOR WAIVER.—The Voucher Admin-
11 istrator may not disapprove a request for a waiver un-
12 less—

13 (1) the request does not comply with the re-
14 quirements under subsection (c); or

15 (2) the Voucher Administrator determines that
16 the description under subsection (c)(3) evidences an
17 unreasonable inconsistency between the use of the
18 grant amounts and the purposes of and require-
19 ments under the general welfare assistance program
20 of the State.

21 In disapproving a request for a waiver under this section,
22 the Administrator shall inform the State of the reasons
23 for the disapproval, and such disapproval shall not affect
24 the consideration of any subsequent request by a State
25 for a waiver.

1 (e) PROHIBITION AGAINST REVOKING WAIVER.—
2 Once the Voucher Administrator grants a waiver under
3 this section, the Voucher Administrator may not subse-
4 quently repeal, revoke, waive, annul, or otherwise limit or
5 nullify the waiver. This subsection shall not affect the au-
6 thority of the Voucher Administrator to take action under
7 section 205.

8 **SEC. 205. REMEDIES FOR NONCOMPLIANCE.**

9 (a) REDUCTION OR TERMINATION OF ASSISTANCE.—
10 If the Voucher Administrator finds on the record after op-
11 portunity for an agency hearing that a State receiving a
12 grant under this subtitle has failed to comply substantially
13 with any provision of this subtitle, the Voucher Adminis-
14 trator shall (notwithstanding section 201(a))—

15 (1) terminate payments under this subtitle to
16 the State; or

17 (2) reduce payments under this subtitle to the
18 State by an amount equal to the amount of such
19 payments that were not expended in accordance with
20 this subtitle.

21 (b) RESUMPTION OF ASSISTANCE.—If the Voucher
22 Administrator takes action under subsection (a) with re-
23 spect to a State, the Voucher Administrator shall resume
24 payments of assistance under this subtitle to the State at
25 such time that the Voucher Administrator determines the

1 State has or will comply with the provisions of this sub-
2 title.

3 (c) CIVIL ACTION.—

4 (1) REFERRAL.—In lieu of, or in addition to,
5 any action authorized by subsection (a), if the
6 Voucher Administrator has reason to believe that a
7 State receiving assistance under this subtitle has
8 failed to comply substantially with any provision of
9 this subtitle, the Voucher Administrator may refer
10 the matter to the Attorney General of the United
11 States with a recommendation that an appropriate
12 civil action be instituted.

13 (2) ACTION.—Upon such a referral the Attor-
14 ney General may bring a civil action in any United
15 States district court having venue thereof for such
16 relief as may be appropriate, including an action to
17 recover the amount of the assistance furnished
18 under this subtitle which was not expended in ac-
19 cordance with this subtitle, or for mandatory or in-
20 junctive relief.

21 (d) CIVIL ACTION TO REVIEW OF REMEDIAL AC-
22 TIONS.—Any State that receives notice under subsection
23 (a) of the termination or reduction of payments under this
24 subtitle may, within 60 days after receiving such notice,
25 file with the United States Court of Appeals for the circuit

1 in which such State is located, or in the United States
2 Court of Appeals for the District of Columbia, a petition
3 for review of the Voucher Administrator's action. The peti-
4 tioner shall forthwith transmit copies of the petition to the
5 Voucher Administrator and the Attorney General of the
6 United States, who shall represent the Voucher Adminis-
7 trator in the litigation.

8 **SEC. 206. ADMINISTRATIVE FEE.**

9 (a) ESTABLISHMENT.—The Voucher Administrator
10 shall establish a fee for the costs incurred by an eligible
11 State in administering the provision of housing voucher
12 assistance in accordance with the requirements of section
13 203. From any amounts made available in a grant under
14 this subtitle for a fiscal year, the State may use an amount
15 not exceeding the fee for costs of administering such hous-
16 ing voucher assistance.

17 (b) LIMITATION.—A State that receives a grant
18 under this subtitle for a fiscal year may not use such grant
19 amounts for any costs (for the fiscal year) of administer-
20 ing the State program for housing voucher assistance in
21 an amount that exceeds the administrative fee under this
22 section for the State.

23 (c) AMOUNT.—The amount of the administrative fee
24 under subsection (a) for a State for a fiscal year shall be
25 an amount, determined by the Voucher Administrator, to

1 be equivalent to the aggregate of the amounts of adminis-
2 trative fees that would have been determined under section
3 233 for local voucher assistance agencies in the State if
4 the amount allocated for the State under section 251 were
5 provided for assistance under subtitle B.

6 **SEC. 207. MONITORING.**

7 The Voucher Administrator may require States re-
8 ceiving assistance under this subtitle in any fiscal year to
9 report to the Administrator regarding the use of such
10 amounts.

11 **Subtitle B—Federal Housing**
12 **Voucher Assistance Program**

13 **SEC. 221. PROGRAM AUTHORITY.**

14 For fiscal years 1996 and thereafter, the Voucher
15 Administrator shall carry out a program under this sub-
16 title in the States that have not provided notice under sec-
17 tion 252, to provide housing assistance payments on a
18 monthly basis, on behalf of low-income families, to cover
19 costs incurred by such families in renting or owning exist-
20 ing dwelling units.

21 **SEC. 222. ELIGIBLE FAMILIES.**

22 (a) LOW-INCOME AND ELIGIBLE HOUSING REQUIRE-
23 MENTS.—Housing assistance under this subtitle may be
24 provided only on behalf of families who are low-income
25 families at the time that such assistance is made available

1 for the families and only for the rental or ownership of
2 eligible dwelling units by such families.

3 (b) DETERMINATION OF INCOME ELIGIBILITY.—The
4 local voucher assistance agency providing housing assist-
5 ance under this subtitle shall be responsible for determin-
6 ing the eligibility of a family for housing assistance and
7 selecting the family as an assisted family. The Voucher
8 Administrator shall require each local voucher assistance
9 agency to issue each family selected as an assisted family
10 a voucher, which shall be a document that evidences such
11 selection and the commitment of the agency to provide
12 housing assistance on behalf of the family and that states
13 the terms and conditions of the housing assistance to be
14 provided on behalf of the family.

15 (c) INCOME REVIEWS.—Each local voucher assist-
16 ance agency shall conduct annual reviews of the incomes
17 of the families assisted under this subtitle by the agency
18 to determine eligibility for such assistance and the appro-
19 priate amount of such assistance.

20 (d) DURATION OF ASSISTANCE.—

21 (1) 5-YEAR LIMITATION.—Except as provided in
22 paragraph (3), a family may not be provided housing
23 assistance under this title for more than 60 months,
24 regardless of whether such months of assistance are
25 consecutive or not.

1 (2) COUNTING.—For purposes of this section,
2 the number of months that a family shall be consid-
3 ered to previously have been provided assistance
4 under this title shall be equal to the number of
5 months that the longest-assisted family member re-
6 sided (for any portion of a month) in a household
7 assisted under this title at a time when such member
8 was 18 years of age or older.

9 (3) EXEMPTION OF ELDERLY AND DISABLED
10 FAMILIES.—The limitation under paragraph (1)
11 shall not apply to—

12 (A) elderly families and disabled families;
13 and

14 (B) other elderly persons and persons with
15 disabilities, as the Voucher Administrator may
16 provide, except that such exceptions shall be de-
17 signed to ensure that the benefit of the excep-
18 tions are derived primarily by elderly persons
19 and persons with disabilities and not by
20 nonelderly and nondisabled members of a
21 household who are not essential to their care or
22 well-being.

23 (4) LONGEST-ASSISTED FAMILY MEMBER.—For
24 purposes of paragraph (2), the term “longest-as-
25 sisted family member” means, with respect to a fam-

1 ily, the member of the family who has resided (for
2 any portion of a month) in a household assisted
3 under this title for more months than any other
4 member of the family.

5 **SEC. 223. AMOUNT OF ASSISTANCE PAYMENT.**

6 (a) IN GENERAL.—Except as provided in subsection
7 (c), the amount of the monthly assistance payment on be-
8 half of family renting or owning an eligible dwelling unit
9 shall be the amount by which (1) the payment standard
10 established under section 224 for a dwelling unit of the
11 applicable size and located in the area in which the family
12 resides, exceeds (2) 30 percent of the monthly adjusted
13 income of the family.

14 (b) EXCLUSION OF EQUITY FROM INCOME.—In de-
15 termining the monthly assistance payment for a family on
16 behalf of whom housing assistance is provided under sec-
17 tion 230, no amount imputed from the equity of the family
18 in such dwelling unit may be included in the income of
19 the family.

20 (c) LIMITATIONS TO PREVENT EXCESSIVE ASSIST-
21 ANCE PAYMENTS.—The amount of the monthly assistance
22 payment on behalf of a family may not in any case ex-
23 ceed—

24 (1) for any family for whom 30 percent of the
25 adjusted income of the family exceeds the rent for

1 the dwelling unit of the family (or the monthly
2 homeownership expenses for the dwelling unit owned
3 by 1 or more members of the family), 50 percent of
4 the difference between the payment standard appli-
5 cable to the dwelling unit and the actual rent
6 charged by the owner for the assisted dwelling unit;

7 (2) for any family renting an eligible dwelling
8 unit using housing assistance, the amount by which
9 the rent for the dwelling unit (including the amount
10 allowed for utilities in the case of a unit with sepa-
11 rate utility metering) exceeds 10 percent of the
12 monthly income of the family; or

13 (3) for any family residing in a dwelling unit
14 owned by 1 or more members of the family, the
15 amount by which the monthly homeownership ex-
16 penses, as determined in accordance with require-
17 ments established by the Voucher Administrator, ex-
18 ceed 10 percent of the monthly income of the family.

19 (d) RETURN OF CERTAIN SAVINGS TO FEDERAL
20 TREASURY.—Any local voucher assistance agency that
21 makes assistance payments in a fiscal year on behalf of
22 a family described in subsection (c)(1) shall reserve from
23 amounts made available to the agency for such year an
24 amount equal to 50 percent of the difference referred to
25 in such subsection. The Voucher Administrator shall, at

1 the end of such fiscal year, recapture any amounts so re-
2 served and such amounts shall be covered into the General
3 Fund of the Treasury of the United States.

4 **SEC. 224. PAYMENT STANDARD AND FAIR MARKET RENT-**
5 **ALS.**

6 (a) ESTABLISHMENT.—The amount of housing as-
7 sistance under this subtitle to be provided monthly on be-
8 half of low-income families shall be determined using pay-
9 ment standards under this section. The payment stand-
10 ards shall be based on fair market rentals established
11 under subsection (b) and shall be established by housing
12 market area for various sizes and types of existing rental
13 dwelling units.

14 (b) FAIR MARKET RENTALS.—

15 (1) ESTABLISHMENT.—The Voucher Adminis-
16 trator shall provide for an independent entity to es-
17 tablish fair market rentals, by housing market area,
18 for various sizes and types of existing rental dwelling
19 units that are eligible dwelling units (as such term
20 is defined in section 225(b)). For a market area, the
21 fair market rental for a dwelling unit of a particular
22 size and type in the market area shall be a dollar
23 amount that reflects the rental amount for a stand-
24 ard quality rental unit of such size and type in the
25 market area that is an eligible dwelling unit.

1 (2) ANNUAL ADJUSTMENT.—The Voucher Ad-
2 ministrators shall provide for the independent entity
3 responsible for establishing fair market rentals to
4 annually adjust each fair market rental in effect
5 under this subsection, to be effective on October 1,
6 to the extent that changes in rents for existing rent-
7 al dwelling units of various sizes and types in the
8 market area require such adjustment for continued
9 compliance with the requirements of paragraph (1).
10 Any adjustments shall be based on the most recent
11 data available trended so the payment standards will
12 be current for the year to which they apply.

13 (3) EFFECTIVENESS.—The Voucher Adminis-
14 trator shall cause to be published in the Federal
15 Register any proposed fair market rentals or adjust-
16 ments in a manner to provide reasonable time for
17 public comment to the independent entity establish-
18 ing such fair market rentals. The proposed fair mar-
19 ket rentals shall become effective upon the date of
20 publication in final form in the Federal Register.

21 **SEC. 225. ELIGIBLE DWELLING UNITS.**

22 (a) SELECTION BY FAMILY.—The determination of
23 the eligible dwelling unit in which an assisted family re-
24 sides and for which housing assistance is provided under
25 this subtitle shall be made solely by the assisted family.

1 (b) DEFINITION.—For purposes of this subtitle, the
2 term “eligible dwelling unit” means a dwelling unit that
3 complies with any applicable State or local laws, regula-
4 tions, standards, or codes relating to housing or property
5 construction or condition.

6 **SEC. 226. RENTS.**

7 (a) REASONABLENESS AND NEGOTIATION.—The
8 rents charged for eligible dwelling units for which housing
9 assistance is provided under this title shall be—

10 (1) reasonable, in the determination of the ap-
11 plicable local voucher assistance agency, in compari-
12 son with rents charged for comparable units in the
13 private unassisted market; and

14 (2) established pursuant to negotiation and
15 agreement between the assisted family and the
16 owner of the dwelling unit.

17 (b) REVIEW OF RENTS.—To determine whether the
18 rent (or any rent increase) requested by an owner is rea-
19 sonable for purposes of subsection (a)(1), a local voucher
20 assistance agency shall review all rents for dwelling units
21 under consideration by families on behalf of whom housing
22 assistance is provided by the agency (or all rent increases
23 for units under lease by families so assisted). If the local
24 voucher assistance agency determines that the rent (or

1 rent increase) for a unit is not reasonable, the agency may
2 disapprove a lease for such unit.

3 (c) NEGOTIATION.—A local voucher assistance agen-
4 cy shall, at the request of a family on behalf of whom
5 housing assistance is provided, assist the family in nego-
6 tiating a reasonable rent with an owner of a rental dwell-
7 ing unit.

8 **SEC. 227. LEASES.**

9 Housing assistance payments may be made for the
10 rental of an eligible dwelling unit by an eligible family only
11 pursuant to a lease between the family and the owner of
12 the dwelling unit that complies with any applicable State
13 or local laws, regulations, standards, or codes relating to
14 leases for rental of residential dwelling units.

15 **SEC. 228. PREFERENCES FOR ASSISTANCE.**

16 A local voucher assistance agency may carry out, in
17 a fiscal year, a system for selecting eligible families to be
18 assisted families that provides preference for such selec-
19 tion to families having certain characteristics that exhibit
20 a particular need or exigency for housing assistance. As-
21 sistance may not be provided pursuant to any preferences
22 established pursuant to this section until assistance is first
23 made available pursuant to any requirements and pref-
24 erences under subtitle A of title III.

1 **SEC. 229. PORTABILITY.**

2 (a) AUTHORITY.—Except as provided in subsection
3 (b), any assisted family who moves to an eligible dwelling
4 unit located within the same State, or the same or a con-
5 tiguous metropolitan statistical area, as the metropolitan
6 statistical area within which is located the area of jurisdic-
7 tion of the local voucher assistance agency approving the
8 assistance for the family, may use such assistance to rent
9 the eligible dwelling unit.

10 (b) REQUIRED MINIMUM RESIDENCY.—Any family
11 not living within the jurisdiction of a local voucher assist-
12 ance agency at the time that the family applies for housing
13 assistance from the agency shall, during the 12-month pe-
14 riod beginning upon the provision of housing assistance
15 on behalf of the family, use such assistance to rent an
16 eligible dwelling unit located within the jurisdiction served
17 by the local voucher assistance agency.

18 (c) ADMINISTRATION.—The local voucher assistance
19 agency having authority with respect to the dwelling unit
20 to which a family moves under this section shall have the
21 responsibility of carrying out the provisions of this section
22 with respect to the family. If no local voucher assistance
23 agency has authority with respect to the dwelling unit to
24 which a family moves under this section, the local voucher
25 assistance agency approving the assistance shall have such
26 responsibility.

1 **SEC. 230. USE OF HOUSING ASSISTANCE FOR HOMEOWNER-**
2 **SHIP.**

3 (a) REQUIREMENTS FOR HOMEOWNERSHIP USE.—

4 An assisted family may use the housing assistance under
5 this subtitle for costs of occupying a dwelling owned by
6 one or more members of the family only if the family—

7 (1) is a first-time homeowner;

8 (2) demonstrates to the satisfaction of the local
9 voucher assistance agency that the family has in-
10 come from employment or other sources (other than
11 public assistance), as determined in accordance with
12 requirements of the Voucher Administrator, that is
13 not less than an amount established for purposes of
14 this subsection by the local voucher assistance agen-
15 cy (or such other amount as may be established by
16 the Voucher Administrator);

17 (3) except as provided by the Voucher Adminis-
18 trator, demonstrates at the time the family initially
19 receives housing assistance that 1 or more adult
20 members of the family have achieved employment for
21 the period as the Voucher Administrator shall re-
22 quire; and

23 (4) meets any other initial or continuing re-
24 quirements established by the local voucher assist-
25 ance agency in accordance with requirements estab-
26 lished by the Voucher Administrator.

1 (b) RECAPTURE OF CERTAIN AMOUNTS.—Upon the
2 sale, by an assisted family, of a dwelling unit for which
3 housing assistance is used pursuant to this section, the
4 Voucher Administrator shall recapture from any net pro-
5 ceeds of the sale any amount of additional assistance (as
6 determined in accordance with requirements established
7 by the Voucher Administrator) paid to or on behalf of the
8 assisted family as a result of section 223(b).

9 (c) DOWNPAYMENT REQUIREMENT.—A local voucher
10 assistance agency providing housing assistance for an as-
11 sisted family that is used pursuant to this section shall
12 ensure that the family provides from its own resources not
13 less than 80 percent of any downpayment in connection
14 with a loan made for the purchase of the dwelling for
15 which the assistance is used. Not more than 20 percent
16 of the downpayment may be provided from other sources,
17 such as from nonprofit entities and programs of States
18 and units of general local government.

19 (d) INELIGIBILITY UNDER OTHER PROGRAMS.—
20 Housing assistance may not be provided pursuant to this
21 section on behalf of a family at any time during which
22 assistance is being provided for the family under any other
23 Federal program for homeownership assistance, which
24 shall include assistance under subtitle B of title III of this
25 Act, section 502 of the Housing Act of 1949, and such

1 other programs as the Voucher Administrator may iden-
2 tify.

3 (e) INAPPLICABILITY OF CERTAIN PROVISIONS.—
4 Housing assistance provided pursuant to this section shall
5 not be subject to the requirements of any other provisions
6 of this subtitle that are inconsistent with the provisions
7 of this section.

8 (f) DEFAULT.—

9 (1) PROHIBITION OF SUBSEQUENT HOME-
10 OWNERSHIP ASSISTANCE.—An assisted family using
11 housing assistance pursuant to this section who de-
12 faults under the mortgage for the dwelling assisted
13 may not receive assistance under this section for oc-
14 cupancy of any other dwelling owned by one or more
15 members of the family.

16 (2) REVERSION OF ASSISTANCE TO RENTAL
17 STATUS.—If an assisted family using housing assist-
18 ance pursuant to this section defaults under a mort-
19 gage on the dwelling assisted, the local voucher as-
20 sistance agency may not continue to provide housing
21 assistance under this subtitle on behalf of the family
22 for rental of a dwelling unit unless the family com-
23 plies with requirements established by the Voucher
24 Administrator. In the case of a mortgage insured
25 under the National Housing Act or title IV of this

1 Act, such requirements shall consist of transferring
2 to the Voucher Administrator marketable title to the
3 dwelling, and (B) moving from the dwelling within
4 the period established or approved by the Voucher
5 Administrator.

6 (g) DEFINITION OF FIRST-TIME HOMEOWNER.—For
7 purposes of this section, the term “first-time homeowner”
8 means—

9 (1) a family, no member of which has had a
10 present ownership interest in a principal residence
11 during the 3 years preceding the date on which the
12 housing assistance pursuant to this section is ini-
13 tially provided on behalf of the family; and

14 (2) any other family, as the Voucher Adminis-
15 trator may prescribe.

16 **SEC. 231. ANNUAL CONTRIBUTIONS CONTRACTS.**

17 (a) IN GENERAL.—To the extent that amounts to
18 carry out this subtitle are made available for a fiscal year,
19 the Voucher Administrator shall enter into annual con-
20 tributions contracts under this section with voucher assist-
21 ance agencies in States that have not provided notice
22 under section 252, under which—

23 (1) the local voucher assistance agency agrees
24 to administer the provision of housing assistance in
25 the jurisdiction of operation of the agency during

1 such fiscal year in accordance with the provisions of
2 this subtitle; and

3 (2) the Voucher Administrator agrees to make
4 amounts for the fiscal year available to the local
5 voucher assistance agency for providing housing as-
6 sistance under this subtitle in such fiscal year and,
7 to the extent authorized in section 233, for costs of
8 administering such assistance.

9 (b) ANNUAL OBLIGATION OF AUTHORITY.—An an-
10 nual contributions contract shall be for a single fiscal year
11 and shall provide amounts for housing assistance to fund
12 vouchers for a 1-year period, but amounts received under
13 an annual contributions contract may be expended by the
14 local voucher assistance agency during any year.

15 **SEC. 232. HOUSING VOUCHER CONTRACTS.**

16 (a) IN GENERAL.—To provide housing assistance
17 under this subtitle on behalf of an assisted family using
18 amounts made available to a local voucher assistance
19 agency under an annual contributions contract, the agency
20 shall enter into a housing voucher contract under this sec-
21 tion on behalf of the assisted family under which—

22 (1) the owner of an eligible dwelling unit agree
23 to lease the unit to the specific assisted family; and

1 (2) the local voucher assistance agency agrees
2 to make housing assistance payments to the owner
3 of the dwelling unit on behalf of the assisted family.

4 (b) TERM.—The term of a housing voucher contract
5 entered into by a local voucher assistance agency and the
6 owner of an eligible dwelling unit may not exceed one year
7 and if the lease for the dwelling unit entered into by the
8 assisted family and the owner does not exceed one year,
9 the term of the housing voucher contract shall run concur-
10 rently with the term of the lease.

