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104TH CONGRESS
1ST SESSION

H. R. 30

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. GONZALEZ (for himself, Mr. VENTO, Mr. SCHUMER, Mr. FRANK of Massachusetts, Mr. KANJORSKI, Mr. KENNEDY of Massachusetts, Mr. MFUME, Ms. WATERS, Mr. GUTIERREZ, Ms. ROYBAL-ALLARD, Mr. BARRETT of Wisconsin, Mr. WATT, Mr. HINCHEY, Mr. SANDERS, Mr. RUSH, and Ms. FURSE) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Housing and Community Development Act of 1995''.

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

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

TITLE I—HOUSING ASSISTANCE

Subtitle A—Public and Indian Housing

Sec. 101. Definition of families.
Sec. 102. Family self sufficiency program.
Sec. 103. Public housing rent reform.
Sec. 104. Sale of public housing to nonprofit intermediaries.
Sec. 105. Repeal of least-cost limitation on public housing new construction.
Sec. 106. Regulatory relief and paperwork reduction for high-performing public housing agencies.
Sec. 107. Designated housing.
Sec. 108. Eligible uses of emergency modernization funds.
Sec. 109. Use of modernization funds for replacement housing.
Sec. 110. Authority for public housing agencies to leverage amounts for replacement and modernization.
Sec. 111. Demolition and disposition of public housing.
Sec. 112. Revitalization of severely distressed public housing.
Sec. 113. Applicability of public housing amendments to Indian housing.
Sec. 114. Sale of certain scattered-site public housing.
Sec. 115. Community Patnerships Against Crime.
Sec. 116. Public housing resident opportunity.

Subtitle B—Section 8 Rental Assistance

Sec. 121. Merger of section 8 rental assistance programs.
Sec. 122. Incentives to refinance high interest rate mortgages.
Sec. 123. Use of excess residual receipts.
Sec. 124. Renewal of section 8 contracts.
Sec. 125. Treatment of certain projects.

Subtitle C—Homeownership Programs

Sec. 131. National Homeownership Fund.
Sec. 132. Section 235 mortgage refinancing.
Sec. 133. Residential lead-based paint hazard reduction.
Sec. 134. Federal Deposit Insurance Corporation affordable housing program.
Sec. 135. State agencies as sureties.

Subtitle D—Home Investment Partnerships

Sec. 141. Eligible use of investment.
Sec. 142. Qualification as affordable rental housing.
Sec. 143. Repayment of investment.
Sec. 144. Matching requirements.
Sec. 145. Labor requirements.

Subtitle E—Supportive Housing Programs

Sec. 151. Supportive housing for the elderly.
Sec. 152. Supportive housing for persons with disabilities.
Sec. 153. Revised congregate services.
Sec. 154. Supportive housing assistance for elderly independence.

Subtitle F—Mortgage Insurance and Secondary Mortgage Market

Sec. 161. Extension of multifamily housing mortgage auction provisions.
Sec. 162. Streamlined refinancing for HUD-held mortgages.

Sec. 163. Delegation of single family mortgage insuring authority to direct endorsement mortgages.

TITLE II—COMMUNITY DEVELOPMENT

Sec. 201. Eligible activities.
Sec. 202. Reallocations.
Sec. 203. Use of UDAG recaptures.
Sec. 204. Extension of certain CDBG assistance.
Sec. 205. Colonias assistance program.
Sec. 206. Youth build program.

TITLE III—HOMELESS ASSISTANCE

Sec. 301. Short title.

Subtitle A—Reorganization of Certain McKinney Act Housing Provisions

Sec. 311. Flexible grant program.
Sec. 312. Regulations and transition provisions.
Sec. 313. Report on single occupancy assistance.

Subtitle B—Other Housing Assistance Programs for the Homeless Under McKinney Act

Sec. 321. Section 8 assistance for single room occupancy dwellings.
Sec. 322. Section 8 assistance for shelter plus care single room occupancy dwellings.
Sec. 323. Rural homelessness grant program.
Sec. 324. Clerical amendment.

Subtitle C—Miscellaneous Homeless Housing Provisions

Sec. 331. Strategy to eliminate unfit transient facilities.

TITLE IV—RURAL HOUSING PROGRAMS

Sec. 401. Program authorizations.
Sec. 402. Eligibility of Native Americans for rural housing programs.
Sec. 403. Escrow fund.
Sec. 404. Section 502 homeownership loans.
Sec. 405. Loan guarantees.
Sec. 406. Prepayment of rural rental housing loans.
Sec. 407. Designation of underserved areas and reservation of assistance.
Sec. 408. Administrative appeals.
Sec. 409. Section 515 rural rental housing.
Sec. 410. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
Sec. 411. Definition of rural area.
Sec. 412. Priority for rural housing voucher assistance.
Sec. 413. Loan guarantees for multifamily rental housing in rural areas.

TITLE V—AUTHORIZATIONS OF APPROPRIATIONS

Sec. 501. Low-income housing authorization.
Sec. 502. Public housing operating subsidies.
Sec. 503. Indian housing loan guarantees.
Sec. 504. New construction of projects for disabled families.

Sec. 505. Emergency modernization funds.
Sec. 506. Family investment centers.
Sec. 507. Service coordinators.
Sec. 508. Community partnerships against crime.
Sec. 509. Early childhood development program.
Sec. 510. Section 8 new construction and substantial rehabilitation contract renewals.
Sec. 511. Housing counseling.
Sec. 512. Headquarters reserve.
Sec. 513. Supportive housing for the elderly and persons with disabilities.
Sec. 514. Congregate services.
Sec. 515. Supportive housing assistance for elderly independence.
Sec. 516. Housing opportunities for persons with AIDS.
Sec. 517. National Homeownership Fund.
Sec. 518. Low-income housing preservation.
Sec. 519. Flexible subsidy program.
Sec. 520. Home investment partnerships.
Sec. 521. Community investment demonstration program.
Sec. 522. Youthbuild program.
Sec. 523. Community development block grant and section 108 loan guarantees.
Sec. 524. Economic development grants.
Sec. 525. Neighborhood Reinvestment Corporation.
Sec. 526. John Heinz neighborhood development program.
Sec. 527. Colonias assistance program.
Sec. 528. New towns demonstration program for emergency relief of Los Angeles.
Sec. 529. FHA mortgage insurance aggregate limit.
Sec. 530. GNMA mortgage-backed securities guarantee limit.
Sec. 531. Exclusion of GNMA from HUD personnel ceilings.
Sec. 532. HUD research and development.
Sec. 533. Residential lead-based paint hazard reduction.
Sec. 534. Fair housing initiatives program.
Sec. 535. National American Indian Housing Council.
Sec. 536. Housing Assistance Council.
Sec. 537. Flexible block grant assistance under Stewart B. McKinney Homeless Assistance Act.
Sec. 538. Section 8 assistance for single room occupancy dwellings.
Sec. 539. Section 8 assistance for shelter plus care single room occupancy dwellings.
Sec. 540. Rural homelessness program.
Sec. 541. Interagency Council on the Homeless.
Sec. 542. Chairperson of Interagency Council on Homeless.
Sec. 543. Extension of Interagency Council on the Homeless.
Sec. 544. Federal Emergency Management Agency food and shelter program.