11 (c) PROHIBITION OF PAYMENT FOR VACANT
12 UNITS.—Each housing voucher contract shall provide that
13 if the assisted family under the contract vacates the dwell-
14 ing unit for which housing assistance payments are made
15 under the contract before the expiration of the lease term,
16 the local voucher assistance agency may not make any
17 monthly assistance payment with respect to the unit for
18 any month commencing after the month during which the
19 unit was vacated.

20 (d) OTHER PROVISIONS.—Each housing voucher con-
21 tract shall contain such other provisions as the Voucher
22 Administrator may require and may provide for the local
23 voucher assistance agency and the owner to carry out such
24 other appropriate terms and conditions as may be mutu-
25 ally agreed to by them.

1 **SEC. 233. ADMINISTRATIVE FEE.**

2 (a) ESTABLISHMENT.—The Voucher Administrator
3 shall establish a fee for the costs incurred by voucher as-
4 sistance agencies in administering the program for hous-
5 ing assistance under this subtitle. From any amounts
6 made available to a local voucher assistance agency for
7 a fiscal year to carry out this subtitle, the agency may
8 use an amount not exceeding the fee for costs of admin-
9 istering the program under this subtitle.

10 (b) AMOUNT.—The amount of the administrative fee
11 under subsection (a) for each month for which a dwelling
12 unit is covered by a housing voucher contract shall be 7.2
13 percent of the payment standard established under section
14 224 for a 2-bedroom rental dwelling unit in the housing
15 market area of the local voucher assistance agency. The
16 Voucher Administrator may increase the fee if necessary
17 to reflect the higher costs of administering small programs
18 and programs operating over large geographic areas.

19 **SEC. 234. LOCAL VOUCHER ASSISTANCE AGENCIES.**

20 (a) REQUIREMENTS.—Except as provided under sec-
21 tion 312(i), an entity shall be considered a local voucher
22 assistance agency for purposes of this subtitle only if—

23 (1) the entity is authorized by a State, county,
24 municipality, or other governmental body or public
25 entity to administer the provision of housing assist-
26 ance under this subtitle within an area subject to

1 the governance of such governmental body or public
2 entity; and

3 (2) such entity or the governmental body or
4 public entity submits to the Voucher Administrator
5 appropriate evidence of such authority.

6 A private entity or contractor, a tenant management cor-
7 poration, or any entity acting as a public housing agency
8 for purposes of the United States Housing Act of 1937,
9 may be a local voucher assistance agency for purposes of
10 this subtitle, to the extent that such entity meets the re-
11 quirements of this subsection.

12 (b) FEDERAL CONTRACTORS.—For any area for
13 which no entity qualifies under subsection (a) as a local
14 voucher assistance agency, the Voucher Administrator
15 may enter into a contract with an appropriate nonprofit
16 or for-profit organization to act as a local voucher assist-
17 ance agency for the area. Such a contract shall define the
18 area in which the contractor shall operate as a local vouch-
19 er assistance agency, provide for such monitoring and
20 oversight of contractor as the Voucher Administrator con-
21 siders appropriate, and provide for the immediate termi-
22 nation of the contract upon the effective date of any notice
23 under section 252 by the State within which such area
24 is located.

1 **SEC. 235. DEFINITIONS.**

2 For purposes of this subtitle, the following definitions
3 shall apply:

4 (1) **ADJUSTED INCOME.**—The term “adjusted
5 income” means the income which remains after ex-
6 cluding—

7 (A) \$480 for each member of the family
8 residing in the household (other than the head
9 of the household or spouse) who is—

10 (i) under 18 years of age; or

11 (ii) 18 years of age or older and is a
12 person with disabilities or a full-time stu-
13 dent;

14 (B) \$400 for any elderly or disabled fam-
15 ily;

16 (C) the amount by which 3 percent of an-
17 nual family income is exceeded by the sum of—

18 (i) any medical expenses for any el-
19 derly or disabled family; and

20 (ii) any reasonable attendant care and
21 auxiliary apparatus expenses for each fam-
22 ily member who is a person with disabili-
23 ties, to the extent necessary to enable any
24 member of such family (including such
25 member who is a person with disabilities)
26 to be employed; and

1 (D) child care expenses to the extent nec-
2 essary to enable another member of the family
3 to be employed or to further his or her edu-
4 cation.

5 (2) ANNUAL CONTRIBUTIONS CONTRACT.—The
6 term “annual contributions contract” means a con-
7 tract under section 231 between the Voucher Admin-
8 istrator and a local voucher assistance agency.

9 (3) ASSISTED FAMILY.—The term “assisted
10 family” means a family on behalf of whom housing
11 assistance is provided under this subtitle or that has
12 been determined by a local voucher assistance agen-
13 cy to be an eligible family and issued a voucher.

14 (4) DWELLING UNIT.—The term “dwelling
15 unit” includes a single family home and a residential
16 property in which some or all of the dwelling units
17 do not contain bathroom or kitchen facilities.

18 (5) ELDERLY FAMILIES AND DISABLED FAMI-
19 LIES.—The terms “elderly families” and “disabled
20 families” mean families whose heads (or their
21 spouses), or whose sole members, are elderly or per-
22 sons with disabilities, respectively. The terms include
23 2 or more elderly persons or persons with disabilities
24 living together, and 1 or more such persons living
25 with 1 or more persons determined under the regula-

1 tions of the Voucher Administrator to be essential to
2 their care or well-being.

3 (6) ELDERLY PERSON.—The term “elderly per-
4 son” means a person who is at least 62 years of age.

5 (7) FAMILIES.—The term “family” includes a
6 family that consists of a single person.

7 (8) HOUSING ASSISTANCE.—The term “housing
8 assistance” means financial assistance under this
9 subtitle on behalf of an assisted family.

10 (9) HOUSING VOUCHER CONTRACT.—The term
11 “housing voucher contract” means a contract under
12 section 232 between a local voucher assistance agen-
13 cy and an owner of an eligible dwelling unit.

14 (10) LOCAL VOUCHER ASSISTANCE AGENCY.—
15 The term “local voucher assistance agency” means
16 an entity that meets the requirements of section
17 234(a) or that has entered into a contract with the
18 Voucher Administrator under section 234(b). The
19 term does not include any Indian housing authority.

20 (11) LOW-INCOME FAMILY.—The term “low-in-
21 come family” means a family whose income does not
22 exceed 80 percent of the median income for the
23 area, as determined by the Voucher Administrator
24 with adjustments for smaller and larger families, ex-
25 cept that the Voucher Administrator may establish

1 income ceilings higher or lower than 80 percent of
2 the median for the area on the basis of the Voucher
3 Administrator's findings that such variations are
4 necessary because of prevailing levels of construction
5 costs or unusually high or low family incomes.

6 (12) OWNER.—The term “owner” means, with
7 respect to a dwelling unit, any private person or en-
8 tity, including a cooperative, an agency of the Fed-
9 eral Government, or a local voucher assistance agen-
10 cy, having the legal right to lease or sublease the
11 dwelling unit.

12 (13) PERSON WITH DISABILITIES.—The term
13 “person with disabilities” means a person who—

14 (A) has a disability as defined in section
15 223 of the Social Security Act,

16 (B) is determined, pursuant to regulations
17 issued by the Voucher Administrator, to have a
18 physical, mental, or emotional impairment
19 which (i) is expected to be of long-continued
20 and indefinite duration, (ii) substantially im-
21 pedes his or her ability to live independently,
22 and (iii) is of such a nature that such ability
23 could be improved by more suitable housing
24 conditions, or

1 (C) has a developmental disability as de-
2 fined in section 102 of the Developmental Dis-
3 abilities Assistance and Bill of Rights Act.

4 Such term shall not exclude persons who have the
5 disease of acquired immunodeficiency syndrome or
6 any conditions arising from the etiologic agent for
7 acquired immunodeficiency syndrome.

8 (14) RENT AND RENTAL.—The terms “rent”
9 and “rental” mean, with respect to members of a co-
10 operative, the charges under the occupancy agree-
11 ments between such members and the cooperative.

12 (15) TENANT MANAGEMENT CORPORATION.—
13 The term “tenant management corporation” means
14 a corporation that—

15 (A) is established—

16 (i) for the purpose of managing a
17 public housing project (or projects) as-
18 sisted under the United States Housing
19 Act of 1937 or subtitle B of title III; and

20 (ii) by the tenant organization or resi-
21 dent council (or such organizations or
22 councils) for the project (or projects);

23 (B) is nonprofit in character;

24 (C) is organized under the laws of the
25 State in which the projects are located;

1 (D) has an elected board of directors,
2 which is required at all times to include rep-
3 resentatives of each tenant organization or resi-
4 dent council involved in establishing the cor-
5 poration;

6 (E) has as its sole voting members resi-
7 dents of the projects managed by the corpora-
8 tion; and

9 (F) is approved by the resident council for
10 (or councils) for the project (or projects) or, if
11 a project has no council, by a majority of the
12 households of the project.

13 (16) VOUCHER.—The term “voucher” means a
14 document described in section 222(b).

15 **Subtitle C—Determination of State**
16 **Allocations and Election of Fed-**
17 **eral or State Voucher Program**

18 **SEC. 251. STATE ALLOCATIONS.**

19 (a) IN GENERAL.—For fiscal year 1996 and each fis-
20 cal year thereafter, the Voucher Administrator shall allo-
21 cate among the States any amounts appropriated to carry
22 out this title for such fiscal year.

23 (b) LIMIT ON ASSISTED FAMILIES PER STATE.—In
24 allocating such amounts, the Voucher Administrator shall
25 determine a maximum limit of assisted families for each

1 State by application of the formula established under sub-
2 section (c) of this section to the maximum national limit
3 of assisted families determined under section 282(c). The
4 sum of the various maximum limits of assisted families
5 for each of the States shall be equal to maximum national
6 limit of assisted families.

7 (c) FORMULA.—The Voucher Administrator shall, by
8 regulation, establish a formula to determine the relative
9 needs among different States and areas for housing assist-
10 ance under this title. The formula shall determine such
11 need based on information regarding population, poverty,
12 housing overcrowding, housing vacancies, amount of sub-
13 standard housing, and other objectively measurable condi-
14 tions specified in the regulation.

15 (d) MAXIMUM ALLOCATION.—Except as provided in
16 subsection (e), the allocation under this section for a State
17 for a fiscal year shall be the amount, determined by the
18 Voucher Administrator, that is the product of—

19 (1) the maximum limit of assisted families de-
20 termined (under subsection (b)) for the State for the
21 year; and

22 (2) the amount determined by the Voucher Ad-
23 ministrator to be necessary to provide housing as-
24 sistance under subtitle B for the year for a number
25 of families equal to such maximum limit (taking into

1 consideration differences in the amounts necessary
2 to provide housing assistance in different areas).

3 (e) PRO RATA REDUCTION.—If the amount available
4 for a fiscal year to carry out this title is not sufficient
5 to provide the amount of the allocation determined under
6 subsection (d) for each State, the maximum limit of as-
7 sisted families for each State determined under subsection
8 (b) shall be reduced on a pro rata basis to the extent nec-
9 essary so that the product under subsection (d) is equal
10 to the amount available for assistance under this title. For
11 such a fiscal year, the allocation under this section for
12 each State shall be the product determined under sub-
13 section (d) using such reduced limit.

14 (f) INCLUSION OF AMOUNTS FOR ADMINISTRATIVE
15 FEES.—Notwithstanding subsections (e) and (f), the
16 Voucher Administrator may increase the amount of the
17 allocation for each State for a fiscal year by an amount
18 not exceeding the amount of the administrative fee under
19 section 206 or 233, as applicable, for the State.

20 **SEC. 252. AVAILABILITY OF STATE ALLOCATION BASED ON**
21 **ELECTION TO USE FEDERAL OR STATE**
22 **VOUCHER PROGRAM.**

23 (a) ELECTION TO RECEIVE STATE VOUCHER ASSIST-
24 ANCE.—If a State at any time provides notice under sub-

1 section (c) to the Voucher Administrator, the Voucher Ad-
2 ministrator—

3 (1) shall, for each fiscal year after the effective
4 date of such notice, make available to the State a
5 grant under subtitle A in the amount allocated for
6 the State under section 251 for such fiscal year; and

7 (2) may not, at any time after the effective date
8 of such notice, enter into any commitment to pro-
9 vide, or provide, amounts for assistance under sub-
10 title B for use for housing within such State.

11 (b) FEDERAL VOUCHER ASSISTANCE.—With respect
12 to a fiscal year, if a State has not provided notice under
13 subsection (c) that takes effect for, or before, such fiscal
14 year, the Voucher Administrator shall make available to
15 local voucher assistance agencies within the State, under
16 annual contributions contracts under section 231, the
17 amount allocated for the State under section 251 for the
18 fiscal year.

19 (c) NOTICE OF ELECTION.—Notice under this sub-
20 section shall be written notice that—

21 (1) is signed by the chief executive officer of the
22 State;

23 (2) includes a certification that the notice is
24 specifically authorized by State law;

1 (3) the State will carry out, after the effective
2 date of the notice, a program for housing voucher
3 payments in accordance with subtitle A;

4 (4) includes a certification that block grant
5 amounts made available to the State under subtitle
6 A will be used for housing voucher assistance in
7 compliance with the requirements of subtitle A; and

8 (5) indicates the effective date of the notice for
9 purposes of subsection (a), which shall be the first
10 day of a Federal fiscal year.

11 (d) PROHIBITION AGAINST REVOKING NOTICE.—
12 Once provided to the Voucher Administrator, notice under
13 subsection (c) by a State may not subsequently be re-
14 pealed, revoked, waived, annulled, returned, or otherwise
15 affected for purposes of treatment of the State under sub-
16 section (a).

17 **Subtitle D—Office of Federal Hous-**
18 **ing Voucher Assistance in De-**
19 **partment of Health and Human**
20 **Services**

21 **SEC. 261. ESTABLISHMENT.**

22 There is hereby established an office within the De-
23 partment of Health and Human Services, which shall be
24 known as the Office of Federal Housing Voucher Assist-
25 ance.

1 **SEC. 262. VOUCHER ADMINISTRATOR.**

2 (a) APPOINTMENT.—The Office shall be under the
3 management of an Administrator, who shall be appointed
4 by the President, by and with the advice and consent of
5 the Senate.

6 (b) COMPENSATION AT LEVEL IV OF EXECUTIVE
7 SCHEDULE.—Section 5315 of title 5, United States Code,
8 is amended by inserting at the end the following new item:

9 “Administrator, Office of Federal Housing
10 Voucher Assistance, Department of Health and
11 Human Services.”.

12 (c) EFFECTIVE DATE.—This section shall take effect,
13 and the amendment under this section is made and shall
14 apply, on the date of the enactment of this Act.

15 **SEC. 263. DUTY AND AUTHORITY OF VOUCHER ADMINIS-**
16 **TRATOR.**

17 The Voucher Administrator shall be responsible, sub-
18 ject to the supervision and direction of the Secretary of
19 Health and Human Services, for—

20 (1) determining State allocations under subtitle
21 C and make such allocations available in accordance
22 with the provisions of such subtitle for use under
23 subtitles A and B;

24 (2) carrying out the voucher assistance program
25 under subtitle B; and

1 (3) exercising any other authority and functions
2 of the Secretary of Housing and Urban Development
3 transferred under title III to the Voucher Adminis-
4 trator.

5 **SEC. 264. TRANSFER OF CERTAIN PERSONNEL.**

6 The personnel that, on the effective date of this sub-
7 title (as provided in section 268(a), are employed in the
8 Department of Housing and Urban Development in con-
9 nection with functions of the Department relating to de-
10 termining fair market rentals under section 8 of the
11 United States Housing Act of 1937, as determined by the
12 Director of the Office of Management and Budget, shall
13 be transferred on such date to the Office of Federal Hous-
14 ing Voucher Assistance.

15 **SEC. 265. REPORTS.**

16 The Voucher Administrator shall submit a report to
17 the Congress annually describing—

18 (1) the amount of assistance provided under
19 this title pursuant to subtitle A and subtitle B dur-
20 ing the year for which the report is made;

21 (2) the amount of assistance provided to each
22 State for such year and whether the assistance was
23 provided under subtitle A or B; and

24 (3) the number of families assisted under each
25 such subtitle.

1 **SEC. 266. GAO AUDITS.**

2 The Comptroller General shall audit the operations
3 of the Office in accordance with generally accepted Gov-
4 ernment auditing standards. All books, records, accounts,
5 reports, files, and property belonging to, or used by, the
6 Voucher Administrator shall be made available to the
7 Comptroller General. Audits under this section shall be
8 conducted annually.

9 **SEC. 267. REGULATIONS.**

10 The Voucher Administrator may issue any regula-
11 tions necessary to carry out the responsibilities of the
12 Voucher Administrator under this title.

13 **SEC. 268. EFFECTIVE DATE.**

14 Except as otherwise specifically provided in this sub-
15 title, this subtitle shall take effect on the effective date
16 under section 108(a).

17 **Subtitle E—General Provisions**

18 **SEC. 281. DEFINITIONS.**

19 For purposes of this title, the following definitions
20 shall apply:

21 (1) OFFICE.—The term “Office” means the Of-
22 fice of Federal Housing Voucher Assistance of the
23 Department of Health and Human Services, estab-
24 lished under subtitle D.

25 (2) STATE.—The term “State” means the
26 States of the United States, the District of Colum-

1 bia, the Commonwealth of Puerto Rico, the Com-
2 monwealth of the Northern Mariana Islands, Guam,
3 the Virgin Islands, American Samoa, and any other
4 territory or possession of the United States.

5 (3) **VOUCHER ADMINISTRATOR.**—The term
6 “Voucher Administrator” means the Administrator
7 of the Office of Federal Housing Voucher Assist-
8 ance, appointed under section 262.

9 **SEC. 282. MAXIMUM AMOUNT OF HOUSING ASSISTANCE.**

10 (a) **PERMANENT LIMITATION.**—The aggregate
11 amount of assistance made available under this title for
12 fiscal year 2001 or any fiscal year thereafter may not ex-
13 ceed the sum of—

14 (1) the amount necessary for such year to pro-
15 vide housing assistance under subtitle B for a num-
16 ber of families equal to the maximum national limit
17 of assisted families (as such term is defined in sub-
18 section (c)), taking into consideration the allocation
19 of such assistance by State and area under section
20 251; and

21 (2) the amount necessary for such year to pro-
22 vide administrative fees under sections 206 and 233
23 in connection with such assistance.

24 (b) **TRANSITION LIMITATION.**—The aggregate
25 amount of assistance made available under this title for

1 any of fiscal years 1996, 1997, 1998, 1999, or 2000 may
2 not exceed the sum of—

3 (1) the amount necessary (taking into consider-
4 ation the allocation of such assistance by State and
5 area under section 251) for such year to provide
6 housing assistance under subtitle B for a number of
7 families equal to the difference between—

8 (A) the maximum national limit of assisted
9 families; and

10 (B) the sum of—

11 (i) the maximum number of families
12 for which assistance under section 8 of the
13 United States Housing Act of 1937 may
14 be made available or provided, at any one
15 time, during such year; and

16 (ii) the maximum number of families
17 which may, at any one time during such
18 year, occupy dwelling units in public hous-
19 ing assisted under the United States Hous-
20 ing Act of 1937 or subtitle B of this title;
21 and

22 (2) the amount necessary for such year to pro-
23 vide administrative fees under sections 206 and 233
24 in connection with such assistance.

1 (c) MAXIMUM NATIONAL LIMIT OF ASSISTED FAMI-
2 LIES.—For purposes of this title, the term “maximum na-
3 tional limit of assisted families” means the maximum ag-
4 gregate number of families for which the following assist-
5 ance was available or provided, at any one time, during
6 fiscal year 1995:

7 (1) SECTION 8.—Rental or homeownership as-
8 sistance under any program under section 8 of the
9 United States Housing Act of 1937.

10 (2) PUBLIC HOUSING.—Residence in a dwelling
11 unit in public housing.

12 The maximum national limit on assisted families shall not
13 take into consideration any families assisted under such
14 rental, homeownership, or public housing programs of In-
15 dian housing authorities.

16 **SEC. 283. AUTHORIZATION OF APPROPRIATIONS.**

17 There is authorized to be appropriated to carry out
18 this title—

19 (1) for fiscal year 1996, the lesser of
20 \$3,990,000,000 or the maximum amount determined
21 under section 282(b) for such year;

22 (2) for fiscal year 1997, the lesser of
23 \$8,515,000,000 or the maximum amount determined
24 under section 282(b) for such year;

1 (3) for fiscal year 1998, the lesser of
2 \$14,965,000,000 or the maximum amount deter-
3 mined under section 282(b) for such year;

4 (4) for fiscal year 1999, the lesser of
5 \$21,209,000,000 or the maximum amount deter-
6 mined under section 282(b) for such year; and

7 (5) for fiscal year 2000, the lesser of
8 \$24,344,000,000 or the maximum amount deter-
9 mined under section 282(b) for such year.

10 **TITLE III—TRANSITION PROVI-**
11 **SIONS RELATING TO RE-**
12 **PLACEMENT OF PUBLIC**
13 **HOUSING AND ASSISTED**
14 **HOUSING PROGRAMS**

15 **SEC. 301. PURPOSE.**

16 The provisions of this title are enacted for the pur-
17 poses of—

18 (1) replacing, with housing assistance under
19 title II, all assistance provided under the programs
20 for the development, operation, modernization, reha-
21 bilitation, and revitalization of public housing and
22 under all programs for project- and tenant-based
23 rental assistance under section 8 of the United
24 States Housing Act of 1937; and

1 (2) providing for the replacement of such assist-
2 ance over a period of 5 years in an efficient manner
3 that deregulates public housing agencies and pro-
4 vides assistance to such agencies during such in-
5 terim period through a single block grant.

6 **Subtitle A—Replacement of**
7 **Assisted Housing Programs**

8 **SEC. 311. TERMINATION OF EXISTING PROGRAMS.**

9 (a) TERMINATION OF PUBLIC HOUSING BLOCK
10 GRANT PROGRAM AFTER 5 YEARS.—After September 30,
11 1999, no financial assistance may be provided under the
12 public housing block grant program under subtitle B of
13 this title.

14 (b) IMMEDIATE PROHIBITION OF NEW COMMIT-
15 MENTS FOR RENTAL ASSISTANCE.—After the date of the
16 enactment of this Act, no new commitment (including the
17 renewal of any contract) may be made to provide financial
18 assistance under any of the following programs:

19 (1) TENANT-BASED SECTION 8 ASSISTANCE.—

20 Any program for tenant-based rental or homeowner-
21 ship assistance under section 8 of the United States
22 Housing Act of 1937, including—

23 (A) the certificate and voucher programs
24 under subsections (b) and (o), respectively, of
25 such section;

1 (B) the program for moving to opportunity
2 for fair housing under section 152 of the Hous-
3 ing and Community Development Act of 1992;

4 (C) the community investment demonstra-
5 tion under section 6 of the HUD Demonstra-
6 tion Act of 1993; and

7 (D) the program under section 8(q)(3) of
8 the United States Housing Act of 1937 for
9 service coordinators for families receiving ten-
10 ant-based rental assistance.

11 (2) PROJECT-BASED SECTION 8 ASSISTANCE.—
12 Any program for project-based rental assistance
13 under such section 8, including project-based assist-
14 ance provided pursuant to—

15 (A) the Low-Income Housing Preservation
16 and Resident Homeownership Act of 1990;

17 (B) the Emergency Low Income Housing
18 Preservation Act of 1987;

19 (C) the program for loan management as-
20 sistance under such section 8;

21 (D) the program for assistance under such
22 section 8 for property disposition;

23 (E) section 441 of the Stewart B. McKin-
24 ney Homeless Assistance Act;

1 (F) parts III and V of subtitle F of title
2 IV of the Stewart B. McKinney Homeless As-
3 sistance Act; and

4 (G) the program under section 8(d)(2)(f)
5 of the United States Housing Act of 1937 for
6 service coordinators in project-based rental
7 housing.

8 (3) TENANT-BASED RENTAL ASSISTANCE FOR
9 DISABLED FAMILIES.—The program for tenant-
10 based rental assistance under subsections (b)(2)(B)
11 and (d)(4) of section 811 of the Cranston-Gonzalez
12 National Affordable Housing Act.

13 (4) RENTAL ASSISTANCE FOR PERSONS WITH
14 AIDS.—The programs for rental assistance for per-
15 sons with AIDS under sections 859 and 860 of the
16 Cranston-Gonzalez National Affordable Housing
17 Act.

18 (5) SHELTER PLUS CARE RENTAL ASSISTANCE
19 FOR HOMELESS PERSONS.—The programs for rental
20 assistance under parts II and IV of subtitle F of
21 title V of the Stewart B. McKinney Homeless Assist-
22 ance Act.

23 (6) TENANT OPPORTUNITY PROGRAM.—The
24 tenant opportunity program under the Departments
25 of Veterans Affairs and Housing and Urban Devel-

1 opment, and Independent Agencies Appropriations
2 Act, 1994 (Public Law 103-327; 108 Stat. 2306).

3 (c) IMMEDIATE PROHIBITION OF NEW COMMIT-
4 MENTS FOR OTHER PROJECT-BASED ASSISTANCE.—After
5 the date of the enactment of this Act, no new commitment
6 may be made to provide financial assistance under any of
7 the following programs:

8 (1) FLEXIBLE SUBSIDIES.—The flexible subsidy
9 program under section 201 of the Housing and
10 Community Development Amendments of 1978.

11 (2) PRESERVATION PROGRAMS.—Any authority
12 under the Low-Income Housing Preservation and
13 Resident Homeownership Act of 1990 or the Emer-
14 gency Low Income Housing Preservation Act of
15 1987 for assistance other than the assistance re-
16 ferred to in paragraph (2) of subsection (b).

17 (3) SERVICE COORDINATORS FOR ASSISTED
18 PROJECTS.—The grant program under section 676
19 of the Housing and Community Development Act of
20 1992 for providing service coordinators for federally
21 assisted housing projects.

22 (d) IMMEDIATE PROHIBITION OF NEW COMMIT-
23 MENTS FOR INDIAN HOUSING ASSISTANCE.—After the
24 date of the enactment of this Act, no new commitment

1 may be made to provide financial assistance under any of
2 the following programs:

3 (1) PUBLIC HOUSING.—Any program for public
4 housing for Indians under or pursuant to the United
5 States Housing Act of 1937.

6 (2) CHILDHOOD DEVELOPMENT.—The program
7 for Indian housing childhood development under sec-
8 tion 518 of the Cranston-Gonzalez National Afford-
9 able Housing Act.

10 (3) RENTAL ASSISTANCE.—The program to
11 provide rental assistance under section 8 of the
12 United States Housing Act of 1937 through Indian
13 housing authorities (including the renewal of any
14 contract).

15 (e) SAVINGS PROVISION.—Nothing in this section
16 may be construed to affect the validity of any right, duty,
17 or obligation of the United States or other person arising
18 under or pursuant to any commitment or agreement law-
19 fully entered into under any provision of law referred to
20 in this section before the applicable date under this section
21 prohibiting new assistance or commitments for assistance
22 under such law.

1 **SEC. 312. TRANSITION TO VOUCHER ASSISTANCE PRO-**
2 **GRAM.**

3 (a) ORDERLY TRANSITION.—The Administrator of
4 the Office of Federal Housing Voucher Assistance and the
5 Administrator of the Housing and Urban Development
6 Programs Resolution Agency shall provide for the orderly
7 transition, during the transition period, from providing as-
8 sistance under the public housing block grant program
9 under subtitle B of this title to the provision of voucher
10 assistance under title II.

11 (b) PACE OF REPLACEMENT AND INTERMEDIATE
12 GOALS.—In carrying out this section, the Resolution Ad-
13 ministrator shall terminate the provision of public housing
14 block grant assistance under subtitle B to the greatest ex-
15 tent and as soon as practicable throughout the transition
16 period and, in doing so, shall ensure that, by October 1,
17 1998—

18 (1) for at least 50 percent of the total number
19 of families that resided in dwelling units in public
20 housing on October 1, 1995, and

21 (2) for all of the dwelling units of at least 50
22 percent of all public housing agencies,
23 the provision of assistance under subtitle B has been ter-
24 minated and replaced by the provision of assistance under
25 title II.

1 (c) USE OF AMOUNTS.—Notwithstanding any other
2 provision of law, any assistance provided for public hous-
3 ing under the United States Housing Act of 1937 or sub-
4 title B of this title may be used for assistance under title
5 II.

6 (d) CONTINUITY OF ASSISTANCE.—To the greatest
7 extent practicable taking into consideration the availability
8 of amounts provided in appropriation Acts and the relative
9 needs of different States and areas (as determined under
10 section 251), during fiscal years 1996 through 2000, the
11 Voucher Administrator shall allocate to local voucher as-
12 sistance agencies under subtitle B of title II the amounts
13 made available to carry out such subtitle in a manner that
14 provides assistance sufficient for one assisted family under
15 such subtitle for each family for which assistance for the
16 rental or ownership of a dwelling unit is terminated pursu-
17 ant to section 311.

18 (e) RESPONSIBILITIES OF EXISTING PHA'S.—Any
19 public housing agency administering the provision of as-
20 sistance under section 8 of the United States Housing Act
21 of 1937 upon the commencement of the transition period
22 may continue after such date to administer the provision
23 of any such assistance committed before such date for use
24 by such agency or may transfer responsibility for admin-
25 istering such assistance to another entity acting as a local

1 voucher assistance agency for purposes of subtitle B of
2 title II.

3 (f) PROHIBITION OF DUPLICATIVE ASSISTANCE DUR-
4 ING TRANSITION.—A dwelling unit for which housing as-
5 sistance is provided under title II may not be assisted in
6 any manner with any amounts made available under this
7 title.

8 (g) PLAN AND REPORTS.—

9 (1) TRANSITION PLAN.—Not later than 6
10 months after the date of the enactment of this Act,
11 the Resolution Administrator and the Voucher Ad-
12 ministrator shall jointly establish, and submit to the
13 Congress, a plan providing for the transition of as-
14 sistance for public housing to voucher assistance
15 under title II, in accordance with the requirements
16 of this subtitle.

17 (2) ANNUAL REPORTS.—Not later than 3
18 months after the conclusion of each of fiscal years
19 1996, 1997, 1998, 1999, and 2000, the Resolution
20 Administrator and the Voucher Administrator shall
21 jointly prepare, and submit to the Congress, a report
22 on the progress during such fiscal year of the transi-
23 tion under this subtitle to providing voucher assist-
24 ance under title II.

1 (h) COORDINATION WITH PHA'S.—In carrying out
2 this section, the Resolution Administrator shall coordinate
3 with the public housing agencies to the extent necessary
4 to permit the agencies to establish plans under section 323
5 that conform with the requirements under this section and
6 the schedule established by the Resolution Administrator
7 and the Voucher Administrator for the transition under
8 this section.

9 (i) VOUCHERING BY TENANT MANAGEMENT COR-
10 PORATIONS.—Notwithstanding the plan under subsection
11 (g), any schedule for converting assistance for a public
12 housing agency from assistance under public housing
13 block grants under subtitle B to voucher assistance under
14 title II, or any plan under section 323, the Resolution Ad-
15 ministrator may provide for a tenant management cor-
16 poration (as such term is defined in section 235) to admin-
17 ister housing assistance under subtitle B of title II with
18 respect to families eligible for such assistance who are re-
19 siding in dwelling units in public housing projects assisted
20 at such time under the United States Housing Act of 1937
21 if—

22 (1) the tenant management corporation makes
23 a written request to the Resolution Administrator to
24 administer such assistance;

1 (2) the public housing projects are located in a
2 State that has not provided notice under section 252
3 that the State elects to receive block grants for State
4 housing voucher assistance under subtitle A of title
5 II;

6 (3) the tenant management corporation has
7 management authority with respect to the projects;
8 and

9 (4) allowing the tenant management corpora-
10 tion to administer such assistance will provide
11 voucher assistance under subtitle B of title II for the
12 residents of such projects earlier than otherwise pro-
13 vided under the plan under subsection (g) of this
14 section or the plan of the relevant public housing
15 agency under section 323.

16 **SEC. 313. TRANSFER OF RESIDUAL HUD AUTHORITY TO AD-**
17 **MINISTRATOR OF FEDERAL HOUSING VOUCH-**
18 **ER ASSISTANCE.**

19 Effective on the termination date under section
20 105(d), there are transferred to the Voucher Adminis-
21 trator all functions of the Resolution Administrator re-
22 garding administration of any outstanding commitments
23 of the Resolution Administrator under the programs re-
24 ferred to in section 311 and of any amounts previously
25 appropriated in connection with such commitments.

1 **SEC. 314. TREATMENT OF FAMILIES ASSISTED UNDER TER-**
2 **MINATED PROGRAMS.**

3 (a) ASSISTANCE FOR FAMILIES RESIDING IN MULTI-
4 FAMILY DISPOSITION PROJECTS.—

5 (1) IN GENERAL.—To the extent amounts for
6 assistance under title II are available, the relevant
7 State or voucher housing agency shall provide such
8 assistance for each low-income family that—

9 (A) resides—

10 (i) in a HUD-owned multifamily rent-
11 al housing project at the time of the sale
12 of the project or the mortgage for the
13 project under section 553; and

14 (ii) at such time, in a dwelling unit in
15 such project that was assisted with project-
16 based assistance under section 8 of the
17 United States Housing Act of 1937, sec-
18 tion 101 of the Housing and Urban Devel-
19 opment Act of 1965, section 236(f)(2) of
20 the National Housing Act, or section 23 of
21 the United States Housing Act of 1937 (as
22 in effect before January 1, 1975); and

23 (B) as a result of the sale of such project
24 or the mortgage for the project, will not other-
25 wise receive the benefit of the project-based as-

1 sistance referred to in subparagraph (A)(ii)
2 over such period.

3 (2) HUD-OWNED MULTIFAMILY RENTAL
4 PROJECT.—For purposes of paragraph (1), the term
5 “HUD-owned multifamily rental project” means a
6 multifamily rental housing project which—

7 (A) is owned by the Secretary of Housing
8 and Urban Development or the Administrator
9 of the Federal Home Mortgage Insurance Fund
10 or is subject to a mortgage so owned; and

11 (B) is or, prior to acquisition of the project
12 or the mortgage for the project by such Sec-
13 retary or Administrator, was assisted or insured
14 under the National Housing Act or subject to
15 a loan under the Housing Act of 1959.

16 (b) PREFERENCE FOR FEDERAL VOUCHER ASSIST-
17 ANCE.—To the extent amounts are available after assist-
18 ance is provided pursuant to subsection (a), a family to
19 or on behalf of whom assistance for the rental or owner-
20 ship of a dwelling unit is provided under any program de-
21 scribed in section 311 and whose assistance is terminated
22 because of section 311 or 312, shall be given preference
23 for assistance made available under subtitle B of title II,
24 subject to the limitations under this section. Preference
25 pursuant to this subsection may be provided only for fami-

1 lies that are eligible for such assistance under the applica-
2 ble provisions of such subtitle B.

3 (c) ONE-TIME APPLICABILITY.—Any family to or on
4 behalf of whom assistance is once provided under title II
5 pursuant to a preference under subsection (a) or (b) may
6 not, in any subsequent selection of families for available
7 assistance under subtitle A or B of title II, be accorded
8 preference pursuant to such subsection.

9 (d) PROHIBITION OF EVICTIONS.—With respect to a
10 dwelling unit that is—

11 (1) located in a public housing project for which
12 assistance under the United States Housing Act of
13 1937 or subtitle B of this title is terminated pursu-
14 ant to this subtitle and maintained by the public
15 housing agency as an occupiable dwelling unit avail-
16 able for rental, or

17 (2) assisted under any other program described
18 in section 311,

19 the family lawfully residing in the dwelling unit at the time
20 of the termination of such assistance may not be evicted
21 or otherwise required to vacate the unit solely because of
22 the termination and without consideration to the ability
23 of the family to pay rent for the unit.

24 (e) PROHIBITION OF DISCRIMINATION BY PUBLIC
25 HOUSING AGENCIES AGAINST VOUCHER HOLDERS.—

1 After the transition under this subtitle of the public hous-
2 ing projects of a public housing agency to assistance under
3 title II, the agency may not refuse to lease an available
4 dwelling unit in any project of the agency that was devel-
5 oped or assisted with contributions under the United
6 States Housing Act of 1937 or subtitle B of this title to
7 any family on behalf of whom assistance is provided under
8 title II, or to enter into a housing voucher contract under
9 subtitle B of title II, a proximate cause of which is the
10 status of the family as so assisted.

11 **SEC. 315. CONTINUED RESTRICTIONS ON USE OF EXISTING**
12 **PUBLIC HOUSING STOCK.**

13 Any housing project developed or assisted with
14 amounts provided under the United States Housing Act
15 of 1937 or subtitle B of this title shall continue to be sub-
16 ject to any conditions or requirements under such Act or
17 title resulting from such assistance, except to the extent
18 specifically waived or provided otherwise under this title.

19 **SEC. 316. AUDIT OF PROJECT-BASED SECTION 8 ASSIST-**
20 **ANCE CONTRACTS.**

21 (a) AUDIT.—Not later than the expiration of the 24-
22 month period beginning upon the date of the enactment
23 of this Act, the Resolution Administrator shall conduct an
24 audit to identify each multifamily housing project assisted
25 under an existing contract under section 8 of the United

1 States Housing Act of 1937 that is attached to the struc-
2 ture pursuant to subsection (d)(2) of such section and,
3 with respect to each such project, to determine—

4 (1) the amount of such assistance provided for
5 the project and for each assisted dwelling unit in the
6 project and the remaining term of such contract for
7 assistance;

8 (2) the physical status and needs for the
9 project;

10 (3) the financial status of the project, includ-
11 ing—

12 (A) whether the project is subject to a
13 mortgage insured under the National Housing
14 Act and, if so, the program under which such
15 insurance is provided, whether the loan secured
16 by the mortgage is delinquent, in default, or
17 current, and if delinquent or in default, the
18 amount of arrears, outstanding balance, inter-
19 est rate, and remaining term of the delinquent
20 or defaulted loan;

21 (B) recent project income and expenses
22 and the amount of the balance in any reserve
23 accounts for the project;

24 (C) the estimated cost of any rehabilitation
25 necessary to maintain the project in accordance

1 with applicable building and safety standards
2 and codes or to bring the project into compli-
3 ance with such standards and codes;

4 (D) the amount of monthly rental revenue
5 necessary per dwelling unit to fully support the
6 sum of rehabilitation costs under subparagraph
7 (C) for the project, the costs of operating the
8 project, and the costs of maintaining the project
9 in accordance with applicable building and safe-
10 ty standards;

11 (E) the estimated revenue losses resulting
12 from vacancies in dwelling units in the project;
13 and

14 (F) the extent of financial investment and
15 interest in the project of the owner of the
16 project and of the extent of control by the
17 owner over the management of the project; and

18 (4) the rents for comparable unassisted dwell-
19 ing units in the area in which the project is located.

20 (b) REPORT.—Not later than the expiration of the
21 period referred to in subsection (a), the Resolution Admin-
22 istrator shall submit a report to the Congress containing
23 the results of the audit conducted under such subsection.

1 **Subtitle B—Interim Program for**
2 **Public Housing Block Grants**
3 **and Deregulation**

4 **SEC. 321. IMMEDIATE TERMINATION OF EXISTING PUBLIC**
5 **HOUSING PROGRAMS.**

6 After the date of the enactment of this Act, no new
7 commitment may be made to provide financial assistance
8 under any of the following programs:

9 (1) PUBLIC HOUSING.—Any program for assist-
10 ance for public housing under any provision of title
11 I or III of the United States Housing Act of 1937.

12 (2) URD GRANTS.—The urban revitalization
13 program under the Departments of Veterans Affairs
14 and Housing and Urban Development, and Inde-
15 pendent Agencies Appropriations Act, 1993 (Public
16 Law 102–389; 106 Stat. 1579).

17 (3) CHILDHOOD DEVELOPMENT.—The program
18 for public housing childhood development under sec-
19 tion 222 of the Housing and Urban-Rural Recovery
20 Act of 1983.

21 (4) PERINATAL SERVICES DEMONSTRATION.—
22 The public housing one-stop perinatal services dem-
23 onstration under section 521 of the Cranston-Gon-
24 zalez National Affordable Housing Act.

1 (5) YOUTH SPORTS DEMONSTRATION.—The
2 program for public and assisted housing youth
3 sports under section 520 of the Cranston-Gonzalez
4 National Affordable Housing Act.

5 (6) DRUG ELIMINATION.—The program for
6 public and assisted housing drug elimination under
7 chapter 2 of subtitle C of title V of the Anti-Drug
8 Abuse Act of 1988.

9 **SEC. 322. PROGRAM AUTHORITY.**

10 (a) IN GENERAL.—Notwithstanding any provisions of
11 the United States Housing Act of 1937, during the transi-
12 tion period, this subtitle shall govern the funding, oper-
13 ation, and management of public housing, and the trans-
14 formation of public housing to a program of tenant-based
15 voucher assistance under title II of this Act. Title I of
16 the United States Housing Act of 1937 shall apply only
17 to the extent that the Resolution Administrator deter-
18 mines that such title is consistent with the effective and
19 expeditious achievement of the purposes of this title.

20 (b) DEREGULATION.—The Resolution Administrator
21 shall provide public housing agencies with the flexibility
22 and, to the extent amounts are made available in appro-
23 priations Acts for grants under this subtitle, the funding
24 necessary to allow the agencies—

1 (1) to make their viable and marketable public
2 housing stock generally competitive, in preparation
3 for their transition to the voucher assistance under
4 title II; and

5 (2) to demolish, dispose of, or demolish and dis-
6 pose of their nonviable or nonmarketable housing
7 property.

8 In carrying out this subtitle, the Resolution Administrator
9 shall deregulate and decontrol public housing agencies
10 consistent with the requirements of this subtitle, the pru-
11 dent operation of such agencies, and the purpose under
12 section 301.

13 (c) INDIAN HOUSING PROGRAMS.—This subtitle shall
14 not apply to low-income housing developed or operated
15 pursuant to a contract between the Secretary of Housing
16 and Urban Development and an Indian housing authority.

17 **SEC. 323. STRATEGIC PLAN.**

18 (a) IN GENERAL.—As a condition of eligibility for as-
19 sistance under this subtitle, a public housing agency shall
20 develop a strategic plan under this section that deter-
21 mines—

22 (1) the location, physical condition, moderniza-
23 tion needs, and marketability of each of the public
24 housing projects of the agency; and

1 (2) the manner in which the public housing of
2 the agency relates to the overall local stock of af-
3 fordable housing in the community in which the ju-
4 risdiction of the agency is located.