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

2 The provisions of this Act and the amendments made
3 by this Act shall take effect and shall apply upon the date
4 of the enactment of this Act, unless such provisions or

amendments specifically provide for effectiveness or applicability upon another date certain.

TITLE I—HOUSING ASSISTANCE

Subtitle A—Public and Indian Housing

SEC. 101. DEFINITION OF FAMILIES.

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

SEC. 102. FAMILY SELF-SUFFICIENCY PROGRAM.

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

''(3) SCOPE.—Each public housing agency required to carry out a local program under this section shall make assistance under the program available in a fiscal year, subject only to the availability of amounts for such assistance, to a number of families who are assisted by the agency under section 8 or reside in public housing of the agency that is equivalent to the sum of—

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

''(B) the increase for such year in the number of public housing dwelling units made available by the agency (as compared to the preceding year).''.

(b) VOLUNTARY ESCROW SAVINGS ACCOUNT.—Section 23(d) of the United States Housing Act of 1937 (42 U.S.C. 1437u(d)) is amended—

(1) in paragraph (2)—

(A) in the 1st sentence, by striking ''shall'' and inserting ''may'';

(B) in the 2d sentence, by inserting after ''area median income'' the following: ''that choose to escrow amounts under this paragraph'';

(C) in the 2d sentence, by striking ''shall'' and inserting ''may''; and

(D) by striking the 3d and 4th sentences and inserting the following new sentence: ''Amounts in the escrow account may be withdrawn by the participating family upon the successful performance of the obligations of the family under the contract of participation entered into by the family under subsection (c), as determined according to the specific goals and terms included in the contract, and under other

circumstances, as determined by the public housing agency with the approval of the Secretary.''; and

(2) by striking the 2d sentence of paragraph (3) and inserting the following new sentence: ''The plan may require the establishment of escrow savings accounts under paragraph (2), a description of the procedures for release of escrowed amounts, and any other incentives designed by the public housing agency.''.

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

(1) in the last sentence of subsection (b)(1), by inserting ''under section 671 of the Housing and Community Development Act of 1992'' after ''service coordinator''; and

(2) in subsection (h)—

(A) in paragraph (2), by striking ''(including the costs of employing a full-time service coordinator)''; and

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

''(3) CONTRACT ADJUSTMENTS FOR SERVICE COORDINATORS.—If, in providing rental assistance

under section 8 of the United States Housing Act of 1937 for a public housing agency carrying out a local program under this section in any fiscal year, the Secretary increases the amount provided for the agency so that the number of families assisted by the agency in the year is greater than the number of families assisted in the preceding year, the Secretary may increase the amount annually provided for the agency to provide for the costs of employing or otherwise retaining the services of one or more service coordinators referred to in subsection (b)(1) of this section. The Secretary may also, under any existing contract for assistance under section 8, include the cost of employing such service coordinators to the extent that amounts for amendments to such contracts are available.''.

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

(1) by striking subsection (i); and

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

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

(f) USE OF COMMUNITY ACTION AGENCIES.—Section 23(b) of the United States Housing Act of 1937 (42 U.S.C. 1437u(b)) is amended by adding at the end the following new paragraph:

''(5) USE OF COMMUNITY ACTION AGENCIES.—A pubilc housing agency may enter into agreements with any local community action agency receiving assistance under the Community Services Block Grant Act providing for such agency to carry out the local program of the public housing agency or to provide any supportive services under the local program.''.

SEC. 103. PUBLIC HOUSING RENT REFORM.

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

(1) in subparagraph (A)—

(A) in clause (i), by striking ''and approved by the Secretary''; and

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

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

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

public housing projects owned and operated by such agency;

''(II) not less than the reasonable rental value of the unit, as determined by the agency; or

''(III) not less than the local market rent determined by the agency for comparable units of similar size pursuant to the procedures prescribed by the Secretary for determining rent reasonableness under the program for rental certificate assistance under section 8(b).'';

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

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

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

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

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

''(iii) Before the effectiveness of regulations under clause (ii), an agency may implement ceiling rents which shall be equal to the 95th percentile of the rent paid for a unit of comparable size by tenants in the same project or a group of comparable projects totaling 50 units or more.''.

(b) EXCLUSIONS FROM ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended—

(1) in subparagraph (C)—

(A) by striking ''and'' before ''(ii)''; and

(B) by inserting before the semicolon at the end the following: ''; and (iii) to the extent documented by the family, the amount paid by the family for health insurance coverage and any other nonreimbursed out-of-pocket medical expenses for any members of the family residing in the household who, at the time, are not receiving or approved to receive any assistance for health care from the Federal Government or any State government, except that this clause shall apply only to families residing in public housing'';

(2) in subparagraph (E), by inserting before the semicolon at the end the following: ‘‘, except that in the case of a family residing in public housing the amount excluded under this subparagraph shall be 20 percent of the earned income of the family remaining after excluding any amounts pursuant to subparagraph (H)’’;

(3) in subparagraph (F), by striking ‘‘and’’ at the end;

(4) in subparagraph (G), by striking the period at the end and inserting ‘‘; and’’; and

(5) by adding at the end the following new subparagraphs:

‘‘(H) in the case of a family residing in public housing, any earned income of any formerly dependent child who is a member of the family residing in the family’s dwelling unit during the period beginning on the date of the first redetermination of the rent for and family composition of the family that occurs after the child reaches 18 years of age and ending upon the date of the first such redetermination occurring after he or she reaches 21 years of age.’’.

(c) EXCLUSION OF EARNED INCOME OF RESIDENTS WHO OBTAIN EMPLOYMENT FROM RENT DETERMINATIONS.—

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

(A) in the third sentence of paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)''; and

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

''(3) EXCLUSION OF EARNED INCOME FROM RENT DETERMINATION FOR FAMILIES PREVIOUSLY UNEMPLOYED.—Notwithstanding any other provision of law, a public housing agency shall provide that, for all units in public housing administered by the agency, the rent payable under subsection (b) for any such unit occupied by a family whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years, may not—

''(A) be increased as a result of the increased income due to such employment during the period that begins upon the commencement of such employment and ends upon the second annual redetermina-

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

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

''(C) in any case, exceed the amount determined under paragraph (1) or (2).''.

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

(1) in subsection (b)(4), by inserting before the period at the end the following: '', and except that the earnings of and benefits to any resident of public housing or any unit assisted under section 8 resulting from enrollment and participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of this Act, the Job Training Part-

nership Act, Subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, part F of title IV of the Social Security Act, or any comparable Federal, State, or local law shall not be considered as income for the purposes of determining a limitation on the amount of rent paid by the resident during the period that the resident enrolls and participates in such program''; and

(2) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act).

(3) Section 957 of the Cranston-Gonzalez National Affordable Housing Act is hereby repealed.

(e) APPLICABILITY.—Notwithstanding the amendments made by this section, any resident of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937 (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625; 104 Stat. 4199)), as such paragraph existed before the date of enactment of this Act, shall continue to be governed by such authority.

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

(1) in clause (iv), by striking ''and'' at the end;

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

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

''(vi) the amount of any reduced revenue resulting from the exclusion of income of public housing residents pursuant to section 3(b)(5)(E) shall be calculated and included in the amount of the payment received under this section by the public housing agency administering the public housing in which such residents reside;''.