5 (b) MINIMUM REQUIREMENTS.—The plan under this
6 section of a public housing agency shall—

7 (1) be developed in consultation with appro-
8 priate local officials, tenants of the public housing
9 projects for which assistance is requested, residents
10 of the local community, and other appropriate inter-
11 ested parties;

12 (2) identify the public housing projects that the
13 agency plans to demolish;

14 (3) identify the public housing projects that the
15 agency plans to rehabilitate, and provide a schedule
16 for such rehabilitation;

17 (4) set forth the plan of the agency for comply-
18 ing with the provisions of this subtitle and for the
19 transition of the public housing of the agency to
20 voucher assistance under title II, including any re-
21 quests for waivers of program requirements under
22 section 329(a);

23 (5) describe how the assistance requested under
24 this subtitle will be used by the agency to improve
25 the management and operation of the agency and to

1 improve the condition of the public housing projects
2 for which such assistance is requested;

3 (6) describe how the assistance requested under
4 this subtitle will be used by the agency to assist ten-
5 ant programs and services in the public housing
6 projects for which such assistance is sought;

7 (7) describe any other sources of funds, not
8 provided under this subtitle, to be used by the public
9 housing agency to carry out any eligible activities
10 under section 327;

11 (8) describe any previous assistance provided by
12 the Secretary of Housing and Urban Development
13 under title I of the United States Housing Act of
14 1937 will be used for the purposes of this subtitle;
15 and

16 (9) include such other information as the Reso-
17 lution Administrator may require.

18 (c) REQUIREMENTS FOR SMALL PUBLIC HOUSING
19 AGENCIES.—The Resolution Administrator may establish
20 requirements for strategic plans under this section that
21 provide for public housing agencies with fewer than 100
22 units, to submit more simplified plans than those required
23 to be submitted by larger public housing agencies.

24 (d) REVIEW AND APPROVAL.—The Resolution Ad-
25 ministrator shall review each plan submitted under this

1 section for compliance with the requirements of this sec-
2 tion and this subtitle and shall approve the plans that so
3 comply. The Resolution Administrator may require a pub-
4 lic housing agency to amend or resubmit a plan under this
5 section if the plan, as initially submitted, does not so com-
6 ply.

7 (e) USE.—A public housing agency shall use the stra-
8 tegic plan of the agency approved under this section to
9 guide any investment decisions of the agency during the
10 transition period.

11 **SEC. 324. CONSOLIDATION OF FUNDING.**

12 (a) CONSOLIDATION OF FUNDING.—All programs
13 under which assistance is provided for public housing im-
14 mediately before the commencement of the transition pe-
15 riod (including each program referred to in section 321)
16 shall, upon such commencement, be merged into the Pub-
17 lic Housing Block Grant Fund under section 325.

18 (b) TREATMENT OF EXISTING AMOUNTS.—

19 (1) UNRESERVED AMOUNTS.—Any amounts
20 made available to the Secretary of Housing and
21 Urban Development for public housing purposes that
22 have not been reserved by the Secretary to a public
23 housing agency before the commencement of the
24 transition period shall be available, for the period

1 originally provided in law, for use for block grants
2 under this subtitle.

3 (2) RESERVED AMOUNTS.—Any amounts made
4 available to the Secretary of Housing and Urban
5 Development for public housing purposes that have
6 been obligated by the Secretary to a public housing
7 agency, but which, as of the commencement of the
8 transition period, have not been obligated by the
9 public housing agency, shall be available to such
10 public housing agency, for the period originally pro-
11 vided in law, for use as block grant amounts under
12 this subtitle.

13 (c) CONTINUED AVAILABILITY.—If a public housing
14 agency receives amounts under this subtitle for purposes
15 described in the public housing agency’s strategic plan
16 that relate to a particular project or projects, or portion
17 thereof, such amounts shall be available to the agency
18 until expended, regardless of whether project or projects,
19 or portions of the project or projects, have been trans-
20 ferred under subtitle A to voucher assistance under title
21 II.

22 **SEC. 325. PUBLIC HOUSING BLOCK GRANT FUND.**

23 The Resolution Administrator shall establish a Public
24 Housing Block Grant Fund for the purpose of making
25 grants to public housing agencies—

1 (1) to make physical improvements to or to re-
2 place public housing projects;

3 (2) for associated management improvements;
4 and

5 (3) for the operation of low-income housing
6 projects.

7 **SEC. 326. GRANTS.**

8 (a) IN GENERAL.—The Resolution Administrator
9 shall make grants from amounts in the Public Housing
10 Block Grant Fund to public housing agencies to carry out
11 eligible activities under section 327.

12 (b) STRATEGIC PLAN REQUIREMENT.—No amounts
13 may be provided under this subtitle to a public housing
14 agency unless the Resolution Administrator has approved
15 a strategic plan for the agency under section 323.

16 (c) AMOUNT.—The amount of the block grant under
17 this subtitle for a public housing agency for a fiscal year
18 shall be the amount of the allocation under section 328
19 for the agency for such fiscal year.

20 (d) CONDITIONS OF BLOCK GRANT ASSISTANCE.—
21 With respect to public housing projects assisted under this
22 subtitle, the requirements of this subtitle (and the condi-
23 tions of the strategic plan relating to the housing) shall
24 apply for the longer of—

1 (1) 20 years after the date of the execution of
2 the contract for the first grant under this subtitle
3 from which amounts were used for the development
4 of the housing; or

5 (2) 10 years after the receipt of the last grant
6 under this subtitle from which amounts were used
7 for operation of the project.

8 **SEC. 327. ELIGIBLE ACTIVITIES.**

9 Amounts from a grant under this subtitle may be
10 used to carry out the following activities:

11 (1) OPERATING ACTIVITIES.—Activities relating
12 to—

13 (A) the operation of low-income housing
14 projects;

15 (B) crime prevention and security (includ-
16 ing activities eligible for assistance under the
17 Public and Assisted Housing Drug Elimination
18 Act of 1990 and the Drug-Free Public Housing
19 Act of 1988) for low-income housing projects;
20 and

21 (C) the provision of service coordinators
22 under section 671 of the Housing and Commu-
23 nity Development Act of 1992 for elderly per-
24 sons or persons with disabilities in low-income
25 housing projects.

1 (2) CAPITAL AND MANAGEMENT ACTIVITIES.—

2 (A) Capital and management activities au-
3 thorized under title I of the United States
4 Housing Act of 1937 (except for sections 8 and
5 9).

6 (B) Any other activities relating to the de-
7 velopment and modernization of public housing
8 projects, including the redesign, reconstruction,
9 and reconfiguration of public housing sites and
10 buildings, vacancy reduction, addressing de-
11 ferred maintenance needs and the replacement
12 of dwelling equipment, planned code compli-
13 ance, management improvements, community
14 service, demolition and replacement, tenant re-
15 location, and activities to improve the economic
16 empowerment and self-sufficiency of public
17 housing tenants.

18 (C) Activities under the urban revitaliza-
19 tion demonstration program authorized under
20 Public Laws 102–389, 103–124, or 103–327.

21 (D) Activities under the public housing
22 early childhood development program author-
23 ized under section 222 of the Housing and
24 Urban-Rural Recovery Act of 1983.

1 (E) Providing technical assistance to pub-
2 lic housing agencies, resident councils, resident
3 organizations, and resident management cor-
4 porations, including monitoring, inspections,
5 training for public housing agency employees
6 and residents, and data collection and analysis.

7 (F) Remedial activities associated with
8 troubled public housing agencies, as such agen-
9 cies are so designated under section 6(j) of the
10 United States Housing Act of 1937.

11 (G) Such other activities as may be deter-
12 mined by the Resolution Administrator.

13 The provisions and requirements of any laws re-
14 ferred to in this subsection shall not apply to activi-
15 ties assisted with block grants made under this sub-
16 title, except as determined necessary by the Resolu-
17 tion Administrator.

18 **SEC. 328. FORMULA ALLOCATIONS.**

19 (a) IN GENERAL.—For each fiscal year, the Resolu-
20 tion Administrator shall allocate any amounts available
21 under this subtitle for block grants for the fiscal year to
22 public housing agencies eligible for such grants under sec-
23 tion 326(b). The allocation for an eligible public housing
24 agency for a fiscal year shall be the sum of the operating
25 amount under subsection (b) for the agency for such year

1 and the capital amount under subsection (c) for the agen-
2 cy for such year.

3 (b) OPERATING AMOUNT.—

4 (1) IN GENERAL.—The Resolution Adminis-
5 trator shall allocate 40 percent of any amounts
6 available under this subtitle for block grants for a
7 fiscal year to eligible public housing agencies accord-
8 ing to a formula established under this subsection by
9 the Resolution Administrator. The formula alloca-
10 tion under this subsection for a public housing agen-
11 cy for a fiscal year is the operating amount for such
12 agency for such year.

13 (2) MODIFICATION OF PFS FORMULA.—For
14 purposes of determining operating amounts under
15 this subsection, the Resolution Administrator shall
16 modify the Performance Funding System formula,
17 as prescribed by the Resolution Administrator in
18 regulations pursuant to section 9 of the United
19 States Housing Act of 1937, to—

20 (A) include components reflecting the new
21 list of eligible activities set forth in section
22 327(1);

23 (B) simplify the requirements relating to
24 public housing agencies with 100 or fewer units;

1 (C) revise the treatment of “other income”
2 in a manner that gives public housing agencies
3 an incentive to increase such income;

4 (D) eliminate the “rental income increase”
5 factor used in calculating Performance Funding
6 System eligibility; and

7 (E) provide that the treatment of vacant
8 public housing units under the formula may be
9 modified by negotiated rulemaking.

10 In modifying the Performance Funding System for-
11 mula under this paragraph, the Resolution Adminis-
12 trator may give special consideration to the needs of
13 public housing agencies for anticrime funding and
14 funding of activities related to the provision of serv-
15 ice coordinators for elderly persons or persons with
16 disabilities pursuant to section 671 of the Housing
17 and Community Development Act of 1992.

18 (3) USE OF EXISTING PFS FORMULA.—Until
19 the Performance Funding System formula as revised
20 under paragraph (2) takes effect, the Resolution Ad-
21 ministrator shall use the formula established pursu-
22 ant to section 9(a)(3) of the United States Housing
23 Act of 1937 for purposes of determining the operat-
24 ing amounts under this subsection.

25 (c) CAPITAL AMOUNT.—

1 (1) IN GENERAL.—The Resolution Adminis-
2 trator shall allocate 60 percent of any amounts
3 available under this subtitle for block grants for a
4 fiscal year to eligible public housing agencies accord-
5 ing to a formula established under this subsection by
6 the Resolution Administrator. The formula shall be
7 designed to measure the relative needs of such agen-
8 cies for capital and modernization assistance and
9 shall allocate amounts to address the backlog needs
10 and accrual needs of public housing agencies, taking
11 into consideration all activities eligible for assistance
12 under section 327(2). The formula allocation under
13 this subsection for a public housing agency for a fis-
14 cal year is the capital amount for such agency for
15 such year.

16 (2) FORMULA FOR SMALL PUBLIC HOUSING
17 AGENCIES.—The Resolution Administrator may es-
18 tablish a separate allocation formula under this sub-
19 section for public housing agencies with fewer than
20 100 units, which may take into account the specific
21 needs of such smaller public housing agencies.

22 (3) AUTHORITY TO USE CURRENT FORMULA.—
23 In carrying out this subsection, the Resolution Ad-
24 ministrator may use the formula established under
25 section 14(k) of the United States Housing Act of

1 1937, with such adjustments as may be necessary to
2 provide additional weight for backlog needs. The
3 Resolution Administrator may make the adjustments
4 to such formula by notice and without amending the
5 regulations implementing such section.

6 **SEC. 329. PROGRAM REQUIREMENTS AND WAIVERS.**

7 (a) WAIVER OF PROGRAM REQUIREMENTS.—

8 (1) AUTHORITY.—The Resolution Adminis-
9 trator may waive, for a public housing agency receiv-
10 ing assistance under this subtitle, any of the follow-
11 ing requirements under title I:

12 (A) INCOME ELIGIBILITY.—Any require-
13 ment relating to maximum income of families
14 residing in public housing.

15 (B) RENT CHARGES.—Any requirement re-
16 lating to rental amounts for dwelling units in
17 public housing.

18 (C) OCCUPANCY PREFERENCES.—Any re-
19 quirement relating to preference for occupancy
20 in public housing dwelling units.

21 (D) DEMOLITION AND DISPOSITION.—Any
22 requirement relating to demolition and disposi-
23 tion of public housing.

24 (2) REQUIREMENTS.—The Resolution Adminis-
25 trator may waive requirements referred to in para-

1 graph (1) only pursuant to a request made by a
2 public housing agency contained in the strategic plan
3 under section 323 for the agency and only if the
4 Resolution Administrator determines that the plan
5 provides an effective and efficient means of—

6 (A) providing low-income housing for low-
7 income families in the area served by the public
8 housing agency;

9 (B) operating the public housing of the
10 agency;

11 (C) transition from block grant assistance
12 under this subtitle for the agency to voucher as-
13 sistance under title II; and

14 (D) assisting families currently eligible for
15 and residing in public housing of the agency.

16 (b) WAIVER OF PROCUREMENT REQUIREMENTS.—

17 The Resolution Administrator may waive any Federal,
18 State, or local procurement requirements applicable to a
19 public housing agency engaging in any activity authorized
20 by this subtitle, as the Resolution Administrator considers
21 necessary. In order to avoid duplication of such require-
22 ments among jurisdictions, the Resolution Administrator
23 may apply the procurement requirements of only one juris-
24 diction.

1 (c) MODIFICATION OF LEAD-BASED PAINT REQUIRE-
2 MENTS.—Consistent with the purposes of this subtitle and
3 the protection of children from lead-based paint hazards,
4 the Resolution Administrator shall—

5 (1) determine which, if any, of the lead-based
6 paint testing and abatement requirements for public
7 housing in the Lead-Based Paint Poisoning Preven-
8 tion Act shall apply to public housing during the pe-
9 riod that is assistance is provided for such housing
10 under this subtitle; and

11 (2) adopt for public housing, for such period,
12 appropriate recommendations made by the Task
13 Force on Lead-Based Paint Hazard Reduction and
14 Financing.

15 (d) APPLICABILITY OF FAMILY SELF-SUFFICIENCY
16 REQUIREMENTS.—Participation in the Family Self-Suffi-
17 ciency program under section 23 of the United States
18 Housing Act of 1937 shall not be mandatory with respect
19 to any housing developed with amounts provided under
20 this subtitle. Parties to financial and other contractual
21 commitments made under the Family Self-Sufficiency pro-
22 gram prior to the allocation or obligation of amounts
23 under this title shall continue to be bound by the terms
24 of such commitments.

1 **SEC. 330. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated to the Public
3 Housing Grant Fund under section 325 for grants under
4 this subtitle—

- 5 (1) \$5,270,000,000 for fiscal year 1996;
6 (2) \$3,300,000,000 for fiscal year 1997;
7 (3) \$1,500,000,000 for fiscal year 1998; and
8 (4) \$56,000,000 for fiscal year 1999.

9 **Subtitle C—General Provisions**

10 **SEC. 341. DEFINITIONS.**

11 For purposes of this title, the following definitions
12 shall apply:

13 (1) **RESOLUTION ADMINISTRATOR.**—The term
14 “Resolution Administrator” means the Adminis-
15 trator of the Housing and Urban Development Pro-
16 grams Resolution Agency appointed under section
17 101.

18 (2) **TRANSITION PERIOD.**—The term “transi-
19 tion period” means the period beginning on October
20 1, 1995, and ending on September 30, 2000.

21 (3) **VOUCHER ADMINISTRATOR.**—The term
22 “Voucher Administrator” means the Administrator
23 of the Office of Federal Housing Voucher Assistance
24 of the Department of Health and Human Services,
25 appointed under section 262.

1 **TITLE IV—BLOCK GRANTS FOR**
2 **HOUSING AND COMMUNITY**
3 **DEVELOPMENT OPPORTUNI-**
4 **TIES**

5 **Subtitle A—Block Grants Program**

6 **SEC. 401. PURPOSE.**

7 The purpose of this subtitle is to provide assistance
8 to eligible States, entitlement areas, and Indian tribes, to
9 be used in such manner and amounts as the States, enti-
10 tlement areas, and tribes determine appropriate, for meet-
11 ing the community and economic development needs and
12 the affordable housing needs of the States, entitlement
13 areas, and tribes.

14 **SEC. 402. GENERAL BLOCK GRANTS.**

15 Except as provided in section 432, for each fiscal
16 year, the Director of the Housing and Community Oppor-
17 tunities Agency shall make a grant to each eligible State
18 and entitlement area in an amount equal to the allocation
19 determined under section 406 for such State or entitle-
20 ment area for the fiscal year and shall provide amounts
21 to Indian tribes in accordance with section 406(b).

22 **SEC. 403. ELIGIBLE STATES AND ENTITLEMENT AREAS.**

23 (a) **ELIGIBLE STATE.**—For purposes of this title, the
24 term “eligible State” means, with respect to a fiscal year,
25 a State that, during the period immediately preceding the

1 fiscal year and having such duration as the Director shall
2 determine, has submitted to the Director a block grant
3 plan under section 405.

4 (b) ENTITLEMENT AREA.—For purposes of this title,
5 the term “entitlement area” means, with respect to a fis-
6 cal year, a metropolitan city or urban county that, during
7 the period immediately preceding the fiscal year and hav-
8 ing such duration as the Director shall determine, has sub-
9 mitted to the Director a block grant plan under section
10 405.

11 **SEC. 404. USE OF GRANT AMOUNTS.**

12 (a) LIMITATION ON USE.—Grant amounts provided
13 under this subtitle may be used, subject to this title, only
14 to carry out eligible activities.

15 (b) LOW-INCOME USE.—

16 (1) IN GENERAL.—Not less than 90 percent of
17 the aggregate amount of assistance provided to an
18 eligible State, entitlement area, or Indian tribe
19 under a grant made under this subtitle shall be used
20 for the support of eligible activities that benefit low-
21 income families.

22 (2) DETERMINATION.—An eligible activity shall
23 be considered to benefit low-income families only if
24 such activity—

1 (A) is carried out in a neighborhood con-
2 sisting predominately of low-income families
3 and provides services for such families;

4 (B) involves housing or facilities for use
5 predominately by low-income families;

6 (C) involves employment of persons, a ma-
7 jority of whom are members of low-income fam-
8 ilies; or

9 (D) is designed to serve an area generally
10 and is clearly designed to meet needs of low-in-
11 come families in such area.

12 (3) HOUSING ACTIVITIES.—An affordable hous-
13 ing activity under subsection (e) that provides dwell-
14 ing units and is assisted with grant amounts under
15 this subtitle shall be considered to benefit low-in-
16 come families only to the extent such housing will,
17 upon completion, be occupied by such families.

18 (c) ELIGIBLE ACTIVITIES.—An activity shall be con-
19 sidered an eligible activity for purposes of this subtitle
20 only if the activity is a community or neighborhood devel-
21 opment activity under subsection (d), an affordable hous-
22 ing activity under subsection (e), or a relocation activity
23 under subsection (f).

24 (d) COMMUNITY AND NEIGHBORHOOD DEVELOP-
25 MENT ACTIVITIES.—A community or neighborhood devel-

1 opment activity under this subsection is an activity di-
2 rected toward encouraging or assisting the development of
3 viable neighborhoods and communities, providing decent
4 housing and a suitable living environment, or expanding
5 economic opportunities for families, neighborhoods, or
6 communities, which shall include the following activities
7 to carry out such purposes:

8 (1) PROPERTIES.—Acquisition and disposition
9 of property and construction, reconstruction, and in-
10 stallation of properties and other facilities, for public
11 purposes.

12 (2) CODE ENFORCEMENT AND REMOVAL.—
13 Code enforcement and clearance, demolition, re-
14 moval, and rehabilitation of buildings and improve-
15 ments.

16 (3) PUBLIC SERVICES.—Provision of public
17 services not previously provided, except that not
18 more than 15 percent of the amount of any assist-
19 ance under this subtitle to an eligible State or In-
20 dian tribe may be used for activities under this para-
21 graph.

22 (4) PLANNING AND TECHNICAL ASSISTANCE.—
23 Community and neighborhood development planning,
24 technical assistance, training, and capacity-building
25 activities.

1 (5) ECONOMIC DEVELOPMENT.—Economic de-
2 velopment projects that create or retain employment
3 or business opportunities or provide goods or serv-
4 ices, for low-income families.

5 (6) NEIGHBORHOOD DEVELOPMENT.—Provision
6 of assistance to neighborhood development organiza-
7 tions, local development corporations, and neighbor-
8 hood-based nonprofit organizations to support neigh-
9 borhood development and revitalization activities.

10 (7) MATCHING AMOUNTS.—Payment of the
11 non-Federal share required in connection with a
12 Federal grant-in-aid program undertaken as part of
13 activities assisted with amounts provided under this
14 subtitle.

15 (e) AFFORDABLE HOUSING ACTIVITIES.—

16 (1) IN GENERAL.—An affordable housing activ-
17 ity under this subsection is an activity to assist the
18 development of, or to support, affordable rental
19 housing or affordable homeownership opportunities
20 through the following activities:

21 (A) AFFORDABLE HOUSING DEVELOP-
22 MENT.—The provision of assistance for acquisi-
23 tion, new construction, reconstruction, or mod-
24 erate or substantial rehabilitation of affordable
25 housing, including assistance for real property

1 acquisition, site improvement, conversion, demo-
2 lition, financing costs, administrative and plan-
3 ning costs, and other expenses.

4 (B) TENANT-BASED ASSISTANCE.—The
5 provision of financial assistance to or on behalf
6 of low-income families for costs of such families
7 of renting or owning dwelling units, but only if
8 such assistance is not limited to use for a par-
9 ticular dwelling.

10 (C) HOMEOWNERSHIP ASSISTANCE.—The
11 provision of financial assistance to or on behalf
12 of low-income first-time homebuyers, including
13 providing direct mortgage loans and second
14 mortgage loans, interest rate buy downs, down-
15 payment assistance, mortgage insurance or
16 guarantees, and other assistance.

17 (D) HOMEOWNERSHIP PROGRAMS.—Plan-
18 ning, organizing, establishing, or carrying out
19 programs for affordable housing homeowner-
20 ship.

21 (E) HOUSING COUNSELING.—Counseling
22 regarding affordable rental or homeownership
23 opportunities, responsibilities of tenancy and
24 homeownership, or avoiding foreclosure, or
25 training and certifying such counselors.