(g) EFFECTIVE DATE.—The amendments under this section shall take effect on October 1, 1995.

(h) REGULATIONS.—The Secretary shall issue any final regulations necessary to implement the amendments made by this section, which shall take effect on October 1, 1995. The regulations shall be issued after notice and opportunity for public comment in accordance with the procedures under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

SEC. 104. SALE OF PUBLIC HOUSING TO NON-PROFIT INTERMEDIARIES.

The first sentence of section 5(h) of the United States Housing Act of 1937 (42 U.S.C. 1437c(h)) is amended by striking ''its lower income tenants'' and inserting: ''low-income families residing in public housing or to non-profit organizations for resale to low-income families residing in public housing''.

SEC. 105. REPEAL OF LEAST-COST LIMITATION ON PUBLIC HOUSING NEW CONSTRUCTION.

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

SEC. 106. REGULATORY RELIEF AND PAPERWORK REDUCTION FOR HIGH-PERFORMING PUBLIC HOUSING AGENCIES.

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

''(5)(A) Except as provided in subparagraph (B), the Secretary may, for public housing agencies designated pursuant to this subsection as high performing public housing agencies with respect to a fiscal year, waive (by regulation issued under subparagraph (C)) the applicability for the ensuing fiscal year of regulatory requirements otherwise applicable to public housing agencies to the ex-

tent appropriate, as determined by the Secretary, to facilitate more efficient operation of such agencies.

''(B) The Secretary may not waive the applicability of any provision—

''(i) limiting occupancy of public housing to low-income families;

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

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

''(iv) that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap, or that relates to fair housing or equal opportunity; or

''(v) under chapter 75 of title 31, United States Code.

''(C) During fiscal year 1995, the Secretary shall publish in the Federal Register a proposed rule providing for the waiver of the regulations to be waived pursuant to this paragraph and identifying such regulations. The Secretary shall publish such proposed rule at a time determined by the Secretary to be sufficient to provide notice and an opportunity for public comment before issuance of

a final rule under this paragraph. Such final rule shall be issued not later than August 31, 1995.''.

(b) RETENTION BY PHA'S OF SAVINGS FROM EFFICIENT MANAGEMENT.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

''(e) TREATMENT OF SAVINGS.—

''(1) IN GENERAL.—Any income generated by a high-performing public housing agency that exceeds the income estimated by the agency to be generated, according to the agency's annual operating budget, shall be excluded in subsequent years in calculating the amount of the operating subsidy provided under section 9 to the high-performing public housing agency. Such savings shall be retained by the agency for other housing purposes.

''(2) HIGH-PERFORMING PUBLIC HOUSING AGENCY.—For purposes of paragraph (1), the term 'high-performing public housing agency' means, with respect to a year, a public housing agency that has been designated pursuant to subsection (j) as a high performing public housing agency for the last fiscal year ending before the commencement of such year.''.

SEC. 107. DESIGNATED HOUSING.

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

(1) in the first sentence, by striking ''and the Secretary approves an application under this subsection for such designation''; and

(2) in the second sentence, by inserting before the period at the end the following: '', which shall provide that an application for a project (or portion of a project) shall be submitted and considered for approval in conjunction with submission and approval of the allocation plan for the project (or portion) under section 7(f)''.

SEC. 108. ELIGIBLE USES OF EMERGENCY MODERNIZATION FUNDS.

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

(1) in the first sentence, by striking ''$75,000,000'' and inserting ''$50,000,000''; and

(2) by adding at the end the following new sentence: ''The Secretary shall make any amounts reserved under this paragraph for any fiscal year that remain unobligated on September 1 of such fiscal year available for modernization needs in connection with the settlement of litigation and desegregation of public housing. Of the amounts reserved each year

under this paragraph, the Secretary shall make available to the Inspector General of the Department of Housing and Urban Development not more than $5,000,000 for cost in connection with efforts to combat violent crime in public housing. Using amounts made available pursuant to the preceding sentence during fiscal years 1995 and 1996, the Secretary shall provide amounts in each such fiscal year for the continuation of the drug elimination activities under Project Nos. IA05PO98003004 and IA05DEP0980193.''.

SEC. 109. USE OF MODERNIZATION FUNDS FOR REPLACEMENT HOUSING.

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

''(q) USE OF AMOUNTS FOR REPLACEMENT HOUSING.—

''(1) AUTHORITY.—A public housing agency may use assistance under this section to provide replacement housing as required by section 18 by developing or acquiring additional housing under this Act, in accordance with requirements applicable to the development of public housing, but only if the cost of providing such housing (not including costs

of demolition) is more cost effective than the cost of modernization of the housing proposed to be replaced.

''(2) LIMITATION ON AMOUNT.—In any fiscal year, a public housing agency may use not more than 50 percent of any assistance provided to the agency under this section for the fiscal year for providing replacement housing pursuant to this section.

''(3) REQUIREMENTS.—A public housing agency may use assistance under this section as provided in subsection (a) only if the replacement plan of the agency, required under section 18, has been approved by the Secretary.''.

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

SEC. 110. AUTHORITY FOR PUBLIC HOUSING AGENCIES TO LEVERAGE AMOUNTS FOR REPLACEMENT AND MODERNIZATION.

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

''(r) AUTHORITY FOR PUBLIC HOUSING AGENCIES TO LEVERAGE AMOUNTS FOR REPLACEMENT AND MODERNIZATION.—

''(1) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency (or a partnership including a public housing agency) to use grants provided under subsection (b) to leverage amounts which shall be used for financing housing to replace existing public housing dwelling units or for modernization of public housing, but only if the agency submits to the Secretary a plan for such leveraging that is approved by the Secretary.

''(2) REQUIREMENTS.—The Secretary may approve a plan for leveraging under paragraph (1) only if the Secretary determines that—

''(A) the public housing agency has an acceptable rate of obligation of funds under sec-

tion 14 and demonstrates the ability to use such amounts effectively, directly or through contract management;

''(B) replacement units, if included in the plan, will be subject to binding covenants or commitments sufficient to ensure that they will be used for housing reserved for occupancy by low- and very low-income families for not less than 40 years;

''(C) any modernization to be carried out under the plan complies with the modernization plan submitted under this section by the public housing agency and any replacement of public housing dwelling units to be carried out under the plan complies with the requirements of section 18;

''(D) the plan provides permanent financing commitments from additional sources, which may include banks and other conventional lenders, State housing finance agencies, secondary market entities, and other financial institutions, sufficient to ensure the financing of replacement or modernized units in a timely manner; and

''(E) the plan complies with any other criteria that the Secretary may establish.

''(3) OBLIGATION LIMITS.—

''(A) PER PHA.—The aggregate outstanding principal amount leveraged under this subsection by a public housing agency may not at any time exceed 5 times the amount of the most recent grant for a fiscal year provided under this section for comprehensive modernization.

''(B) FOR ALL PHAS.—The aggregate outstanding principal amount leveraged under this subsection by all public housing agencies may not, in any single fiscal year, exceed $2,000,000,000.

''(4) USE OF COMPREHENSIVE MODERNIZATION GRANTS AND OPERATING REVENUES.—Notwithstanding any other provision of this title, a public housing agency for which a plan is approved under this subsection may use amounts provided under this section to the agency for comprehensive modernization and amounts provided under section 9 to the agency for operating subsidies (including program income derived therefrom) for the payment of principal, interest, and fees due on any loans obtained pursuant to the plan.

''(5) REPORTS.—The Secretary shall submit a report to the Congress annually regarding the activities under plans for leveraging approved under this subsection and the status of loans, financing, and investments obtained under such plans.''.

SEC. 111. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

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

''DEMOLITION AND DISPOSITION OF PUBLIC HOUSING

''SEC. 18. (a) CONDITION OF HOUSING.—The Secretary may approve an application by a public housing agency to demolish or dispose of a public housing project or a portion of a public housing project only if the Secretary has determined that—

''(1) in the case of—

''(A) an application proposing demolition of a public housing project or a portion of a public housing project, the project or portion of the project is obsolete as to physical condition, location, or other factors, and it is more cost effective to replace the project or portion of the project than to rehabilitate the project or portion of the project; or

''(B) an application proposing the demolition of only a portion of a project, the demoli-

tion will help to assure the remaining useful life of the remaining portion of the project;

''(2) in the case of an application proposing disposition of real property of a public housing agency by sale or other transfer—

''(A)(i) the property's retention is not in the best interests of the tenants or the public housing agency because (I) developmental changes in the area surrounding the project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency, (II) disposition proceeds will contribute to the acquisition, development, or rehabilitation of other properties which will preserve the low-income rental housing available in the community and help to meet the low-income rental needs of the community as described in the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act, or (III) because of other factors which the Secretary determines are consistent with the best interests of the tenants and public housing agency and which are not inconsistent with other provisions of this Act; and

''(ii) for property other than dwelling units, the property is excess to the needs of a project or the disposition is incidental to, or does not interfere with, continued operation of a project; and

''(B) the net proceeds of the disposition will be used for (i) the payment of development costs for the replacement housing and for the retirement of outstanding obligations issued to finance original development or modernization of the project, which, in the case of scattered-site housing of a public housing agency, shall be in an amount that bears the same ratio to the total of such costs and obligations as the number of units disposed of bears to the total number of units of the project at the time of disposition, and (ii) to the extent that any proceeds remain after the application of proceeds in accordance with clause (i), the provision of housing assistance for low-income families through such measures as modernization of low-income housing, or the acquisition, development, or rehabilitation of other properties to operate as low-income housing; or

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

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

"(B) the property's retention is not in the best interest of the tenants or the public housing agency because of changes in the area surrounding the project or other extraordinary circumstances of the project, as determined by the Secretary.

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

"(1) TENANT CONSULTATION AND EMPLOYMENT.—The application from the public housing agency—

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

"(B) includes a plan to employ public housing tenants in demolition, construction, and rehabilitation to the extent practicable, pursuant to section 3 of the Housing and Urban Development Act of 1968; and

"(C) contains a certification by appropriate local government officials that the proposed activity is consistent with the applicable comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) RELOCATION ASSISTANCE.—All tenants to be relocated as a result of the demolition or disposition will be provided assistance by the public housing agency and be relocated to other decent, safe, sanitary, and affordable housing, which is, to the maximum extent practicable, housing of their choice, including housing assisted under section 8 of this Act.

"(3) REPLACEMENT HOUSING.—The public housing agency has developed a plan, including a completion schedule, that provides for an additional decent, safe, sanitary, and affordable dwelling unit for each public housing dwelling unit to be demolished or disposed under such application or provides additional dwelling units sufficient to meet the needs

and demographic characteristics of the number of applicants on the waiting list of the agency equal to the number of units to be demolished or disposed of which plan—

''(A) provides for the provision of such additional dwelling units through—

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

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

''(iii) in the case of an application proposing demolition or disposition of 200 or more units, the use of tenant-based assistance under section 8 having a term of not less than 5 years;

''(iv) units acquired or otherwise provided for homeownership (including cooperative and condominium interests) by public housing residents under section 5(h), subtitle B or C of title IV of the Cranston-

Gonzalez National Affordable Housing Act, or other programs for homeownership that have program requirements substantially equivalent to the requirements established under section 605 of the Housing and Community Development Act of 1987;

''(v) affordable housing homeownership units assisted under title II of the Cranston-Gonzalez National Affordable Housing Act and sold to public housing residents;

''(vi) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 15 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8, except that this subclause shall only apply in cases provided under subparagraph (C);

''(vii) housing assisted by a tax credit under section 42 of the Internal Revenue Code;

''(viii) housing acquired from the Resolution Trust Corporation or the Federal Deposit Insurance Corporation;

''(ix) housing acquired under section 203 of the Housing and Community Development Amendments of 1978;

''(x) other manners approved by the Secretary; or

''(xi) any combination of such methods;

''(B) in the case of an application proposing demolition or disposition of 200 or more units, shall provide that—

''(i) not less than 50 percent of such additional dwelling units shall be provided through the acquisition or development of additional dwelling units or through project-based assistance; and

''(ii) not more than 50 percent of such additional dwelling units shall be provided through tenant-based assistance under sec-

tion 8 having a term of not less than 5 years;

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

''(i) only after a finding by the Secretary that replacement with project-based assistance is not feasible, and the supply of decent, safe, and sanitary rental housing available at a rental charge not greater than the applicable fair market rent under section 8 is sufficient to meet the needs of those who would receive such assistance under the plan; and

''(ii) only if such finding is based on objective information, which shall include rates of participation by landlords and tenants in the section 8 program in the community, and the number of eligible families in the community waiting for public housing or housing assistance under section 8 and the length of their wait;

''(D) may provide that all or part of such additional dwelling units may be located outside the jurisdiction of the public housing agency (in

this subparagraph referred to as the ‘original agency’) if—

‘‘(i) the location is in the same housing market area as the original agency, as determined by the Secretary; and

‘‘(ii) the plan contains an agreement between the original agency and the public housing agency in the alternate location or other public or private entity that will be responsible for providing the additional units in the alternate location that such alternate agency or entity will, with respect to the dwelling units involved—

‘‘(I) provide the dwelling units in accordance with subparagraph (A);

‘‘(II) complete the plan on schedule in accordance with subparagraph (F);

‘‘(III) meet the requirements of subparagraph (G) of this paragraph and the maximum rent provisions of subparagraph (H);

‘‘(IV) not impose a local residency preference on any resident of the jurisdiction of the original agency

for purposes of admission to any such units; and

''(V) allow that preference for admission to any such additional units may be provided to residents of the severely distressed public housing dwelling units replaced under this subparagraph pursuant to section 24;

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

''(i) shall not exceed 6 years, except that the Secretary may extend the schedule to not more than 10 years if the Secretary determines, 12 months prior to the expiration of the scheduled completion date, that good cause exists to extend the implementation of the replacement plan under this subsection; and

''(ii) can occur in phases necessary to provide for relocation of tenants under paragraph (2);

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

"(G) provides for the payment of the relocation expenses of each tenant to be displaced and ensures that the rent paid by the tenant following relocation will not exceed the amount permitted under this Act;

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

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

"(c) LIMITATION ON DEMOLITION AND EXEMPTION.—

"(1) MAXIMUM PERCENTAGE.—Notwithstanding any other provision of this section, in any 5-year period a public housing agency may demolish not more than the lesser of 5 dwelling units or 5 percent of the total dwelling units owned and operated by the public housing agency, without providing an ad-

ditional dwelling unit for each such public housing dwelling unit to be demolished, but only if the space occupied by the demolished unit is used for meeting the service or other needs of public housing residents.