1 (F) LEAD-BASED PAINT HAZARD REDUC-
2 TION.—Activities to evaluate or reduce hazards
3 in affordable housing resulting from lead-based
4 paint.

5 (G) TECHNICAL, CAPACITY-BUILDING, AND
6 OUTREACH ASSISTANCE.—The provision of
7 technical, administrative, or organizational as-
8 sistance for, or assistance for operating ex-
9 penses of, community housing development or-
10 ganizations or other organizations supporting,
11 providing, or facilitating affordable housing, or
12 other assistance to increase the capacity of or
13 encourage public or private organizations, insti-
14 tutions, or agencies to support, develop, or fa-
15 cilitate affordable housing.

16 (H) EDUCATION AND RESEARCH.—Edu-
17 cational, training, informational, or research ac-
18 tivities to facilitate or assist the development or
19 support of affordable housing.

20 (I) CHILD DEVELOPMENT.—Childhood de-
21 velopment services in or near affordable housing
22 for low-income families residing in the housing.

23 (J) DRUG ELIMINATION.—Security or law
24 enforcement activities for affordable housing.

1 (2) TARGETING.—Affordable housing activities
2 under this subsection may include activities relating
3 to—

4 (A) affordable housing that is primarily or
5 specifically for elderly families, disabled fami-
6 lies, homeless families, persons with acquired
7 immunodeficiency syndrome or related diseases
8 and their families, or Indian families;

9 (B) affordable housing constructed, reha-
10 bilitated, maintained, or operated in connection
11 with job training, educational, or youth-oriented
12 programs; and

13 (C) affordable housing provided in the
14 form of single family homes, multifamily hous-
15 ing, single room occupancy housing, shared
16 housing, community residences, congregate
17 housing, group homes, mixed housing, support-
18 ive housing, emergency and overnight shelters,
19 transitional housing, permanent housing, and
20 other housing.

21 (3) AFFORDABILITY.—An eligible State, entitle-
22 ment area, or Indian tribe receiving grant amounts
23 under this subtitle and using such amounts as pro-
24 vided in this subsection for assistance or support of
25 affordable housing shall have the sole responsibility

1 for establishing requirements or limitations relating
2 to the affordability of housing for which assistance
3 or support is provided or activities are conducted
4 using such grant amounts.

5 (f) RELOCATION ACTIVITIES.—A relocation activity
6 under this subsection is an activity to relocate any family,
7 person, business, or organization displaced by activities as-
8 sisted under this subtitle.

9 (g) ADMINISTRATIVE COSTS.—Each eligible activity
10 under subsection (d), (e), or (f) shall be considered, for
11 purposes of this subtitle, to include payment of reasonable
12 administrative costs relating to carrying out such activity.

13 (h) MANNER OF USE.—Grant amounts provided
14 under this subtitle may be used in support of eligible ac-
15 tivities in any manner determined appropriate by the eligi-
16 ble State, entitlement area, or Indian tribe receiving the
17 grant, including (1) providing grants, capital assistance,
18 loans, and subsidies, (2) providing payment or collateral
19 for or insurance or guarantee of loans, notes, and obliga-
20 tions (including assistance or collateral for State-issued
21 housing bonds or projects financed by such bonds), and
22 (3) carrying out activities directly or by contract.

23 (i) TRANSFER TO OTHER ENTITIES.—An eligible
24 State, entitlement area, or Indian tribe that receives grant
25 amounts under this subtitle may distribute such amounts

1 to other entities for carrying out eligible activities, except
2 that the State, entitlement area, or tribe shall be respon-
3 sible for ensuring that the grant amounts are used in ac-
4 cordance with this section.

5 (j) REQUIRED USE AS COLLATERAL FOR CDBG
6 LOAN GUARANTEES.—For any eligible State or entitle-
7 ment area that, at the time of the receipt of grant
8 amounts under this subtitle, has outstanding (or within
9 which is located any eligible public entity, or any public
10 entity designated by an eligible public entity, that has out-
11 standing) any notes or obligations guaranteed under sec-
12 tion 108 of the Housing and Community Development Act
13 of 1974 (as such section was in effect immediately before
14 the effective date under section 451), the receipt of such
15 grant amounts by the State or entitlement area shall be
16 considered to constitute a pledge by the State or area of
17 such amounts and any grant to which the State or area
18 may become eligible under this subtitle to assure the re-
19 payment of such notes and obligations. For purposes of
20 this subsection, the term “eligible public entity” has the
21 meaning given the term in section 108(o) of such Act (as
22 in effect at such time).

23 (k) ADDITIONAL ELIGIBLE USES FOR INDIAN
24 TRIBES.—Notwithstanding subsection (c), with respect to
25 an Indian tribe that receives grant amounts under this

1 subtitle, an activity shall be considered an eligible activity
2 for purposes of this subtitle if the activity is—

3 (1) an activity described in subsection (d), (e),
4 or (f); or

5 (2) an activity to provide low-income housing on
6 an Indian reservation or other Indian area that, im-
7 mediately before the effective date under section
8 451, would have been eligible for assistance under a
9 contract between the Secretary of Housing and
10 Urban Development and an Indian housing author-
11 ity the United States Housing Act of 1937.

12 **SEC. 405. BLOCK GRANT PLAN.**

13 (a) IN GENERAL.—A block grant plan under this
14 subsection is a written document that—

15 (1) describes the long- and short-term objec-
16 tives of the State or entitlement area in using grant
17 amounts provided under this subtitle and section
18 421 and projected uses of such amounts for the fis-
19 cal year;

20 (2) in the case of a State that will distribute
21 grant amounts to units of general local government,
22 describes the method by which the State will conduct
23 such distribution;

24 (3) contains a certification by the chief execu-
25 tive officer of the State or entitlement area that—

1 (A) grant amounts will be used only as
2 provided in this title;

3 (B) the State or entitlement area will com-
4 ply with the requirements of this title; and

5 (C) in the case of a State, the State will
6 monitor recipients of grant amounts distributed
7 by the State to ensure compliance with this
8 title; and

9 (4) contains a certification the grant and activi-
10 ties funded with grant amounts will be administered
11 and conducted in conformity with the Civil Rights
12 Act of 1964 and the Fair Housing Act, and the
13 State or entitlement area will affirmatively further
14 fair housing.

15 (b) EFFECT OF STATEMENT OF OBJECTIVES AND
16 USES.—Descriptions provided pursuant to paragraph (1)
17 and (2) of subsection (a) shall not be binding with respect
18 to the use or distribution of grant amounts provided under
19 this title.

20 **SEC. 406. ALLOCATION OF BLOCK GRANT AMOUNTS.**

21 (a) IN GENERAL.—For a fiscal year, the Director
22 shall allocate the total amount available for allocation for
23 such year for grants under this subtitle among eligible
24 States and entitlement areas and for Indian tribes in ac-
25 cordance with this section. The Director shall determine

1 the allocation for each eligible State using the formula in
2 subsection (c) and the allocation for each entitlement area
3 using the formula in subsection (d). The total amount
4 available for grants under this subtitle for a fiscal year
5 shall be the amount remaining from the total amount
6 made available for use under this title in appropriation
7 Acts for the year, after amounts are reserved for grants
8 under subtitle B.

9 (b) SET-ASIDE FOR INDIAN TRIBES.—

10 (1) IN GENERAL.—For each fiscal year, of the
11 total amount available for the fiscal year for grants
12 under this subtitle, the Director shall reserve for
13 grants to Indian tribes 1 percent of such amount.

14 (2) DISTRIBUTION TO TRIBES.—The Director
15 shall provide for distribution of amounts reserved
16 under paragraph (1) to Indian tribes on the basis of
17 a competition conducted pursuant to specific criteria
18 for the selection of Indian tribes to receive such
19 amounts. The criteria shall be contained in a regula-
20 tion promulgated by the Director after notice and
21 public comment.

22 (3) CIVIL RIGHTS COMPLIANCE.—Assistance
23 may not be provided to an Indian tribe under this
24 subsection unless the tribe certifies to the Director
25 that any program using such assistance will be con-

1 ducted and administered in conformity with title II
2 of the Civil Rights Act of 1968.

3 (c) ALLOCATION FOR STATES.—

4 (1) IN GENERAL.—Of the amount available for
5 a fiscal year for grants under this subtitle that re-
6 main after amounts are reserved under subsection
7 (b), the Director shall allocate 20 percent among the
8 eligible States as provided in subsection (e).

9 (2) DISTRIBUTION AND USE.—An eligible State
10 receiving a grant under this subtitle shall distribute
11 grant amounts to units of general local government
12 located in nonentitlement areas of the State to carry
13 out eligible activities in accordance with this title.

14 (d) ALLOCATION FOR ENTITLEMENT AREAS.—Of the
15 amount available for a fiscal year for grants under this
16 subtitle that remain after amounts are reserved under sub-
17 section (b), the Director shall allocate 80 percent to enti-
18 tlement areas as provided in subsection (e).

19 (e) ALLOCATION FORMULA.—The Director shall es-
20 tablish procedures for allocating amounts to States and
21 entitlement areas under this subsection, which shall allo-
22 cate such amounts according to the formula under section
23 106 of the Housing and Community Development Act of
24 1974 (as in effect immediately before the effective date
25 under section 108(a)) for allocating community develop-

1 ment block grant amounts for States, metropolitan cities,
2 and urban counties.

3 **Subtitle B—Block Grants for Hous-**
4 **ing for Special Populations and**
5 **Indian Housing**

6 **SEC. 421. BLOCK GRANTS FOR HOUSING FOR SPECIAL POP-**
7 **ULATIONS.**

8 (a) IN GENERAL.—For each fiscal year, of the total
9 amount made available for use under this title in appro-
10 priation Acts for the year, the Director shall reserve for
11 grants under this section \$1,000,000,000. Using such
12 amounts, the Director shall make a grant under this sec-
13 tion for such fiscal year to each eligible State in the
14 amount of the allocation for the State under subsection
15 (b).

16 (b) ALLOCATION.—For each fiscal year the Director
17 shall allocate amounts for grants under this section among
18 eligible States according to a formula established by the
19 Director to reflect each State's share of the total need
20 among all States for housing for low-income families de-
21 scribed in subsection (c), as identified by objective meas-
22 ures of inadequate housing supply for such families, sub-
23 standard housing for such families, number of such fami-
24 lies in housing likely to be in need of rehabilitation, costs

1 of producing housing for such families, and other condi-
2 tions.

3 (c) USE OF AMOUNTS.—Amounts from a grant under
4 this section may be used only to carry out affordable hous-
5 ing activities under section 404(e) relating to affordable
6 housing that is primarily or specifically for low-income el-
7 derly families, disabled families, or persons with acquired
8 immunodeficiency syndrome or related diseases and their
9 families. Such grant amounts shall be subject to the same
10 restrictions applicable to grant amounts that are provided
11 under section 402 and used for the purposes under this
12 subsection.

13 **SEC. 422. BLOCK GRANTS FOR INDIAN HOUSING.**

14 (a) IN GENERAL.—For each fiscal year, of the total
15 amount made available for use under this title in appro-
16 priation Acts for the year, the Director shall reserve for
17 grants under this section an amount not exceeding the
18 total amount provided in fiscal year 1995 for assistance
19 under the United States Housing Act of 1937 for Indian
20 housing authorities. Using such amounts, the Director
21 shall make a grant under this section for such fiscal year
22 to each eligible Indian housing authority in the amount
23 of the allocation under subsection (b) for the Indian hous-
24 ing authority for the fiscal year.

1 (b) ALLOCATION.—The Director shall allocate
2 amounts made available for grants under this section for
3 a fiscal year among eligible Indian housing authorities as
4 follows:

5 (1) TRANSITION PERIOD.—For each of fiscal
6 years 1996, 1997, 1998, 1999, and 2000, the alloca-
7 tion for each eligible Indian housing authority shall
8 be an amount that bears the same proportion to
9 such total amount made available for the fiscal year
10 as the amount of assistance provided for fiscal year
11 1995 to such authority under the United States
12 Housing Act of 1937 bears to the total amount of
13 assistance provided for such fiscal year under such
14 Act to all Indian housing authorities.

15 (2) PERMANENT RULE.—For fiscal year 2001
16 and each fiscal year thereafter, the Director shall al-
17 locate amounts for grants under this section accord-
18 ing to a formula established by the Director to re-
19 flect each eligible Indian housing authority's share
20 of the total need among all Indian housing authori-
21 ties for affordable housing in areas served by such
22 authorities, as identified by objective measures of in-
23 adequate housing supply, substandard housing, num-
24 ber of such families in housing likely to be in need

1 of rehabilitation, costs of producing housing, and
2 other conditions.

3 (c) USE OF AMOUNTS.—Amounts from a grant under
4 this section may be used only to carry out affordable hous-
5 ing activities under section 404(e) to provide affordable
6 housing on Indian reservations and other Indian areas.
7 Such grant amounts shall be subject to the same restric-
8 tions applicable to grant amounts that are provided under
9 section 402 and used for the purposes under this sub-
10 section.

11 (d) ELIGIBLE INDIAN HOUSING AUTHORITIES.—For
12 purposes of this section, the term “eligible Indian housing
13 authority” means—

14 (1) with respect to fiscal year 1996, 1997,
15 1998, 1999, or 2000, an entity that was operating
16 as an Indian housing authority on June 1, 1995, for
17 purposes of the United States Housing Act of 1937;
18 and

19 (2) with respect to any fiscal year thereafter,
20 any Indian housing authority.

21 **Subtitle C—General Provisions**
22 **Relating to Block Grants**

23 **SEC. 431. OVERSIGHT.**

24 (a) STATE ACTIVITY REPORTS.—Each eligible State
25 and entitlement area that receives grant amounts under

1 this title for a fiscal year shall submit to the Director,
2 in accordance with a schedule established by the Director,
3 a report regarding the use of grant amounts provided to
4 the State or area, which shall include—

5 (1) an assessment of the relation of the use of
6 grant amounts to the objectives identified in the
7 block grant plan of the State or entitlement area for
8 the fiscal year submitted under section 405;

9 (2) a description of accomplishments made by
10 projects funded with grant amounts; and

11 (3) an evaluation of the extent to which the
12 grant amounts were used for activities benefiting
13 low-income families.

14 (b) GAO AUDITS.—A State, entitlement area, unit of
15 general local government, Indian tribe, or Indian housing
16 authority may receive grant amounts under this title only
17 if the State, entitlement area, unit of general local govern-
18 ment, tribe, or authority agrees that—

19 (1) the Comptroller General of the United
20 States may audit the financial transactions of the
21 State, area, unit, tribe, or authority under the rules
22 and regulations prescribed by the Comptroller Gen-
23 eral, to the extent that such transactions relate to
24 grant amounts provided under this title; and

1 (2) to facilitate such an audit, representatives
2 of the General Accounting Office shall have access
3 to all books, accounts, records, reports, files, and
4 other papers, things, or property belonging to or in
5 use by such State, area, unit, tribe, or authority per-
6 taining to such financial transactions.

7 **SEC. 432. REMEDIES FOR NONCOMPLIANCE.**

8 (a) IN GENERAL.—If the Director determines, on the
9 record and after opportunity for an agency hearing, that
10 grant amounts provided to a State, entitlement area, In-
11 dian tribe, or Indian housing authority have been used in
12 a manner substantially in violation of any provision of this
13 title, the Director shall—

14 (1) terminate grant payments under section
15 402 or 421 to the State or entitlement area, termi-
16 nate eligibility of the tribe for amounts under section
17 406(b), or terminate grant payments under section
18 422 to the Indian housing authority, as applicable;

19 (2) withhold from the State, entitlement area,
20 tribe, or Indian housing authority all or a portion of
21 amounts to be made available under this title to the
22 State, area, tribe, or authority;

23 (3) reduce the amount of future payments
24 under this title to the State, area, tribe, or authority
25 by an amount equal to the amounts provided under

1 this title that were not expended in accordance with
2 this title; or

3 (4) limit the availability of amounts provided
4 under this title to programs, projects, or activities
5 not affected by such failure to comply.

6 (b) TERMINATION OF COMPLIANCE ACTION.—If the
7 Director takes action under subsection (a) with respect to
8 a State, entitlement area, Indian tribe, or Indian housing
9 authority, the Director shall, at time that the Director
10 first determines that the State, area, tribe, or authority
11 will comply with the provisions of this title—

12 (1) in the case of action under subsection
13 (a)(1), resume payments of assistance under this
14 title—

15 (A) to the State or entitlement area in the
16 full amount of the allocation under section 406
17 or 421 for the State or entitlement area,

18 (B) to the Indian tribe in the full amount
19 for which the tribe is eligible under section
20 406(b), or

21 (C) to the Indian housing authority in the
22 full amount for which the authority is eligible
23 under section 422,

24 as applicable;

1 (2) in the case of action under subsection
2 (a)(2), make withheld amounts available to the
3 State, entitlement area, tribe, or authority, as the
4 Director considers appropriate to ensure that the
5 State, tribe, or authority complies with the provi-
6 sions of this title; or

7 (3) in the case of action under subsection
8 (a)(4), release such restrictions at the time that the
9 Director first determines that the State, entitlement
10 area, tribe, or authority will comply with the provi-
11 sions of this title.

12 (c) DEFICIT REDUCTION.—With respect to any fiscal
13 year, any amounts allocated under section 406, 421, or
14 422 for a State, entitlement area, Indian tribe, or Indian
15 housing authority that become available as a result of ac-
16 tions against the State, tribe, or authority under this sec-
17 tion (not including amounts withheld), shall be covered
18 into the General Fund of the Treasury of the United
19 States.

20 (d) CIVIL ACTION.—

21 (1) REFERRAL.—In lieu of, or in addition to,
22 any action authorized by subsection (a), if the Direc-
23 tor has reason to believe that a State, entitlement
24 area, Indian tribe, or Indian housing authority re-
25 ceiving amounts under this title has failed to comply

1 substantially with any provision of this title, the Di-
2 rector may refer the matter to the Attorney General
3 of the United States with a recommendation that an
4 appropriate civil action be instituted.

5 (2) ACTION.—Upon such a referral the Attor-
6 ney General may bring a civil action in any United
7 States district court having venue thereof for such
8 relief as may be appropriate, including an action to
9 recover the amounts provided under this title which
10 were not expended in accordance with this title, or
11 for mandatory or injunctive relief.

12 (e) CIVIL ACTION TO REVIEW OF REMEDIAL AC-
13 TIONS.—Any State, entitlement area, Indian tribe, or In-
14 dian housing authority that receives notice under sub-
15 section (a) of the termination or reduction of payments
16 under this title may, within 60 days after receiving such
17 notice, file with the United States Court of Appeals for
18 the circuit in which such State is located, or in the United
19 States Court of Appeals for the District of Columbia, a
20 petition for review of the Director's action. The petitioner
21 shall forthwith transmit copies of the petition to the Direc-
22 tor and the Attorney General of the United States, who
23 shall represent the Director in the litigation.

1 **SEC. 433. NONDISCRIMINATION.**

2 (a) IN GENERAL.—No person in any State shall on
3 the ground of race, color, national origin, religion, or sex
4 be excluded from participation in, be denied the benefits
5 of, or be subjected to discrimination under any program
6 or activity funded in whole or in part with funds made
7 available under this title. Any prohibition against discrimi-
8 nation on the basis of age under the Age Discrimination
9 Act of 1975 or with respect to an otherwise qualified
10 handicapped individual as provided in section 504 of the
11 Rehabilitation Act of 1973 shall also apply to any such
12 program or activity.

13 (b) COMPLIANCE.—Whenever the Director deter-
14 mines that a State or entitlement area to which a grant
15 is made under this title has failed to comply with sub-
16 section (a), the Director shall notify the chief executive
17 officer of the State or entitlement area of the noncompli-
18 ance and shall request the chief executive officer to secure
19 compliance. If within a reasonable period of time, not to
20 exceed 60 days, the chief executive officer fails or refuses
21 to secure compliance, the Director may—

22 (1) refer the matter to the Attorney General
23 with a recommendation that an appropriate civil ac-
24 tion be instituted;

25 (2) exercise the powers and functions provided
26 by title VI of the Civil Rights Act of 1964;

1 (3) take action under section 432; or

2 (4) take such other action as may be provided
3 by law.

4 (c) CIVIL ACTION.—When a matter is referred to the
5 Attorney General pursuant to subsection (b), or whenever
6 the Attorney General has reason to believe that a State
7 or entitlement area is engaged in a pattern or practice
8 in violation of the provisions of this section, the Attorney
9 General may bring a civil action in any appropriate United
10 States district court for such relief as may be appropriate,
11 including injunctive relief.

12 (d) EXCEPTION RELATING TO HAWAIIAN HOME
13 LANDS.—The provisions of this section and any certifi-
14 cation of compliance with civil rights laws required under
15 section 405 which relate to discrimination on the basis of
16 race shall not apply to the provision of assistance with
17 grant amounts to the Hawaiian Home lands.

18 (e) EXCEPTION RELATING TO INDIAN TRIBES.—The
19 Director may waive the applicability of the provisions of
20 this section in connection with assistance provided under
21 section 406(b) to Indian tribes or under section 422 to
22 Indian housing authorities.

23 **SEC. 434. DEFINITIONS.**

24 For purposes of this subtitle and subtitles A and B,
25 the following definitions shall apply:

1 (1) DIRECTOR.—The term “Director” means
2 the Director of the Housing and Community Oppor-
3 tunities Agency established under subtitle D.

4 (2) INDIAN AREA.—The term “Indian area”
5 means the area within which an Indian housing au-
6 thority is authorized to provide low-income housing.

7 (3) INDIAN HOUSING AUTHORITY.—The term
8 “Indian housing authority” means any entity that—

9 (A) is authorized to engage in or assist in
10 the development or operation of low-income
11 housing for Indians; and

12 (B) is established—

13 (i) by exercise of the power of self-
14 government of an Indian tribe independent
15 of State law; or

16 (ii) by operation of State law provid-
17 ing specifically for housing authorities for
18 Indians, including regional housing au-
19 thorities in the State of Alaska.