''(2) SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.—Notwithstanding any other provision of law, a replacement plan under subsection (b)(3) may provide for demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished and the balance of replacement units are provided elsewhere in the jurisdiction or pursuant to subsection (b)(3)(D).

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

''(1) assistance may be provided under section 9 for such units; and

''(2) such units shall be available for occupancy, operated and managed in the manner required for public housing, and shall be subject to the other re-

quirements applicable to public housing dwelling units.

''(e) APPROVAL OF APPLICATIONS.—

''(1) IN GENERAL.—The Secretary shall notify a public housing agency submitting an application under this section for demolition or disposition and replacement of a public housing project or portion of a project of the approval or disapproval of the application not later than 60 days after receiving the application. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (2), the application shall be considered to have been approved.

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

''(3) HUD RESOURCES.—The Secretary shall, upon approving a plan under subsection (b)(3) for replacement housing units and units assisted under section 8, agree to commit (subject to the availability of future appropriations) the funds necessary to carry out the plan over the approved schedule of the plan. As part of each annual budget request for the

Department of Housing and Urban Development, the Secretary shall submit to the Congress a report—

''(A) outlining the commitments the Secretary entered into during the preceding year to fund plans approved under subsection (b)(3);

''(B) specifying, by fiscal year, the budget authority required to carry out the commitments specified in subparagraph (A);

''(C) describing, for the preceding fiscal year, by locality, project name, and number of units—

''(i) the applications approved;

''(ii) the applications not approved;

''(iii) waiver applications approved;

''(iv) waiver applications default approved; and

''(v) waiver applications denied; and

''(D) describing by locality, project name, and program, the number of replacement units approved and funded.

''(f) ACTION BEFORE APPROVAL OF APPLICATION.—

''(1) PROHIBITED ACTION.—A public housing agency shall not take any action to demolish or dispose of a public housing project or a portion of a

public housing project without obtaining the approval of the Secretary and satisfying the conditions specified in subsections (a) and (b).

''(2) ALLOWABLE RELOCATION.—A public housing agency may relocate tenants of public housing into other dwelling units after the submission of an application under this section for demolition or disposition or prior to implementing an approved plan for modernization under section 14 or 24, if units to be demolished or disposed of are not decent, safe, and sanitary, or if the units to be rehabilitated can not be maintained cost-effectively in a decent, safe, and sanitary condition.

''(g) RESERVATION OF SECTION 8 ASSISTANCE.—In each of fiscal years 1995 and 1996, the Secretary may reserve from any budget authority appropriated for such year for assistance under section 8 that is available for families not currently receiving such assistance not more than 10 percent of such budget authority for providing replacement housing under subsection (b)(3)(A) for units demolished or disposed of pursuant to this section.

''(h) INAPPLICABILITY TO PUBLIC HOUSING HOMEOWNERSHIP PROGRAM.—The provisions of this section shall not apply to the disposition of a public housing

project in accordance with an approved homeownership program under title III of this Act.

''(i) EXCEPTION TO REPLACEMENT RULE.—

''(1) REQUIREMENTS FOR WAIVER.—The Secretary shall waive in whole or in part the applicability of the provisions of subsection (b)(3) with respect to any application under this section by a public housing agency for the demolition or disposition of public housing dwelling units if—

''(A) the Secretary determines, based on information provided by the public housing agency in the application and the request under paragraph (2) and taking into consideration the assessment submitted by the agency under paragraph (2)(C), that—

''(i) the public housing agency has made a good faith effort to implement the replacement plan as approved;

''(ii) sufficient financial assistance is not, and will not be, available to the public housing agency or the community to rehabilitate or replace all or some of the units; or

''(iii) changed circumstances and other affordable housing in the community

have satisfied the replacement housing required under the plan; and

''(B) the public housing agency requests a waiver under this subsection in accordance with the requirements under paragraph (2).

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

''(A) a revised replacement housing plan that describes additional decent, safe, sanitary, and affordable dwelling units to be made available as replacement housing;

''(B) an identification of the replacement dwelling units for which the waiver is requested and a justification for why they cannot be produced; and

''(C) an assessment of the availability of dwelling units affordable to low-income families within the housing market area in which the dwelling units are located, during the implementation of the replacement plan.

''(3) SUBMISSION TO SECRETARY.—A request for a waiver under this subsection may be submitted no earlier than 12 months before the expiration of

the replacement plan completion schedule. The request shall be submitted to the Secretary by certified mail or any other equivalent means that provides notification to the public housing agency making the request of the date of receipt by the Secretary.

''(4) NOTICE OF DISPOSITION OF REQUEST.—Except as provided in paragraph (5), the Secretary shall notify a public housing agency requesting a waiver under this section of the approval or disapproval of the request not later than 60 days after receiving the request. If the Secretary does not notify the public housing agency as required under this paragraph or paragraph (5), the request for a waiver shall be considered to have been approved.

''(5) REQUEST FOR ADDITIONAL INFORMATION.—If the Secretary determines that more information is needed to make the determinations under paragraph (1) than has been provided by the public housing agency, the Secretary shall notify the agency in writing not later than 30 days after receiving the request for the waiver that additional information is necessary. Such notice shall describe specifically the additional information required for the determinations and establish a deadline for the submission of the information by the agency, which

shall be determined based on the difficulty of obtaining the information requested. If the agency submits such additional information requested before the deadline established in the notice under this paragraph, the Secretary shall notify the agency requesting the waiver that the request is approved or disapproved not later than 30 days after the submission of such additional information.

''(6) STATEMENT OF REASONS FOR DENYING OR APPROVING REQUEST.—The Secretary shall include, in each notice under paragraph (4) or (5) of the denial or approval of a request for a waiver under this subsection, the specific reasons for denying or approving the request. The denial of any request for a waiver for public housing dwelling units shall not prejudice the consideration of any other subsequent request for such a waiver for any of such dwelling units.''.

SEC. 112. REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING.

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

(1) in paragraph (2) by striking ''$200,000'' and inserting ''$300,000'';

(2) in paragraph (3)—

(A) in subparagraph (G), by striking ''designing a suitable replacement housing plan'' and inserting ''designing suitable relocation and replacement housing plans'';

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

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

''(E) planning for community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;'';

(3) in paragraph (4)—

(A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

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

''(D) to the extent the applicant is requesting amounts for community service planning activities, a description of such activities to be carried out by residents, other members of the

community, and other persons willing to contribute to the social, economic, or physical improvement of the community;''; and

(5) in paragraph (5)—

(A) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the public housing agency as a whole'';

(B) by striking subparagraph (E); and

(C) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

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

(1) in paragraph (2)—

(A) in subparagraph (I), by striking ''except that'' and all that follows and inserting the following: ''except that—

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

''(ii) an amount equal to 15 percent of the amount of any grant under this sub-

section used for such purposes shall be contributed from non-Federal sources, and may be in the form of cash, administrative costs, and the reasonable value of in-kind contributions, and may include funding under title I of the Housing and Community Development Act of 1974.''; (B) by redesignating subparagraphs (E) through (I) (as so amended) as subparagraphs (G) through (K), respectively; and (C) by inserting after subparagraph (D) the following new subparagraphs: ''(E) community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community; ''(F) replacement of public housing units;''; (2) in paragraph (3)— (A) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and (B) by inserting after subparagraph (C) the following new subparagraph:

''(D) to the extent the applicant is requesting amounts for community service activities, a description of the community service activities to be carried out by residents, other members of the community, and other persons willing to contribute to the social, economic, or physical improvement of the community;''; and

(3) in paragraph (4)—

(A) by striking subparagraph (D) and inserting the following new subparagraph:

''(D) the quality of the proposed revitalization program and the suitability of the project for such a program;'';

(B) in subparagraph (F), by inserting before the semicolon at the end the following: '', taking into consideration the condition of the public housing of the applicant as a whole''; and

(C) by striking subparagraph (E); and

(D) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

(c) EXCEPTIONS TO GENERAL PROGRAM REQUIREMENTS.—Section 24(e) of the United States Housing Act of 1937 is amended—

(1) by striking the first sentence of paragraph (2) and inserting the following new sentence: ''For projects revitalized under this section, a public housing agency may—

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

''(B) in making dwelling units in such projects available for occupancy, disregard the order in which applications were made for residency in public housing dwelling units or any waiting lists established for such residency to provide for substantial variation in the incomes of families residing in the project, subject to the provisions of this Act relating to income eligibility in public housing projects (as modified under subparagraph (C));

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

''(D) establish ceiling rents under section 3(a)(2).''; and

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

''(3) DEMOLITION AND REPLACEMENT.—

''(A) IN GENERAL.—Notwithstanding any other applicable law or regulation, a revitalization plan under this section may include demolition of public housing units and replacement of such units on site or in the same neighborhood if the number of replacement units provided in the same neighborhood is fewer than the number of units demolished as a result of the revitalization effort.

''(B) TENANT-BASED ASSISTANCE.—Notwithstanding the limitation in subparagraph (C) of section 18(b)(3), a public housing agency may replace not more than one-third of the units demolished or disposed of through a revitalization project under this section with tenant-based assistance under section 8, but only if the public housing agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section

8(e), of more than 3 percent for at least 6 consecutive months.

''(C) ADDITIONAL METHODS OF REPLACEMENT.—A revitalization plan under this section may provide for replacement of public housing units in the manners under subparagraph (D) of this paragraph in addition to the requirements of subparagraph (B) of section 18(b)(3)) if the agency or corporation enters into such agreements as the Secretary considers necessary to ensure that the replacement units will remain affordable to families eligible for residency in public housing for the remaining useful life of the units, as determined by the Secretary.

''(D) CERTIFICATE AND NEW UNIT MIX.—Each such dwelling unit demolished, disposed of, or otherwise eliminated pursuant to paragraph (c) shall be replaced with an additional dwelling unit through any combination of—

''(i) additional public housing dwelling units;

''(ii) units or housing described in clause (iv), (v), (vii), (viii), or (ix) of section 18(b)(3)(A);

"(iii) rental units that are (I) assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (notwithstanding section 212(d)(2) of such Act), or (II) assisted under a State or local rental assistance program that provides for rental assistance over a term of not less than 5 years that is comparable in terms of eligibility and contribution to rent to assistance under section 8; but this clause shall apply to a revitalization program only if the agency demonstrates to the satisfaction of the Secretary that the local housing market in which the assistance is to be used has had a vacancy rate, among units whose rent does not exceed the fair market rental for the area established under section 8(e), of more than 3 percent for at least 6 consecutive months; or

"(iv) other manners approved by the Secretary.".

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

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

"(6) SEVERELY DISTRESSED PUBLIC HOUSING.—The term 'severely distressed public housing' means a public housing project or building in a project that—

"(A) requires major redesign, reconstruction, or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems, and other deficiencies in the physical plant of the project;

"(B) is—

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

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

"(ii) has a vacancy rate, as determined by the Secretary, of 50 percent or more;

''(C) can not be revitalized through assistance under other programs, such as the programs under sections 9 and 14, or through other administrative means because of the inadequacy of available amounts; and

''(D) in the case of an individual building, the building is (in the determination of the Secretary) sufficiently separable from the remainder of the project of which the building is part to make use of the building feasible for purposes of this section.

''(7) SUPPORT SERVICES.—The term 'support services' includes all activities which will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing project involved, and shall include literacy training, job training, day care, and economic development activities. Support services may be provided to residents of the neighborhood in which the public housing project involved is located.'';

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

(3) by inserting after paragraph (1) the following new paragraph:

''(2) COMMUNITY SERVICE.—The term 'community service' means services provided on a volunteer or limited stipend basis for the social, economic, or physical improvement of the community to be served, including opportunity for the upward mobility of participants providing the community service, through completion of education requirements, job training, or alternative methods of developing skills and job readiness.''.

(e) REPEAL.—Subsections (b) and (i) of section 24 of the United States Housing Act of 1937 are repealed.

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

''(j) APPLICABILITY.—Notwithstanding any provision of this Act, with respect to a public housing project that (1) has been selected for funding under this section 24 or through the urban revitalization demonstration program under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102–389, 106 Stat. 1579; 42 U.S.C. 1437l note) or the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994 (Public Law 103–124, 107 Stat. 1285; 42 U.S.C. 1437l

note), and (2) has an approved comprehensive plan under section 14 of this Act, the Secretary may apply any provision of this section and the regulations hereunder to all activities undertaken at such projects only during revitalization. Such activities may include demolition, modernization, reconstruction, site improvement, replacement housing and operation and management, including funding under sections 5, 9, and 14.''.

(g) CONFORMING AMENDMENT.—The first sentence of section 25(m)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437w(m)(1)) is amended to read as follows: ''The term 'eligible housing' means a public housing project, or one or more buildings within a project, that is owned or operated by a troubled public housing agency that has been troubled for not less than 3 years and that, as determined by the Secretary, has failed to make substantial progress toward effective management.''.

(h) APPLICABILITY TO CERTAIN PROJECT.—The amendments made by this section shall apply with respect to assistance provided before the date of the enactment of this Act under section 24 of the United States Housing Act of 1937 for the Desire Housing Development, located in New Orleans, Louisiana, but only to the extent that the Housing Authority of New Orleans submits to the Secretary of Housing and Urban Development a description

of the revitalization program for such project describing the use of such assistance under the provisions of such section 24, as amended, which is approved by the Secretary.

SEC. 113. APPLICABILITY OF PUBLIC HOUSING AMENDMENTS TO INDIAN HOUSING.

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

''(b) APPLICABILITY OF TITLE I.—Except as otherwise provided by law, the provisions of title I shall apply to low-income housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.''.

(b) APPLICABILITY OF AMENDMENT.—The amendment made by subsection (a) shall not affect provisions of the United States Housing Act of 1937 that were made applicable to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority in accordance with section 201(b)(2) of such Act, as such section existed before the effective date of this section.

(c) APPLICABILITY OF HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—The provisions of, and the amendments made by, sections 103(a)(1), 112, 114, 116,

118, 903, and 927 of the Housing and Community Development Act of 1992 and sections 301, 302, 303 and 304 of the Multifamily Housing Property Disposition Reform Act of 1994 shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority.