20 (4) INDIAN TRIBE.—The term “Indian tribe”
21 means any Indian tribe, band, group, and nation, in-
22 cluding Alaska Indians, Aleuts, and Eskimos, and
23 any Alaskan Native Village, of the United States,
24 which is considered an eligible recipient under the
25 Indian Self-Determination and Education Assistance

1 Act (Public Law 93–638) or was considered an eligi-
2 ble recipient under chapter 67 of title 31, United
3 States Code, prior to the repeal of such chapter.

4 (5) LOW-INCOME FAMILY.—The term “low-in-
5 come family” has the meaning given the term in
6 subtitle B of title II.

7 (6) METROPOLITAN CITY.—The term “metro-
8 politan city” has the same meaning given the term
9 in section 102(a) of the Housing and Community
10 Development Act of 1974 (as in effect immediately
11 before the effective date under section 108(a) of this
12 Act).

13 (7) NONENTITLEMENT AREA.—The term “non-
14 entitlement area” means an area which is not a met-
15 ropolitan city or part of an urban county and does
16 not include Indian tribes.

17 (8) STATE.—The term “State” means any
18 State of the United States, or any instrumentality
19 thereof approved by the chief executive officer, and
20 the Commonwealth of Puerto Rico.

21 (9) UNIT OF GENERAL LOCAL GOVERNMENT.—
22 The term “unit of general local government”
23 means—

1 (A) any city, county, town, township, par-
2 ish, village, or other general purpose political
3 subdivision of a State;

4 (B) Guam, the Northern Mariana Islands,
5 the Virgin Islands, and American Samoa, or a
6 general purpose political subdivision thereof;

7 (C) a combination of such political subdivi-
8 sions that is recognized by the Director; and

9 (D) the District of Columbia and the Trust
10 Territory of the Pacific Islands.

11 (10) URBAN COUNTY.—The term “urban coun-
12 ty” has the same meaning given the term in section
13 102(a) of the Housing and Community Development
14 Act of 1974 (as in effect immediately before the ef-
15 fective date under section 108(a) of this Act).

16 **SEC. 435. REGULATIONS.**

17 The Director may issue any regulations necessary to
18 carry out this subtitle and subtitles A and B.

19 **SEC. 436. FUNDING.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated for grants under this
22 title the following amounts:

23 (1) For fiscal year 1996, \$5,000,000,000.

24 (2) For fiscal year 1997, \$4,500,000,000.

25 (3) For fiscal year 1998, \$4,000,000,000.

1 (4) For fiscal year 1999, \$3,500,000,000.

2 (5) For fiscal year 2000, \$3,000,000,000.

3 (b) LIMITATION.—The aggregate amount of grants
4 provided under this title in any single fiscal year beginning
5 after fiscal year 1999 may not exceed \$3,000,000,000.

6 **SEC. 437. REPEALS.**

7 (a) REPEALS.—The following provisions of law are
8 hereby repealed:

9 (1) CDBG AND UDAG.—Title I of the Housing
10 and Community Development Act of 1974 (42
11 U.S.C. 5301 et seq.).

12 (2) CDBG ASSISTANCE FOR COLONIAS.—Sec-
13 tion 916 of the Cranston-Gonzalez National Afford-
14 able Housing Act (42 U.S.C. 5306 note).

15 (3) YOUTHBUILD.—Subtitle D of title IV of the
16 Cranston-Gonzalez National Affordable Housing Act
17 (42 U.S.C. 12899 et seq.).

18 (4) NEIGHBORHOOD DEVELOPMENT.—Section
19 123 of the Housing and Urban-Rural Recovery Act
20 of 1983 (42 U.S.C. 5318 note).

21 (5) COMMUNITY OUTREACH PARTNERSHIPS.—
22 Section 851 of the Housing and Community Devel-
23 opment Act of 1992 (42 U.S.C. 5307 note).

1 (6) HOME.—Titles I and II of the Cranston-
2 Gonzalez National Affordable Housing Act (42
3 U.S.C. 12704 et seq.).

4 (7) NATIONAL HOMEOWNERSHIP TRUST.—Sub-
5 title A of title III of the Cranston-Gonzalez National
6 Affordable Housing Act (42 U.S.C. 12851 et seq.).

7 (8) HOUSING COUNSELING.—Subsection (e) of
8 section 101 and section 106, of the Housing and
9 Urban Development Act of 1968 (12 U.S.C. 1701w,
10 1701x)).

11 (9) HOUSING FOR ELDERLY FAMILIES.—Sec-
12 tions 202 and 202a of the Housing Act of 1959 (12
13 U.S.C. 1701q, 1701q-1).

14 (10) ELDER COTTAGE HOUSING UNIT DEM-
15 ONSTRATION.—Section 806 of the Cranston-Gon-
16 zalez National Affordable Housing Act (42 U.S.C.
17 1701q note).

18 (11) HOUSING FOR DISABLED FAMILIES.—Sec-
19 tion 811 of the Cranston-Gonzalez National Afford-
20 able Housing Act (42 U.S.C. 8013).

21 (12) HOPE HOMEOWNERSHIP PROGRAMS.—Sec-
22 tions 401 and 402, and subtitles B and C of title
23 IV, of the Cranston-Gonzalez National Affordable
24 Housing Act (42 U.S.C. 1437aaa note, 12870 et
25 seq.).

1 (13) INDIAN HOUSING LOAN GUARANTEES.—
2 Section 184 of the Housing and Community Devel-
3 opment Act of 1992 (12 U.S.C. 1515z–13a).

4 (14) LEAD-BASED PAINT HAZARD REDUCTION
5 GRANTS.—Section 1011 and part 1 of subtitle D of
6 title X of the Housing and Community Development
7 Act of 1992 (42 U.S.C. 4852, 4854 et seq.).

8 (15) HOMELESS HOUSING AND SHELTER AS-
9 SISTANCE.—Titles III and IV of the Stewart B.
10 McKinney Homeless Assistance Act (42 U.S.C.
11 11311 et seq.).

12 (16) INNOVATIVE HOMELESS INITIATIVES DEM-
13 ONSTRATION.—Section 2 of the HUD Demonstra-
14 tion Act of 1993 (42 U.S.C. 11301 note).

15 (17) HOUSING OPPORTUNITIES FOR PERSONS
16 WITH AIDS.—Subtitle D of title VIII of the Cran-
17 ston-Gonzalez National Affordable Housing Act (42
18 U.S.C. 12901 et seq.).

19 (18) CONGREGATE SERVICES.—Section 802 of
20 the Cranston-Gonzalez National Affordable Housing
21 Act (42 U.S.C. 8011) and title IV of the Housing
22 and Community Development Amendments of 1978
23 (42 U.S.C. 8001 et seq.).

24 (b) SAVINGS PROVISION.—Nothing in this section
25 may be construed to affect the validity of any right, duty,

1 or obligation of the United States or other person arising
2 under or pursuant to any commitment or agreement en-
3 tered into before the effective date under section 451
4 under any provision repealed by subsection (a) of this sec-
5 tion.

6 (c) TREATMENT OF PREVIOUSLY OBLIGATED AS-
7 SISTANCE.—Notwithstanding subsection (a), any amounts
8 appropriated to carry out the provisions repealed by sub-
9 section (a) that are obligated before the effective date
10 under section 451 shall be used in the manner provided,
11 and subject to any requirements and agreements entered
12 into, under such provisions (as such provisions were in ef-
13 fect immediately before the repeal under subsection (a)).

14 **Subtitle D—Housing and**
15 **Community Opportunities Agency**

16 **SEC. 441. ESTABLISHMENT.**

17 There is hereby established as an independent estab-
18 lishment in the executive branch of the Government to be
19 known as the Housing and Community Opportunities
20 Agency (in this subtitle referred to as the “Agency”).

21 **SEC. 442. DIRECTOR.**

22 (a) APPOINTMENT.—There shall be at the head of the
23 Housing and Community Opportunities Agency a Direc-
24 tor, who shall be appointed by the President, by and with
25 the advice and consent of the Senate. The Agency shall

1 be administered under the supervision and direction of the
2 Director.

3 (b) COMPENSATION AT LEVEL IV OF EXECUTIVE
4 SCHEDULE.—Section 5315 of title 5, United States Code,
5 is amended by inserting at the end the following new item:

6 “Director, Federal Housing and Community
7 Opportunities Agency.”.

8 **SEC. 443. DUTIES.**

9 The Director shall be responsible for administration
10 of the block grant programs under subtitles A, B, and C.

11 **SEC. 444. PERSONNEL.**

12 (a) APPOINTMENT.—The Director may select, ap-
13 point, employ, and fix the compensation of any officers
14 and employees necessary to carry out the functions of the
15 Director, subject to the provisions of title 5, United States
16 Code governing appointments in the competitive service,
17 and shall be paid in accordance with the provisions of
18 chapter 51 and subchapter II of chapter 53 of such title
19 relating to classification and General Schedule pay rates.

20 (b) TRANSFER.—

21 (1) IN GENERAL.—The Director may, in coordi-
22 nation with the Administrator of the Housing and
23 Urban Development Programs Resolution Agency,
24 transfer personnel employed by the Department of
25 Housing and Urban Development in connection with

1 programs repealed under section 437 to fill positions
2 established by the Director, except that, the provi-
3 sions of section 3324 of title 5, United States Code,
4 shall apply with respect to transfers to positions in
5 grade levels above GS-15.

6 (2) EFFECT.—Any full-time or part-time per-
7 sonnel employed in permanent positions shall not be
8 separated or reduced in grade or compensation be-
9 cause of a transfer under this subsection during the
10 1-year period beginning upon the date of the enact-
11 ment of this Act.

12 **SEC. 445. ADMINISTRATIVE PROVISIONS.**

13 The Director may—

14 (1) issue any regulations the Director considers
15 necessary to carry out the functions of the Director;

16 (2) organize the Agency as the Director deter-
17 mines necessary or appropriate, subject to the provi-
18 sions of this subtitle;

19 (3) except as otherwise provided by law, dele-
20 gate any function of the Director to the officers and
21 employees of the Agency as the Director may des-
22 ignate, and may authorize successive redelegations
23 of such functions as the Director considers necessary
24 or appropriate; except that the delegation of func-
25 tions under this paragraph shall not relieve the Di-

1 rector of responsibility for the administration of
2 such functions;

3 (4) procure temporary and intermittent services
4 in accordance with section 3109 of title 5, United
5 States Code;

6 (5) accept and use gifts, bequests, and dona-
7 tions of property;

8 (6) use the United States mails in the same
9 manner and under the same conditions as other de-
10 partments and agencies of the United States;

11 (7) subject to the provisions of the Federal
12 Property and Administrative Services Act of 1949,
13 make, enter into, and perform such contracts,
14 grants, leases, cooperative agreements, or other simi-
15 lar transactions and make such payments as the Di-
16 rector determines necessary or appropriate to carry
17 out the functions of the Agency; except that the au-
18 thority to enter into contracts and to make pay-
19 ments shall be effective only to such extent or in
20 such amounts as are provided in appropriation Acts;
21 and

22 (8) cause a seal of office to be made for the
23 Agency of such design as the Director shall approve,
24 and judicial notice shall be taken of the seal.

1 **SEC. 446. REPORT.**

2 After the conclusion of each fiscal year, the Director
3 shall submit to the Congress a report regarding the activi-
4 ties of the Agency during the fiscal year. The report shall
5 include descriptions of the amounts allocated for each
6 State, for Indian tribes, and for Indian housing authorities
7 under the block grant programs under subtitles A, B, and
8 C, any actions taken by the Director under section 432,
9 and the operations and personnel needs of the Agency.

10 **Subtitle E—Effective Date**

11 **SEC. 451. EFFECTIVE DATE.**

12 (a) IN GENERAL.—Except provided in subsection (b),
13 this title shall take effect, and the amendments under this
14 title shall be made and shall apply, on the effective date
15 under section 108(a).

16 (b) PROVISIONS EFFECTIVE ON DATE OF ENACT-
17 MENT.—Section 442 shall take effect on the date of the
18 enactment of this Act.

19 **TITLE V—SINGLE FAMILY HOUS-**
20 **ING MORTGAGE INSURANCE**

21 **Subtitle A—Federal Home**
22 **Mortgage Insurance Program**

23 **SEC. 501. FEDERAL HOME MORTGAGE INSURANCE FUND.**

24 (a) IN GENERAL.—There is hereby established in the
25 Treasury of the United States a fund to be known as the
26 Federal Home Mortgage Insurance Fund, which shall con-

1 sist of such amounts as may be appropriated or credited
2 to such Fund, as provided in this section. The Fund shall
3 be under the sole administration of the Administrator of
4 the Federal Home Mortgage Insurance Fund, appointed
5 under section 532.

6 (b) USE.—Amounts in the Fund shall be available
7 only for the purposes of—

8 (1) the payment to qualified mortgage insurers
9 of claims for losses under risk-sharing agreements
10 entered into under this subtitle;

11 (2) the payment of claim notes issued under
12 subsection (f)(2) of this section;

13 (3) investment as provided under subsection
14 (d); and

15 (4) annual assessments under section 1394 of
16 the Housing and Community Development Act of
17 1992 for costs of the Office of Federal Housing En-
18 terprise Oversight of the Department of the Treas-
19 ury for carrying out subtitle F of title XIII of such
20 Act.

21 (c) CREDITS.—There are hereby appropriated to the
22 Fund amounts equivalent to—

23 (1) any premium payments for mortgage insur-
24 ance that are paid to the Fund Administrator by
25 qualified mortgage insurers under section 505(f)(2);

1 (2) the first \$500,000,000 of proceeds from any
2 sales of FHA single family mortgage insurance in-
3 terests conducted under section 553; and

4 (3) any interest on, and proceeds from, the sale
5 or redemption of any obligation purchased pursuant
6 to subsection (d).

7 (d) INVESTMENT.—Amounts in the Fund not nec-
8 essary, in the determination of the Fund Administrator,
9 for the current operations of the Fund shall be invested
10 in interest-bearing obligations of, or interest-bearing obli-
11 gations guaranteed as to principal and interest by, the
12 United States or any agency of the United States.

13 (e) LIMITATION ON LIABILITY OF UNITED
14 STATES.—

15 (1) GENERAL RULE.—Any claim against the
16 Fund Administrator or the Federal Government re-
17 sulting from a risk-sharing agreement or insurance
18 coverage provided pursuant to this subtitle may be
19 paid only out of the Fund.

20 (2) RULE OF CONSTRUCTION.—Nothing in this
21 title may be construed to authorize the payment by
22 the United States Government of any amount with
23 respect to any such claim out of any source other
24 than the Fund.

25 (f) INSUFFICIENT AMOUNTS.—

1 (1) PRIORITY OF CLAIMS.—If at any time the
2 amounts in the Fund are insufficient to pay all of
3 the claims on the Fund out of the Fund at such
4 time, such claims shall, to the extent permitted
5 under subsection (e)(1) be paid in full in the order
6 in which such claims are finally determined.

7 (2) CLAIM NOTE.—In the case of any claim
8 against the Fund for which amounts in the Fund
9 are insufficient to pay the claim, the Fund Adminis-
10 trator shall issue to the qualified mortgage insurer
11 making the claim a note in the amount of the defi-
12 ciency, as determined by the Fund Administrator. A
13 claim note issued under this section shall be an obli-
14 gation only of the Fund, shall not constitute a debt
15 or obligation backed by the full faith or credit of the
16 United States, and shall clearly indicate on the note
17 such extent and limitation of the obligation.

18 (g) ACTUARIAL STUDY.—The Fund Administrator
19 shall provide for an independent actuarial study of the
20 Fund to be conducted annually and shall report annually
21 to the Congress regarding the financial status of the
22 Fund.

23 (h) OVERSIGHT.—The Director of the Office of Fed-
24 eral Housing Enterprise Oversight (as reestablished under
25 section 122 of this Act) shall monitor the safety and

1 soundness of the Fund, as provided in subtitle F of title
2 XIII of the Housing and Community Development Act of
3 1992.

4 **SEC. 502. AUTHORITY TO ENTER INTO RISK-SHARING**
5 **AGREEMENTS FOR MORTGAGE INSURANCE**
6 **COVERAGE.**

7 (a) IN GENERAL.—On and after the date under sub-
8 section (b), the Fund Administrator may enter into risk-
9 sharing agreements under this subtitle with qualified
10 mortgage insurers providing for the insurance of qualified
11 mortgages, in accordance with this subtitle.

12 (b) COMMENCEMENT OF BUSINESS.—The date under
13 this subsection is the first date by which both of the fol-
14 lowing actions have occurred:

15 (1) MINIMUM AMOUNT.—The Fund Adminis-
16 trator has determined that amounts in the Fund ex-
17 ceed \$100,000,000.

18 (2) NOTICE.—The Fund Administrator certifies
19 in writing to the Congress and the President that
20 amounts in the Fund exceed \$100,000,000.

21 **SEC. 503. QUALIFIED MORTGAGES.**

22 (a) IN GENERAL.—For purposes of this subtitle, the
23 term “qualified mortgage” means a mortgage on a single
24 family home to be used as the principal residence of the
25 mortgagor that meets the following requirements:

1 (1) QUALIFIED MORTGAGEE.—The mortgage is
2 made to, and held by, a qualified mortgagee.

3 (2) UNDERWRITING.—The mortgage meets any
4 underwriting criteria established under section
5 505(c).

6 (3) ELIGIBLE MORTGAGORS AND PROP-
7 erties.—The mortgage is executed—

8 (A) in connection with the acquisition of
9 the single family home by a mortgagor who—

10 (i) is a first-time homebuyer; and

11 (ii) has an income, at the time of in-
12 surance, not exceeding 125 percent of the
13 median income for the area in which the
14 property subject to the mortgage is lo-
15 cated;

16 (B) has an income, at the time of insur-
17 ance, not exceeding 80 percent of the median
18 income for the area in which the property sub-
19 ject to the mortgage is located;

20 (C) in connection with the acquisition of
21 the single family home—

22 (i) that is located in an area that, at
23 the time of insurance, is an economically
24 distressed area (as determined under sub-
25 section (c)); and

1 (ii) by a mortgage who has an income,
2 at the time of insurance, not exceeding 125
3 percent of the median income for the area
4 in which the property subject to the mort-
5 gage is located; or

6 (D) for the refinancing of a mortgage pre-
7 viously insured under a risk-sharing agreement
8 that has an original principal obligation not ex-
9 ceeding 150 percent of the amount of the out-
10 standing principal obligation of the mortgage
11 refinanced.

12 (4) LOAN-TO-VALUE RATIO.—The mortgage in-
13 volves an original principal obligation in an amount
14 that does not exceed 97 percent of the appraised
15 value of the property, as of the date the mortgage
16 is accepted for insurance.

17 (b) QUALIFIED MORTGAGEES.—The Fund Adminis-
18 trator, in consultation with qualified mortgage insurers
19 and representatives of interested institutional mortgage
20 investors shall establish standards for mortgagees eligible
21 to make and hold mortgages insured a risk-sharing agree-
22 ment under this subtitle. In establishing such standards,
23 the Fund Administrator and such other entities shall take
24 into consideration mortgagee eligibility standards estab-
25 lished by the Secretary of Housing and Urban Develop-

1 ment for participation in the single family housing mort-
2 gage insurance program under title II of the National
3 Housing Act.

4 (c) ECONOMICALLY DISTRESSED AREAS.—For pur-
5 poses of this subtitle, the term “economically distressed
6 area” means a geographical area—

7 (1) for which the decline, over the most recent
8 12 months, in the number of residents of the area
9 who are employed exceeds 2.5 percent of the total
10 number of residents of the area; and

11 (2) that—

12 (A) is located within a metropolitan statis-
13 tical area, as defined by the Office of Manage-
14 ment and Budget, and has a population of not
15 less than 40,000 or such other population as
16 the Fund Administrator considers appropriate
17 for purposes of this subtitle; or

18 (B) is located outside of a metropolitan
19 statistical area and has a population, as deter-
20 mined by the most recent census data available,
21 of not less than 30,000.

22 (d) INCOME AND MEDIAN AREA INCOME.—For pur-
23 poses of this section, incomes shall be determined in the
24 manner in which incomes are determined under title II
25 and the Fund Administrator shall utilize the same areas

1 for which median area income is determined under such
2 title and the median area incomes so determined.

3 **SEC. 504. INSURANCE COVERAGE.**

4 (a) AUTHORITY.—To the extent provided in a risk-
5 sharing agreement under this subtitle, the qualified mort-
6 gage insurer under the agreement may make commitments
7 to insure, and provide mortgage insurance coverage under
8 this section for, qualified mortgages. Mortgage insurance
9 under this subtitle may be provided only for qualified
10 mortgages.

11 (b) EXTENT OF COVERAGE.—

12 (1) LIMITATION.—The portion of a mortgage
13 insured under a risk-sharing agreement under this
14 subtitle may not exceed 35 percent of the amount of
15 the outstanding principal obligation of the qualified
16 mortgage (and such fees, interest, and other ex-
17 penses determined by the Secretary to be appro-
18 priate).

19 (2) DETERMINATION.—Subject to paragraph
20 (1), the Fund Administrator may establish maxi-
21 mum percentage limitations of the outstanding prin-
22 cipal obligation of a qualified mortgage that mort-
23 gage insurance provided pursuant to a risk-sharing
24 agreement may cover. In establishing such limita-
25 tions, the Fund Administrator shall consult with

1 mortgage insurers and other interested parties and
2 take into consideration any audits of the Comptroller
3 General under section 536(a), and the report of the
4 Comptroller General under section 536(b).

5 (3) SEPARATE LIMITATIONS.—The Fund Ad-
6 ministrator may determine separate maximum per-
7 centage limitations under paragraph (2) for various
8 categories of mortgages, based on loan-to-value ra-
9 tios.