SEC. 114. SALE OF CERTAIN SCATTERED-SITE PUBLIC HOUSING.

Section 131 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3712) is amended by adding at the end the following new sentence: ''During the term of the annual contributions contract relating to the scattered-site public housing originally sold under this section, any proceeds from the disposition of replacement scattered-site dwellings purchased with (1) the proceeds from such original disposition, or (2) the proceeds from the disposition of any replacement scattered-site dwellings, shall be used to purchase additional replacement scattered-site dwellings, which shall be considered public housing for the purposes of such Act and for which the Secretary shall provide annual contributions for operation, using amounts made available under section 9(c) of such Act.''.

SEC. 115. COMMUNITY PARTNERSHIPS AGAINST CRIME.

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

"SEC. 5121. SHORT TITLE.

''This chapter may be cited as the 'Community Partnerships Against Crime Act of 1994'.

"SEC. 5122. PURPOSES.

''The purposes of this chapter are to—

''(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

''(2) substantially expand and enhance the Federal Government's commitment to eliminating crime in and around public housing and other federally assisted low-income housing;

''(3) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related;

''(4) encourage the involvement of a broad range of community-based groups and residents of neighboring housing that is owned or assisted by the Secretary in the development and implementation of anti-crime plans;

''(5) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving;

''(6) provide training, information services, and other technical assistance to program participants; and

''(7) establish a standardized assessment system to evaluate need among public housing agencies and to measure progress in reaching crime reduction goals.

''SEC. 5123. AUTHORITY TO MAKE GRANTS.

''The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) public housing agencies, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing. In designing the program for grants under this chapter, the Secretary shall consult with the Attorney General.''.

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—

(A) in the matter preceding paragraph (1), by inserting ''and around'' after ''used in'';

(B) in paragraph (3), by inserting before the semicolon the following: '', including fencing, lighting, locking, and surveillance systems'';

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

''(A) to investigate crime; and'';

(D) in paragraph (6)—

(i) by striking ''in and around public or other federally assisted low-income housing projects''; and

(ii) by striking ''and'' after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

''(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

''(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

''(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

''(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services.''.

(2) OTHER PHA-OWNED HOUSING.—Section 5124(b) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(b)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''drug-related crime in'' and inserting ''crime in and around''; and

(ii) by striking ''paragraphs (1) through (7)'' and inserting ''paragraphs (1) through (10)''; and

(B) in paragraph (2), by striking ''drug-related'' and inserting ''criminal''.

(c) GRANT PROCEDURES.—Section 5125 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to read as follows:

''SEC. 5125. GRANT PROCEDURES.

''(a) PHA'S WITH 250 OR MORE UNITS.—

''(1) GRANTS.—In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following public housing agencies:

''(A) NEW APPLICANTS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and has—

''(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

''(ii) had such application and plan approved by the Secretary.

"(B) RENEWALS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and for which—

"(i) a grant was made under this chapter for the preceding Federal fiscal year;

"(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

"(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the requirements under subparagraphs (A) and (B) of paragraph (4).

"(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall describe, for the public housing agency submitting the plan—

"(A) the nature of the crime problem in public housing owned or operated by the public housing agency;

''(B) the building or buildings of the public housing agency affected by the crime problem;

''(C) the impact of the crime problem on residents of such building or buildings; and

''(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

''(3) AMOUNT.—In any fiscal year, the amount of the grant for a public housing agency receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such agency bears to the total number of dwelling units owned or operated by all public housing agencies that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

''(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance re-

view of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency—

''(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

''(B) has a continuing capacity to carry out such plan in a timely manner.

''(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection as the Secretary determines appropriate for timely and orderly allocation and disbursement of amounts made available for grants under this subsection.

''(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this

subsection, the Secretary shall notify the public housing agency submitting the application and plan of such approval or disapproval.

''(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an agency that the application and plan of the agency is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the agency, in writing, of the reasons for the disapproval, the actions that the agency could take to comply with the criteria for approval, and the deadlines for such actions.

''(8) FAILURE TO APPROVE OR DISAPPROVE.—If the Secretary fails to notify an agency of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an agency whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

''(b) PHA'S WITH FEWER THAN 250 UNITS AND OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—

"(1) APPLICATIONS AND PLANS.—To be eligible to receive a grant under this chapter, a public housing agency that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

"(2) GRANTS FOR PHA'S WITH FEWER THAN 250 UNITS.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to public housing agencies that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraph (4).

"(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under sec-

tion 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

''(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

''(A) the extent of the crime problem in and around the housing for which the application is made;

''(B) the quality of the plan to address the crime problem in the housing for which the application is made;

''(C) the capability of the applicant to carry out the plan; and

''(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of

the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing and Community Development Act of 1994.

''(5) ADDITIONAL CRITERIA FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect—

''(A) relevant differences between the financial resources and other characteristics of public housing authorities and owners of federally assisted low-income housing; or

''(B) relevant differences between the problem of crime in public housing administered by such public housing agencies and the problem

of crime in federally assisted low-income housing.''.

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4), by striking ''section'' before ''221(d)(4)'';

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

(4) by adding at the end the following new paragraph:

''(3) PUBLIC HOUSING AGENCY.—The term 'public housing agency' has the meaning given the term in section 3(b) of the United States Housing Act of 1937.''.

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking ''Cranston-Gonzalez National Affordable Housing Act'' and inserting ''Housing and Community Development Act of 1994''.

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(a) REPORTS BY GRANTEES.—The Secretary'';

(2) by striking ''drug-related crime in'' and inserting ''crime in and around'';

(3) by striking ''described in section 5125(a)'' and inserting ''for the grantee submitted under subsection (a) or (b) of section 5125, as applicable''; and

(4) by adding at the end the following new subsection:

''(b) REPORTS BY SECRETARY.—For each fiscal year in which the Secretary makes grants under this chapter, the Secretary shall submit a report to the Congress describing the progress achieved in crime deterrence and reduction in the public housing and federally assisted low-income housing for which such grant assistance has been provided. The report shall include any recommendations of the Secretary for changes in the program of assistance under this chapter.''.

(g) TECHNICAL ASSISTANCE AND FUNDING.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new sections:

''SEC. 5130. TECHNICAL ASSISTANCE.

''(a) IN GENERAL.—To the extent amounts are made available under section 5131(c), the Secretary may provide

training, information services, and other technical assistance to public housing agencies and other entities with respect to their participation in the program under this chapter, which shall include activities under subsection (b) of this section. Such technical assistance may be provided directly by the Secretary or indirectly pursuant to grants, contracts, or cooperative agreements.

''(b) USE.—The Secretary may use amounts available for use under this section—

''(1) to establish and operate the clearinghouse on drug abuse in public housing and the regional training program on drug abuse in public housing under sections 5143 and 5144 of this Act;

''(2) to obtain assistance in establishing and managing assessment and evaluation criteria and specifications and to obtain the opinions of experts in relevant fields; and

''(3) upon the request of a public housing agency, to assist the agency in evaluating the extent of the crime problem in any public housing administered by the agency and preparing a 5-year crime deterrence and reduction plan under section 5125(a) or an application and plan under section 5125(b)(1), which assistance may include providing personnel

and funding to identify and secure local resources to assist in deterring and reducing crime.