10 (4) EFFECTIVE DATE.—A maximum percentage
11 limitation established under this subsection by the
12 Fund Administrator shall take effect upon the expi-
13 ration of the 30-day period beginning upon the
14 Fund Administrator providing written notice to the
15 Congress of the establishment of such limitation.

16 (c) MORTGAGE INSURANCE PREMIUMS.—For each
17 qualified mortgage covered by mortgage insurance pro-
18 vided pursuant to a risk-sharing agreement, the qualified
19 mortgage insurer shall charge and collect annual pre-
20 miums for the insurance during the term of the mortgage.
21 The Fund Administrator and the qualified mortgage in-
22 surer shall establish the amount of the premiums to be
23 paid for mortgages insured under this subtitle under a
24 risk-sharing agreement, except that the amount of such
25 premiums may not exceed, on a net present value basis,

1 the amount of premiums charges in effect on June 1,
2 1995, for mortgage insurance under section 203 of the
3 National Housing Act.

4 (d) PAYMENT OF INSURANCE.—A claim under mort-
5 gage insurance provided under this section shall be paid
6 by the Fund Administrator and the qualified mortgage in-
7 surer to the claimant in the manner and under the condi-
8 tions provided for under the risk-sharing agreement.

9 (e) OBLIGATION OF FUND.—The insurance of a
10 qualified mortgage pursuant to a risk-sharing agreement
11 shall be an obligation only of the qualified mortgage in-
12 surer writing the insurance and the Fund and shall not
13 be a debt or obligation backed by the full faith and credit
14 of the United States.

15 **SEC. 505. RISK-SHARING AGREEMENTS.**

16 (a) ELIGIBLE MORTGAGE INSURERS.—The Fund Ad-
17 ministrator may enter into a risk-sharing agreement under
18 this subtitle only with a qualified mortgage insurer.

19 (b) SHARED-RISK MORTGAGE INSURANCE.—

20 (1) IN GENERAL.—A risk-sharing agreement
21 under this subtitle shall be a written agreement en-
22 tered into by the Fund Administrator and a quali-
23 fied mortgage insurer pursuant to which mortgage
24 insurance meeting the requirements of section 504
25 may be provided for qualified mortgages in a man-

1 ner such that each such party to the agreement in-
2 sures a portion of the insurance risk under each
3 mortgage so insured (in the amounts established
4 pursuant to subsection (d)) and is severally liable for
5 the portion so insured.

6 (2) LIMITATION ON AMOUNT.—Each risk-shar-
7 ing agreement shall establish limitations on the ag-
8 gregate principal amount of the mortgages that may
9 be insured under the agreement, taking into account
10 the limitation under section 508(b).

11 (c) UNDERWRITING STANDARDS.—

12 (1) REQUIREMENT.—Each risk-sharing agree-
13 ment shall ensure that each mortgage insured pursu-
14 ant to the agreement shall meet such underwriting
15 standards as may be established under this sub-
16 section. Such standards shall include standards for
17 quality, type, and class of mortgages, debt-to-income
18 ratio, downpayment amount, and other loan terms
19 and conditions.

20 (2) ESTABLISHMENT.—Standards under this
21 subsection may be established—

22 (A) by regulation by the Fund Adminis-
23 trator, for all mortgages insured under all risk-
24 sharing agreements, after consultation with
25 qualified mortgage insurers and representatives

1 of interested institutional mortgage investors;
2 and

3 (B) by terms and conditions of a risk-shar-
4 ing agreement (but only to the extent consistent
5 with regulations issued under subparagraph
6 (A)), for the mortgages insured under the par-
7 ticular risk-sharing agreement.

8 (3) AFFORDABLE HOUSING TARGETING.—Any
9 standards established under this subsection shall be
10 based primarily on any mortgage underwriting
11 standards established by the Federal National Mort-
12 gage Association and the Federal Home Loan Mort-
13 gage Corporation with respect to mortgages pur-
14 chased by such enterprises in furtherance of the
15 housing goals established under subpart B of part 2
16 of subtitle A of the Federal Housing Enterprises Fi-
17 nancial Safety and Soundness Act of 1992.

18 (4) REFINANCING REQUIREMENTS.—At a mini-
19 mum, the Fund Administrator shall establish stand-
20 ards by regulation under paragraph (2)(A) that re-
21 quire that, in the case of a qualified mortgage under
22 section 503(a)(3)(D), an appraisal shall be con-
23 ducted in connection with the execution of such refi-
24 nancing mortgage to determine the value of the resi-
25 dence for purposes of any loan-to-value limitation or

1 other limitation established under such standards
2 that takes into consideration the value of the resi-
3 dence.

4 (d) TREATMENT OF LOSSES.—

5 (1) IN GENERAL.—Each risk-sharing agreement
6 shall provide that losses resulting from the defaults
7 on qualified mortgages insured pursuant to the
8 agreement shall be apportioned in accordance with
9 the standards established under this subsection.

10 (2) DETERMINATION.—The Fund Adminis-
11 trator shall establish standards for the apportion-
12 ment of losses under risk-sharing agreements to the
13 qualified mortgage insurer under the agreement and
14 the Fund. In establishing such standards, the Fund
15 Administrator shall consult with mortgage insurers
16 and other interested parties and take into consider-
17 ation any audits of the Comptroller General under
18 section 536(a), and the report of the Comptroller
19 General under section 536(b).

20 (3) SEPARATE LIMITATIONS.—The Fund Ad-
21 ministrator may establish separate standards under
22 this subsection for the apportionment of losses for
23 various categories of mortgages, based on—

24 (A) the categories under subparagraphs

25 (A), (B), (C), and (D) of section 503(a)(3); and

1 (B) the extent of the loss.

2 (4) EFFECTIVE DATE.—A standard for the ap-
3 portionment of losses established under this sub-
4 section by the Fund Administrator shall take effect
5 upon the expiration of the 30-day period beginning
6 upon the Fund Administrator providing written no-
7 tice to the Congress of the establishment of such
8 standard.

9 (e) DEFINITION OF LOSSES.—For purposes of this
10 section, the term “losses” means the sum of any amounts
11 paid under claims for insurance coverage pursuant to risk-
12 sharing agreements (less any amounts recovered by the
13 mortgage insurer from disposition of insured properties
14 conveyed pursuant to payment of insurance and collection
15 on claims against mortgagors) and any costs incurred for
16 administration, maintenance, repair, taxes, and other
17 holding costs relating to insured properties.

18 (f) MORTGAGE INSURANCE PREMIUMS.—Each risk-
19 sharing agreement shall provide that the mortgage insurer
20 shall—

21 (1) collect, for each mortgage insured pursuant
22 to the agreement, annual premium payments in ac-
23 cordance with section 504(c); and

24 (2) pay to the Fund Administrator an amount
25 of the premium payments collected that is commen-

1 surate with the apportionment of losses provided for
2 under the agreement pursuant to subsection (d), as
3 determined by the insurer and the Fund Adminis-
4 trator.

5 (g) ADMINISTRATIVE FEE.—Each risk-sharing
6 agreement shall provide that the qualified mortgage in-
7 surer may retain an amount of any premium payments
8 collected under subsection (f) to cover administrative ex-
9 penses involved in underwriting and administrating mort-
10 gage insurance coverage under this subtitle, as agreed to
11 by the Fund Administrator and the mortgage insurer. The
12 Fund Administrator may establish standards for such pro-
13 visions regarding retention of amounts for administrative
14 expenses.

15 (h) ALLOWANCE FOR LOSSES.—Each risk-sharing
16 agreement shall provide that any amounts owed to the
17 qualified mortgage insurer because the insurer has paid
18 claims on insurance that include losses attributable to the
19 Fund (in accordance with subsection (e)) may be recov-
20 ered by the insurer from premiums subsequently collected
21 by the insurer or from the Fund Administrator.

22 (i) DISPOSITION OF PROPERTIES AND COLLECTION
23 AGAINST CLAIMS.—Each risk-sharing agreement shall
24 provide that the qualified mortgage insurer shall—

1 (1) provide for the sale, rent, or other disposi-
2 tion of properties conveyed to the insurer in ex-
3 change for payment of the benefit of insurance cov-
4 erage; and

5 (2) pursue to final collection all claims against
6 mortgagors assigned to the mortgage insurer by
7 mortgagees pursuant to the payment of the benefit
8 of insurance coverage.

9 (j) ADMINISTRATION OF BOOK-OF-BUSINESS
10 BASIS.—Each risk-sharing agreement shall provide that
11 any calculations regarding premiums collected, losses in-
12 curred, amounts to be transferred between the Fund Ad-
13 ministrators or the qualified mortgage insurer, and any
14 payments relating to such calculations shall be made on
15 a book-of-business basis and according to such schedules
16 as are agreed to by the Fund Administrator and the quali-
17 fied mortgage insurer.

18 (k) RESPONSIBILITIES OF MORTGAGE INSURER.—
19 Each risk-sharing agreement shall provide that the quali-
20 fied mortgage insurer providing mortgage insurance cov-
21 erage under the agreement shall carry out all functions
22 relating to—

23 (1) determining whether a mortgagee is a quali-
24 fied mortgagee;

1 (2) determining whether a mortgage is a quali-
2 fied mortgage;

3 (3) making commitments for and providing
4 mortgage insurance;

5 (4) all other underwriting functions for mort-
6 gage insurance;

7 (5) collection of insurance premiums;

8 (6) payment to mortgagees of the benefits of in-
9 surance; and

10 (7) settlement of claims under mortgage insur-
11 ance coverage.

12 (l) ANNUAL AUDIT AND REPORT.—Each risk-sharing
13 agreement shall provide for the qualified mortgage in-
14 surer—

15 (1) to conduct, on an annual basis, an audit of
16 the operations of the insurer with respect to insur-
17 ance written pursuant to the agreement and the
18 compliance of the insurer with the requirements of
19 this subtitle and the agreement; and

20 (2) to submit to the Fund Administrator a re-
21 port regarding such audit.

22 **SEC. 506. REQUIREMENTS FOR QUALIFIED MORTGAGE IN-**
23 **SURERS.**

24 (a) IN GENERAL.—The Fund Administrator shall, by
25 regulation, establish standards to ensure that any mort-

1 gage insurer with whom the Fund Administrator enters
2 into risk-sharing agreements under this subtitle has re-
3 ceived, from a nationally recognized statistical rating
4 agency, a rating on its obligations of “AA” or better, or
5 any equivalent designation sufficient to indicate that the
6 insurer operates financially in a safe and sound manner.

7 (b) INCLUSION AND PARTICIPATION OF STATE AND
8 LOCAL HOUSING AGENCIES.—For purposes of this sub-
9 title, a qualified mortgage insurer may include a State or
10 local housing finance agency or other housing agency of
11 a State or local government or a private insurer coordinat-
12 ing with such an agency to enter into a risk-sharing agree-
13 ment under this subtitle.

14 (c) RECORDS.—The Fund Administrator may re-
15 quire, under such standards, that a mortgage insurer
16 make available to the Fund Administrator at the Fund
17 Administrator’s request, such financial and other records
18 as the Fund Administrator considers necessary for pur-
19 poses of this title. The Fund Administrator may not make
20 available to the public or otherwise disclose any informa-
21 tion or records obtained under this subsection that is not
22 otherwise publicly available.

23 **SEC. 507. DEFINITIONS.**

24 For purposes of this subtitle, the following definitions
25 shall apply:

1 (1) FIRST MORTGAGE.—The term “first mort-
2 gage” means such classes of first liens as are com-
3 monly given to secure advances on, or the unpaid
4 purchase price of, real estate under the laws of the
5 State in which the real estate is located, together
6 with the credit instrument, if any, secured thereby.

7 (2) FIRST-TIME HOMEBUYER.—The term “first-
8 time homebuyer” means any individual who (and
9 whose spouse) has not had any present ownership in
10 a principal residence during the 3-year period ending
11 on the date of the purchase by the individual of any
12 principal residence with a mortgage insured pursu-
13 ant to a risk-sharing agreement.

14 (3) FUND.—The term “Fund” means the Fed-
15 eral Home Mortgage Insurance Fund established
16 under section 501.

17 (4) MORTGAGE.—The term “mortgage” means
18 a first mortgage on real estate, in fee simple, or on
19 a leasehold under a lease for not less than 99 years
20 which is renewable or under a lease having a period
21 of not less than 10 years to run beyond the maturity
22 date of the mortgage. The term includes—

23 (A) a first lien given (in accordance with
24 the laws of the State where the property is lo-
25 cated) to secure a loan made to finance the pur-

1 chase of stock or membership in a cooperative
2 ownership housing corporation the permanent
3 occupancy of dwelling units of which is re-
4 stricted to members of such corporation, where
5 the purchase of such stock or membership will
6 entitle the purchaser to the permanent occu-
7 pancy of one of such units;

8 (B) a first lien given (in accordance with
9 the laws of the State where the property is lo-
10 cated) to secure a loan made to finance the pur-
11 chase of a fee interest in, or long-term leasehold
12 interest in, a 1-family unit in a multifamily
13 project, including a project in which the units
14 are detached, semi-detached, or attached, and
15 an undivided interest in the common areas and
16 facilities which serve the project; and

17 (C) loans and advances of credit for the
18 purchase of financing the purchase of a manu-
19 factured home or the lot on which to place such
20 home and paying expenses reasonably necessary
21 for the appropriate preparation of such lot for
22 the placement of such home.

23 The term includes graduated-payment, growing-eq-
24 uity, adjustable rate, and shared-appreciation mort-

1 gages, as such terms are defined by the Fund Ad-
2 ministrator.

3 (5) MORTGAGE INSURER.—The term “mortgage
4 insurer” means any person or legal entity that is au-
5 thorized to transact, in any State, the business of in-
6 surance against the nonpayment of, or default on, a
7 mortgage or loan for residential property.

8 (6) MORTGAGEE.—The term “mortgagee” in-
9 cludes the original lender under a mortgage and the
10 successors and assigns of the original lender, and in-
11 cludes the holders of credit instruments issued under
12 a trust mortgage or deed of trust pursuant to which
13 such holders act by and through a trustee therein
14 named.

15 (7) QUALIFIED MORTGAGE INSURER.—The
16 term “qualified mortgage insurer” means a mort-
17 gage insurer that the Fund Administrator has deter-
18 mined complies with the standards established under
19 section 506.

20 (8) QUALIFIED MORTGAGEE.—The term “quali-
21 fied mortgagee” means a mortgagee that complies
22 with the standards established pursuant to section
23 503(b).

24 (9) RISK-SHARING AGREEMENT.—The term
25 “risk-sharing agreement” means an agreement

1 under section 505 between the Fund Administrator
2 and a qualified mortgage insurer.

3 (10) SINGLE FAMILY HOME.—The term “single
4 family home” means a 1- to 4-family residence.

5 (11) STATE.—The term “State” means the
6 States of the United States, the District of Colum-
7 bia, the Commonwealth of Puerto Rico, the Com-
8 monwealth of the Northern Mariana Islands, Guam,
9 the Virgin Islands, American Samoa, and any other
10 territory or possession of the United States.

11 **SEC. 508. LIMITATION ON COMMITMENTS TO INSURE**
12 **MORTGAGES.**

13 (a) BUDGET ACT COMPLIANCE.—The authority of
14 the Fund Administrator to enter into risk-sharing agree-
15 ments to insure mortgages under this subtitle shall be ef-
16 fective for any fiscal year only to such extent or in such
17 amounts as are or have been provided in appropriation
18 Acts for such fiscal year.

19 (b) MAXIMUM PRINCIPAL AMOUNT LIMITATION.—
20 Notwithstanding any other provision of law and subject
21 only to the authority provided in this title and the limita-
22 tion under subsection (a), the Fund Administrator may,
23 during the period consisting of fiscal year 1996 through
24 2000, enter into commitments under risk-sharing agree-
25 ments to provide mortgage insurance for mortgages hav-

1 ing an aggregate insured principal amount of
2 \$500,000,000,000.

3 **Subtitle B—Federal Home Mort-**
4 **gage Insurance Fund Adminis-**
5 **tration**

6 **SEC. 531. ESTABLISHMENT.**

7 (a) IN GENERAL.—There is hereby established an of-
8 fice within the Department of the Treasury, which shall
9 be known as the Federal Home Mortgage Insurance Fund
10 Administration.

11 (b) CONTINUANCE.—Notwithstanding any other pro-
12 vision of law or any authority of the Secretary of the
13 Treasury, the Secretary may not merge or consolidate the
14 Administration, or any functions or responsibilities of the
15 Administration, with any other function or program ad-
16 ministered by the Secretary.

17 **SEC. 532. FUND ADMINISTRATOR.**

18 (a) APPOINTMENT.—The Administration shall be
19 under the management of the Administrator of the Fed-
20 eral Home Mortgage Insurance Fund, who shall be ap-
21 pointed by the President, by and with the advice and con-
22 sent of the Senate, from among individuals who are citi-
23 zens of the United States, have a demonstrated under-
24 standing of the private mortgage insurance industry, the
25 secondary mortgage markets, and housing finance (includ-

1 ing finance activities of State and local housing finance
2 agencies).

3 (b) TERM.—The Fund Administrator shall be ap-
4 pointed for a term of 8 years.

5 (c) VACANCY.—A vacancy in the position of Fund
6 Administrator shall be filled in the manner in which the
7 original appointment was made under subsection (a).

8 (d) SERVICE AFTER END OF TERM.—A Fund Ad-
9 ministrator may serve after the expiration of the term for
10 which the Fund Administrator was appointed until a suc-
11 cessor Fund Administrator has been appointed.

12 **SEC. 533. DUTY AND AUTHORITY OF FUND ADMINIS-**
13 **TRATOR.**

14 (a) DUTY.—The duties of the Fund Administrator
15 shall be—

16 (1) to administer the Federal Home Mortgage
17 Insurance Fund under section 501;

18 (2) to carry out the responsibilities under sub-
19 title A with respect to risk-sharing agreements;

20 (3) to exercise, pursuant to section 554, the au-
21 thority and functions of the Secretary of Housing
22 and Urban Development under the Single Family
23 Mortgage Foreclosure Act of 1994 and the Multi-
24 family Mortgage Foreclosure Act of 1981; and

1 (4) to exercise any other authority and func-
2 tions of the Secretary of Housing and Urban Devel-
3 opment transferred under subtitle C.

4 (b) DELEGATION OF AUTHORITY.—The Fund Ad-
5 ministrators may delegate to officers and employees of the
6 Administration any of the functions, powers, and duties
7 of the Fund Administrator, as the Fund Administrator
8 considers appropriate.

9 **SEC. 534. PERSONNEL.**

10 (a) HIRING AUTHORITY.—The Fund Administrator
11 may appoint and fix the compensation of such officers and
12 employees of the Administration as the Fund Adminis-
13 trator considers necessary to carry out the functions of
14 the Fund Administrator and the Administration, subject
15 to the provisions of title 5, United States Code governing
16 appointments in the competitive service, and in accordance
17 with the provisions of chapter 51 and subchapter II of
18 chapter 53 of such title relating to classification and Gen-
19 eral Schedule pay rates.

20 (b) PERSONNEL OF OTHER FEDERAL AGENCIES.—
21 In carrying out the duties of the Administration, the Fund
22 Administrator may use information, services, staff, and fa-
23 cilities of any executive agency, independent agency, or de-
24 partment on a reimbursable basis, with the consent of
25 such agency or department.

1 (c) REIMBURSEMENT OF TREASURY.—The Fund Ad-
2 ministrator shall reimburse the Department of the Treas-
3 ury for reasonable costs incurred by the Department that
4 are directly related to the operations of the Administra-
5 tion.

6 (d) OUTSIDE EXPERTS AND CONSULTANTS.—Not-
7 withstanding any provision of law limiting pay or com-
8 pensation, the Fund Administrator may appoint and com-
9 pensate such outside experts and consultants as the Fund
10 Administrator determines necessary to assist the work of
11 the Administration.

12 **SEC. 535. REPORTS.**

13 The Fund Administrator shall submit a report to the
14 Congress annually describing—

15 (1) the provisions and extent of risk-sharing
16 agreements entered into under subtitle A by the
17 Fund Administrator during the year for which the
18 report is made;

19 (2) the number, types, amounts, and character-
20 istics of borrowers under mortgages insured during
21 such year pursuant to such risk-sharing agreements;
22 and

23 (3) the financial condition of the Federal Home
24 Mortgage Insurance Fund at such time.

1 **SEC. 536. GAO AUDITS AND REPORTS.**

2 (a) AUDITS.—The Comptroller General of the United
3 States shall audit the operations of the Administration
4 and the Federal Home Mortgage Insurance Fund in ac-
5 cordance with generally accepted Government auditing
6 standards. All books, records, accounts, reports, files, and
7 property belonging to, or used by, the Administration or
8 relating to the Fund shall be made available to the Comp-
9 troller General. Audits under this section shall be con-
10 ducted annually and shall specifically consider whether the
11 limitations and standards in effect governing the extent
12 of mortgage insurance coverage under risk-sharing agree-
13 ments under subtitle A and the apportionment of losses
14 under such risk-sharing agreements are appropriate to en-
15 sure that the business of the Administration is conducted
16 in a financially safe and sound manner.

17 (b) REPORT ON STANDARDS FOR INSURANCE COV-
18 ERAGE.—The Comptroller General shall submit a report
19 to the Fund Administrator and the Congress on appro-
20 priate standards and limitations for the extent of mort-
21 gage insurance coverage under risk-sharing agreements
22 under subtitle A and for apportionment of losses under
23 such risk-sharing agreements. The report shall be submit-
24 ted not later than the expiration of the 1-year period be-
25 ginning upon the date of the enactment of this Act.

1 (c) REPORT ON PRIVATIZATION.—Upon the expira-
2 tion of the 7-year period beginning upon the date of the
3 enactment of this Act, the Comptroller General shall sub-
4 mit a report to the Congress regarding the effects that
5 prohibiting new business by the Federal Home Mortgage
6 Insurance Fund would have on the availability and cost
7 of mortgage credit and the prospects for privatization of
8 the functions of the Fund.

9 **SEC. 537. REGULATIONS.**

10 The Fund Administrator may issue any regulations
11 necessary to carry out the responsibilities of the Fund Ad-
12 ministrator under this title.

13 **SEC. 538. AUTHORIZATION OF APPROPRIATIONS FOR AD-**
14 **MINISTRATIVE EXPENSES.**

15 There is authorized to be appropriated, for expenses
16 of the Administration in carrying out this title,
17 \$8,000,000 for each of fiscal years 1996, 1997, 1998,
18 1999, and 2000.

19 **Subtitle C—Transition Provisions**

20 **SEC. 551. PROHIBITION OF NEW FHA BUSINESS.**

21 (a) IN GENERAL.—Notwithstanding any provision of
22 title I, the Administrator of the Housing and Urban De-
23 velopment Programs Resolution Agency may not enter
24 into any commitment to insure or guarantee any mortgage
25 or loan, and may not newly insure or guarantee any mort-

1 gage or loans, under any provision of the National Hous-
2 ing Act, the Indian housing loan guarantee program under
3 section 184 of the Housing and Community Development
4 Act of 1992, the multifamily housing mortgage credit
5 demonstration programs under subtitle C of title V of such
6 Act, the energy efficient mortgages pilot program under
7 section 513 of such Act (and section 106 of the Energy
8 Policy Act of 1992), except—

9 (1) as provided in subsection (b); and

10 (2) the Resolution Administrator may newly
11 guarantee or insure any mortgage under such au-
12 thority for which a commitment for such guarantee
13 or insurance was made before the effective date of
14 this title.

15 (b) LIMITED CONTINUANCE OF SINGLE FAMILY PRO-
16 GRAM.—On and before the date under section 502(b), the
17 Resolution Administrator may make commitments to in-
18 sure, and may newly insure, mortgages on 1- to 4-family
19 residences under the authority provided under title II of
20 the National Housing Act (and related provisions of law),
21 but only if the mortgage is executed for the acquisition
22 of such a residence by a mortgagor who is a first-time
23 homebuyer (as such term is defined in section 507) and
24 has an income, at the time of insurance, not exceeding
25 the median income for the area in which the property sub-

1 ject to the mortgage is located, as determined by the Reso-
2 lution Administrator. The Resolution Administrator may
3 not newly insure any mortgage under this subsection after
4 the date under section 502(b), notwithstanding any com-
5 mitment to insure made on or before such date.

6 (c) AUTHORITY FOR MULTIFAMILY MARK-TO-MAR-
7 KET.—During the period beginning on the date of the en-
8 actment of this Act and ending on the date under section
9 554(b), the Resolution Administrator may take such ac-
10 tions as may be necessary, with respect to a multifamily
11 housing project covered in whole or in part by an expiring
12 or terminating contract for project-based rental assistance
13 under any program under section 8 or 23 (as in effect
14 before January 1, 1975) of the United States Housing Act
15 of 1937 or the rent supplement program under section
16 101 of the Housing and Urban Development Act of 1965,
17 to ensure that the project is financially viable without the
18 provision of project-based rental assistance. Notwithstand-
19 ing any other provision of law, or any provision of any
20 contract or agreement to which the Secretary of Housing
21 and Urban Development is a party, such actions may in-
22 clude making full or partial nondefault payment of claims
23 for mortgage insurance (which may include requiring a
24 recasting of the mortgage), selling defaulted mortgages,
25 removing (or agreeing to remove) mortgage, regulatory,

1 use agreement, and other restrictions with respect to the
2 project, purchasing reinsurance, transferring economic in-
3 terests in insurance contracts or premiums, and other ac-
4 tions to ensure the ability of the project to operate in the
5 market without project-based rental assistance.

6 **SEC. 552. REPEAL OF FHA INSURANCE AUTHORITY.**

7 (a) REPEALS.—Effective on the date under section
8 502(b), the following provisions of law are repealed:

9 (1) NATIONAL HOUSING ACT.—Titles I, II, V,
10 VI, VII, VIII, IX, and XI of the National Housing
11 Act (12 U.S.C. 1701 et seq.).

12 (2) INDIAN HOUSING LOAN GUARANTEE PRO-
13 GRAM.—Section 184 of the Housing and Community
14 Development Act of 1992 (12 U.S.C. 1515z–13a).

15 (3) MULTIFAMILY HOUSING MORTGAGE CREDIT
16 DEMONSTRATION PROGRAMS.—Subtitle C of title V
17 of the Housing and Community Development Act of
18 1992 (12 U.S.C. 1707 note).

19 (4) ENERGY EFFICIENT MORTGAGES PILOT
20 PROGRAM.—Section 513 of the Housing and Com-
21 munity Development Act of 1992 and section 106 of
22 the Energy Policy Act of 1992 (42 U.S.C. 12712
23 note).

24 (b) SAVINGS PROVISION.—Any mortgage insurance
25 or guarantee provided under any provision of law repealed

1 by subsection (a), or under section 551(b) of this Act, and
2 in effect on the date under section 502(b), shall continue
3 to be governed by the provisions of law applicable to the
4 mortgage insurance or guarantee as in effect immediately
5 before such date, subject to the provisions of sections 553
6 and 554 of this Act.

7 **SEC. 553. SALE OF FHA ASSETS.**

8 (a) IN GENERAL.—As soon as practicable, but not
9 before certification required under subsection (e)(2), the
10 Resolution Administrator shall market and sell the FHA
11 mortgage insurance interests according to the plan under
12 subsection (c).

13 (b) PURPOSES.—The Resolution Administrator shall
14 carry out the responsibilities under subsection (a) in a
15 manner that—

16 (1) maximizes the net present value return
17 from the sale of the interests and results in no net
18 cost to the Federal Government (taking into consid-
19 eration the cost of not selling such assets);

20 (2) minimizes the impact of such transactions
21 on the real estate and financial markets;

22 (3) protects investors in and lenders for mort-
23 gages insured under the FHA mortgage insurance
24 programs;

1 (4) minimizes the risk of loss to the Federal
2 Government (including the Government National
3 Mortgage Association) resulting from non-payment
4 of insurance on defaulted mortgages insured under
5 the FHA mortgage insurance programs;

6 (5) disposes of enough such interests before
7 September 30, 1998, to result in proceeds of an
8 amount not less than the amount specified in section
9 502(b), which may include targeting the most valu-
10 able or marketable interests (on a book-of-business
11 basis or otherwise) for sale during such period;

12 (6) disposes of remaining interests as rapidly as
13 is practicable, taking into consideration the goals
14 under paragraphs (1) through (4); and

15 (7) disposes, to the greatest extent practicable,
16 of all disposable FHA mortgage insurance interests.

17 (c) PLAN FOR MARKETING AND SALE.—

18 (1) ESTABLISHMENT AND SUBMISSION TO CON-
19 GRESS.—Not later than the expiration of the 6-
20 month period beginning on the date of the enact-
21 ment of this Act, the Resolution Administrator shall
22 establish and submit to the Director of the Office of
23 Management and Budget and to the Congress a plan
24 for the immediate marketing and sale of FHA mort-
25 gage insurance interests.

1 (2) PURPOSE.—The plan may provide for the
2 packaging, marketing, discounting, and sale of such
3 interests in any manner and to any interested pur-
4 chasers that the Resolution Administrator considers
5 appropriate to dispose of FHA mortgage insurance
6 interests, except that the sale shall comply with the
7 requirements of subsection (b).

8 (d) CONSULTATION.—In establishing the plan under
9 subsection (c) and carrying out this section, the Resolution
10 Administrator shall consult with the Fund Administrator
11 and appropriate persons having expertise regarding asset
12 sales conducted by the Resolution Trust Corporation, the
13 Federal Deposit Insurance Corporation, and other Federal
14 agencies, and shall utilize officers and employees of the
15 Housing and Urban Development Programs Resolution
16 Agency experienced with respect to disposition of real
17 property assets of the Department of Housing and Urban
18 Development.

19 (e) CERTIFICATION OF NO NET COST TO FEDERAL
20 GOVERNMENT.—

21 (1) DETERMINATION OF COST.—Upon receiving
22 the plan under subsection (c), the Director of the
23 Office of Management and Budget shall make a de-
24 termination of the cost of the plan, and of the por-
25 tion of the plan providing for sale of interests in ac-

1 cordance with subsection (b)(5), to the Federal Gov-
2 ernment and shall certify the results of such deter-
3 mination to the Resolution Administrator.

4 (2) REQUIREMENT OF NO NET COST.—The
5 Resolution Administrator may not market or sell any
6 FHA mortgage insurance interests pursuant to the
7 plan unless the Director of the Office of Manage-
8 ment and Budget certifies to the Resolution Admin-
9 istrator and the Congress that such plan, or the por-
10 tion of the plan providing for sale of interests in ac-
11 cordance with subsection (b)(5), will not result in
12 any net cost to the Federal Government.

13 (3) REPORT.—If the Director certifies that the
14 plan or a portion of the plan will result in a net cost
15 to the Federal Government, the Resolution Adminis-
16 trator shall submit a report to the Congress describ-
17 ing the reasons for such cost and any appropriate
18 revisions to the plan or portion or to the require-
19 ments under this section.

20 (f) TREATMENT OF PROCEEDS.—Proceeds from the
21 sale of FHA mortgage insurance interests shall be used
22 as follows:

23 (1) START-UP AMOUNTS FOR FEDERAL HOME
24 MORTGAGE INSURANCE FUND.—The first
25 \$500,000,000 of such proceeds shall be credited to

1 the Federal Home Mortgage Insurance Fund in ac-
2 cordance with section 501(c).

3 (2) DEFICIT REDUCTION.—Any such proceeds
4 exceeding the amount under paragraph (1) shall be
5 covered into the General Fund of the Treasury of
6 the United States.

7 (g) REPEAL OF LIMITATIONS ON DISPOSITION OF
8 HUD-OWNED MULTIFAMILY PROJECTS.—Section 203 of
9 the Housing and Community Development Amendments
10 of 1978 (12 U.S.C. 1701z–11) is hereby repealed.

11 **SEC. 554. TRANSFER OF REMAINING FHA AUTHORITY TO**
12 **ADMINISTRATOR OF FEDERAL HOME MORT-**
13 **GAGE INSURANCE FUND.**

14 (a) IN GENERAL.—Effective on the date under sub-
15 section (b), there shall be transferred to the Fund Admin-
16 istrator—

17 (1) to the extent that any such functions or
18 amounts exist on such date, all functions of the Res-
19 olution Administrator regarding administration of
20 any insurance or guarantees provided, and funds es-
21 tablished, under the provisions of law repealed by
22 section 552(a) or under section 551(b);

23 (2) all functions of the Resolution Adminis-
24 trator under section 553 of this Act; and

1 (3) all functions of the Resolution Adminis-
2 trator under the Single Family Mortgage Fore-
3 closure Act of 1994 (12 U.S.C. 3751 et seq.) and
4 the Multifamily Mortgage Foreclosure Act of 1981
5 (12 U.S.C. 3701 et seq.).

6 (b) TIMING.—The date under this subsection is the
7 earlier of—

8 (1) October 1, 2000; or

9 (2) the date specified by the Fund Adminis-
10 trator in a notice submitted to the Congress and the
11 Secretary of Housing and Urban Development cer-
12 tifying that the Fund Administrator has the admin-
13 istrative capacity to carry out the functions trans-
14 ferred by this section.

15 **SEC. 555. DEFINITIONS.**

16 For purposes of this subtitle, the following definitions
17 shall apply:

18 (1) DISPOSABLE.—The term “disposable”
19 means, with respect to FHA mortgage insurance in-
20 terests, such an interest—

21 (A) for which the underlying mortgage—

22 (i) has been purchased by the Govern-
23 ment National Mortgage Association or is
24 included in any trust or pool of mortgages
25 for which trust certificates or other securi-

1 ties have been issued which are guaranteed
2 by such Association; or

3 (ii) is owned or held by the Resolution
4 Administrator; or

5 (B) that is a property that is owned by the
6 Resolution Administrator.

7 (2) FHA MORTGAGE INSURANCE INTERESTS.—

8 The term “FHA mortgage insurance interests”
9 means assets, interests, debts, and obligations of the
10 Resolution Administrator attributable to residential
11 mortgage insurance provided by the Resolution Ad-
12 ministrator or the Secretary of Housing and Urban
13 Development under any provision of title II of the
14 National Housing Act. The term includes any rights
15 and obligations of the Resolution Administrator or
16 such Secretary under mortgage insurance contracts
17 (including rights to payment of mortgage insurance
18 premiums), amounts in the mortgage insurance
19 funds under title II of the National Housing Act and
20 investments of such funds that are attributable to
21 such premiums collected, and properties and mort-
22 gages held by such Administrator or Secretary.

23 (3) FHA MULTIFAMILY MORTGAGE INSURANCE
24 INTERESTS.—The term “FHA multifamily mortgage
25 insurance interests” means FHA mortgage insur-

1 ance interests attributable to mortgage insurance
2 provided for a mortgage on a residence consisting of
3 5 or more dwelling units.

4 (4) FHA SINGLE FAMILY MORTGAGE INSUR-
5 ANCE INTERESTS.—The term “FHA single family
6 mortgage insurance interests” means FHA mort-
7 gage insurance interests attributable to mortgage in-
8 surance for a mortgage on 1- to 4-family residences.

9 (5) RESOLUTION ADMINISTRATOR.—The term
10 “Resolution Administrator” means the Adminis-
11 trator of the Housing and Urban Development Pro-
12 grams Resolution Agency.

13 **Subtitle D—General and** 14 **Miscellaneous Provisions**

15 **SEC. 571. AMENDMENTS TO TITLE 5, UNITED STATES CODE.**

16 (a) COMPENSATION OF FUND ADMINISTRATOR AT
17 LEVEL IV OF EXECUTIVE SCHEDULE.—Section 5315 of
18 title 5, United States Code, is amended by inserting at
19 the end the following new item:

20 “Administrator of the Federal Home Mortgage
21 Insurance Fund.”.

1 **SEC. 572. AUTHORITY OF DIRECTOR OF OFHEO TO MON-**
2 **ITOR SAFETY AND SOUNDNESS OF FUND.**

3 (a) IN GENERAL.—Title XIII of the Housing and
4 Community Development Act of 1992 (Public Law 102–
5 550; 106 Stat. 4009) is amended—

6 (1) by redesignating sections 1391 through
7 1395 as sections 1385 through 1389, respectively;
8 and

9 (2) by adding at the end the following new sub-
10 title:

11 **“Subtitle F—Supervision and Regu-**
12 **lation of Federal Home Mort-**
13 **gage Insurance Fund**

14 **“SEC. 1391. AUTHORITY OF DIRECTOR.**

15 “The Director of the Office of Federal Housing En-
16 terprise Oversight shall monitor and regulate the safety
17 and soundness of the Federal Home Mortgage Insurance
18 Fund established under section 501 of the Housing Op-
19 portunities and Empowerment Act (in this subtitle re-
20 ferred to as the ‘Fund’).

21 **“SEC. 1392. EXAMINATIONS, REPORTS, AND COST ESTI-**
22 **MATES.**

23 “(a) EXAMINATIONS.—The Director shall conduct
24 such examinations of the Fund as the Director determines
25 necessary to evaluate the safety and soundness of the

1 Fund. Such examinations shall be subject to and governed
2 by subsections (c) through (f) of section 1317.

3 “(b) REPORTS.—The Director may require the Ad-
4 ministrator of the Federal Home Mortgage Insurance
5 Fund of the Department of the Treasury to submit, within
6 a reasonable period of time, any regular or special report,
7 data, or other information whenever, in the judgment of
8 the Director, such report, data, or information is nec-
9 essary to carry out the Director’s responsibilities under
10 this subtitle.

11 “(c) ANNUAL REPORT ON SAFETY AND SOUND-
12 NESS.—The Director shall submit an annual report to the
13 Congress and the Director of the Office of Management
14 and Budget on the Fund’s financial safety and soundness,
15 as measured pursuant to this subtitle.

16 **“SEC. 1393. CAPITAL REQUIREMENTS.**

17 “The Director may establish and adjust capital ratio
18 requirements for the Fund based on consideration of such
19 factors as the Director considers appropriate.

20 **“SEC. 1394. REIMBURSEMENT OF COSTS.**

21 “(a) ASSESSMENT AND COLLECTION.—The Director
22 shall assess and collect from the Fund such amounts de-
23 termined by the Director as necessary to reimburse the
24 Office of Federal Housing Enterprise Oversight for the
25 reasonable costs and expenses of the activities undertaken

1 by such Office to carry out the duties of the Director
2 under this subtitle, including the costs of examination, en-
3 forcement, and oversight expenses.

4 “(b) REQUIREMENTS.—Annual assessments imposed
5 by the Director shall be—

6 “(1) imposed prior to October 1 of each year;

7 “(2) collected at such time or times during each
8 assessment year as determined necessary or appro-
9 priate by the Director;

10 “(3) deposited into the Federal Housing Enter-
11 prise Fund established by section 1316(f); and

12 “(4) available, to the extent provided in appro-
13 priation Acts, for carrying out the responsibilities of
14 the Director under this subtitle.”.

15 (b) CLERICAL AMENDMENT.—The table of contents
16 in section 1(b) of the Housing and Community Develop-
17 ment Act of 1992 (Public Law 102–550; 106 Stat. 3679)
18 is amended—

19 (1) by redesignating the items relating to sec-
20 tions 1391 through 1395 as relating to sections
21 1385 through 1389, respectively; and

22 (2) by inserting before the item relating to title
23 XIV the following new items:

“Subtitle F—Supervision and Regulation of Federal Home Mortgage
Insurance Fund

“Sec. 1391. Authority of Director.

“Sec. 1392. Examinations, reports, and cost estimates.

“Sec. 1393. Capital requirements.
“Sec. 1394. Reimbursement of costs.”.

1 **SEC. 573. DEFINITIONS.**

2 For purposes of this title, the following definitions
3 shall apply:

4 (1) ADMINISTRATION.—The term “Administra-
5 tion” means the Federal Home Mortgage Insurance
6 Fund Administration, established under section 531.

7 (2) FUND ADMINISTRATOR.—The term “Fund
8 Administrator” means the Administrator of the Fed-
9 eral Home Mortgage Insurance Fund.

10 (3) SECRETARY.—Except as specifically pro-
11 vided otherwise, the term “Secretary” means the
12 Secretary of the Treasury.

13 **SEC. 574. EFFECTIVE DATE.**

14 (a) IN GENERAL.—Except as provided in subsection
15 (b) or otherwise specifically provided in this title, this title
16 shall take effect, and the amendments under this title shall
17 be made and shall apply, on the effective date under sec-
18 tion 108(a).

19 (b) PROVISIONS EFFECTIVE ON DATE OF ENACT-
20 MENT.—The following provisions of this title shall take ef-
21 fect on the date of the enactment of this Act:

22 (1) Section 532(a).

23 (2) Section 536(b).

24 (3) Subsections (c) and (d) of section 553.

1 **TITLE VI—OFFICE OF FEDERAL-**
2 **ISM IN OFFICE OF MANAGE-**
3 **MENT AND BUDGET**

4 **SEC. 601. ESTABLISHMENT.**

5 There is hereby established in the Office of Manage-
6 ment and Budget an office to be known as the Office of
7 Federalism (in this title referred to as the “Office”).

8 **SEC. 602. ADMINISTRATOR.**

9 (a) APPOINTMENT.—There shall be at the head of the
10 Office an Administrator who shall be appointed by the
11 President, by and with the advice and consent of the Sen-
12 ate. This subsection shall take effect on the date of the
13 enactment of this Act.

14 (b) DELEGATION.—The Director of the Office of
15 Management and Budget shall delegate to the Adminis-
16 trator the authority to administer all functions under this
17 title, except that any such delegation shall not relieve the
18 Director of responsibility for the administration of such
19 functions.

20 **SEC. 603. FUNCTIONS OF ADMINISTRATOR.**

21 (a) PURPOSE.—The Administrator shall serve as
22 principal policy adviser to the Director on issues of fed-
23 eralism and shall provide overall direction of policy and
24 leadership in the development of communications and rela-

1 tions between the executive agencies of the Federal gov-
2 ernment and State and local governments.

3 (b) FUNCTIONS.—The functions of the Administrator
4 shall include—

5 (1) reviewing and evaluating policies, legisla-
6 tion, and regulations to determine their effect on the
7 relationship and allocation of authority between the
8 Federal Government and State governments and
9 providing advice to the President and executive
10 agencies regarding such matters; and

11 (2) serving as a liaison for the Federal Govern-
12 ment to Governors, mayors, and other elected State
13 and local officials, and otherwise communicating
14 with States, with regard to matters involving fed-
15 eralism issues, including Federal block grant initia-
16 tives.

17 **SEC. 604. AUTHORIZATION OF APPROPRIATIONS.**

18 There is authorized to be appropriated to carry out
19 this title such sums as may be necessary for each of fiscal
20 years 1996, 1997, 1998, 1999, and 2000.

21 **SEC. 605. COMPENSATION OF ADMINISTRATOR AT LEVEL**

22 **III OF EXECUTIVE SCHEDULE.**

23 Section 5314 of title 5, United States Code, is
24 amended by inserting, after the item relating to the Ad-
25 ministrator of the Office of Information and Regulatory

1 Affairs of the Office of Management and Budget, the fol-
 2 lowing new item:

3 “Administrator, Office of Federalism, Office of
 4 Management and Budget.”.

5 **SEC. 606. EFFECTIVE DATE.**

6 Except as otherwise provided in this title, this title
 7 shall take effect, and the amendments under this title shall
 8 be made and shall apply, on the effective date under sec-
 9 tion 108(a).

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