''(c) PRIORITY.—In selecting entities to receive technical assistance under this section, the Secretary shall give priority to public housing agencies that have submitted applications and plans under section 5125 that the Secretary has determined do not meet the requirements for approval for assistance under this chapter.

"SEC. 5131. ALLOCATION OF FUNDING.

''(a) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year that remain after reserving amounts for use under subsection (c)—

''(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to public housing agencies that own or operate 250 or more public housing dwelling units;

''(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to public housing agencies that own or operate fewer than 250 public housing dwelling units; and

''(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

Any other provision of law enacted before or after the date of the enactment of the Housing and Community Development Act of 1994 that limits the authority of the Secretary to use amounts to carry out this chapter upon the apportionment of such amounts in a manner not provided for in this subsection shall not be effective.

''(b) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of any amount made available in fiscal years 1994 and 1995 to carry out this chapter, the Secretary shall use not more than $10,000,000 in each such fiscal year to provide technical assistance under section 5130.''.

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C and inserting the following:

''CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME'';

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

''Sec. 5122. Purposes.'';

(3) by striking the item relating to section 5125 and inserting the following new item:

''Sec. 5125. Grant procedures.'';

and

(4) by striking the item relating to section 5130 and inserting the following new items:

''Sec. 5130. Technical Assistance.
''Sec. 5131. Funding.''.

SEC. 116. PUBLIC HOUSING RESIDENT OPPORTUNITY.

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

(1) by striking the section heading and inserting the following new section heading:

''RESIDENT OPPORTUNITY PROGRAM'';

(2) in the first 2 sentences of subsection (b), by striking ''resident management program'' each place it appears and inserting ''resident opportunity program''; and

(3) in subsection (f)—

(A) by striking ''RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING'' and inserting ''RESIDENT OPPORTUNITY ASSISTANCE'';

(B) in paragraph (1), by adding at the end the following new sentences: ''In addition, the Secretary may provide financial assistance to resident management corporations or resident councils for activities sponsored by resident organizations for job training, economic development, security, and other self-sufficiency activi-

ties beyond those related to the management of public housing. Any resident management corporation or resident council may use such assistance to enter into agreements with any local community action agency receiving assistance under the Community Services Block Grant Act for such agency to carry out such activities.'';

(C) in paragraph (2), by striking ''$100,000'' and inserting ''$250,000'';

(D) by striking paragraph (3) and inserting the following new paragraph:

''(3) FUNDING.—Of any amounts made available for financial assistance under section 14, the Secretary may use to carry out this subsection $25,000,000 for fiscal year 1995 and $25,000,000 for fiscal year 1996.'';

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

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

''(2) OTHER USES OF ASSISTANCE.—The Secretary may use amounts available to carry out this subsection to enter into contracts with—

''(A) various entities for monitoring, evaluation, technical assistance, and information dissemination in connection with activities under this subsection; and

''(B) resident organizations and public or private entities (including local community action agencies receiving assistance under the Community Services Block Grant Act) for activities that support the economic development and increased self-sufficiency of public housing residents.

Eligible activities related to economic development and self-sufficiency may include programs for counseling, treatment for substance abuse, child care, remedial education, job training, and development of resident businesses.''.

Subtitle B—Section 8 Rental Assistance

SEC. 121. MERGER OF SECTION 8 RENTAL ASSISTANCE PROGRAMS.

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

''RENTAL HOUSING ASSISTANCE FOR LOW-INCOME FAMILIES

''SEC. 8. (a) AUTHORITY AND PURPOSE.—

"(1) IN GENERAL.—For the purposes of aiding low-income families in obtaining a decent place to live and promoting economically mixed housing, the Secretary may provide assistance payments with respect to existing housing in accordance with the provisions of this section.

"(2) ELDERLY HOUSING.—Notwithstanding any other provision of this Act, assistance payments under this section may be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959 (as in effect before October 1, 1991).

"(b) ANNUAL CONTRIBUTIONS CONTRACTS FOR RENTAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary may enter into annual contributions contracts under this subsection with public housing agencies to provide rental housing assistance under this section for low-income families. Such annual contributions contracts shall bind the Secretary to make such authority, and any amendments increasing such authority, available to the public housing agency for a specified period.

"(2) SECRETARY ACTING AS PHA.—In areas where no public housing agency has been organized

or where the Secretary determines that a public housing agency is unable to implement the provisions of this section, the Secretary may enter into such contracts and perform the other functions assigned to a public housing agency by this section.

''(3) TREATMENT OF ASSISTANCE FOR SUPPORTIVE HOUSING FOR THE DISABLED.—The Secretary may not consider the receipt by a public housing agency of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving assistance under this section for the agency or in determining the amount of such assistance to be provided to the agency.

''(c) ASSISTANCE CONTRACTS.—

''(1) IN GENERAL.—Each public housing agency that receives amounts under an annual contributions contract may enter into assistance contracts to make rental assistance payments to owners of existing dwelling units in accordance with the provisions of this section.

''(2) PHA ACTING AS OWNER.—A public housing agency may contract to make rental assistance payments under this section to itself (or any agency or instrumentality thereof) as the owner of dwelling

units, and the agency shall be subject to the same program requirements as are applied to other owners. In such cases, the Secretary may establish initial rents within applicable limits.

''(3) INAPPLICABLE PROVISIONS.—Sections 5(e) and 6 and any other provisions of this Act that are inconsistent with the provisions of this section shall not apply to assistance contracts entered into pursuant to this section.

''(d) MAXIMUM MONTHLY RENT.—

''(1) IN GENERAL.—Each assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) that the owner is entitled to receive for each dwelling unit for which rental assistance payments are to be made under the contract. Except as provided in paragraph (2), the maximum monthly rent shall not exceed by more than 10 percent the fair market rental under subsection (e) for the market area in which the dwelling unit is located. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison

with other units in the market area that are exempt from local rent control.

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

''(A) by more than 10 but not more than 20 percent, but only if the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; or

''(B) by such higher amount, only if requested by the low-income family assisted and approved by the public housing agency in accordance with subsection (f)(2).

''(3) ANNUAL ADJUSTMENTS.—Each assistance contract shall provide for adjustment in the maximum monthly rents for units covered by the contract not less than annually to reflect changes in the fair market rentals established under subsection (e) for the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(4) ADJUSTMENTS DUE TO EXPENSES.—Each assistance contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units assisted under the contract to the extent the Secretary determines such adjustments are necessary to reflect changes in the actual and necessary expenses of owning and maintaining the units that have resulted from substantial general changes in real property taxes, utility rates, or similar costs that are not adequately compensated for by the adjustment in the maximum monthly rent authorized by paragraph (3). The Secretary shall make additional adjustments in the maximum monthly rent for units under contract (subject to the availability of appropriations for contract amendments) to the extent the Secretary determines such adjustments are necessary to reflect changes in the actual and necessary expenses of owning and maintaining the units that have resulted from the expiration of a real property tax exemption.

"(5) ADJUSTMENTS DUE TO CRIMINAL ACTIVITY.—If the Secretary determines that a project assisted under this section is located in a community where criminal activity is generally prevalent and the operating, maintenance, and capital repair expenses

for the project have been substantially increased primarily as a result of the prevalence of such activity, the Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments for this purpose), on a project-by-project basis, provide adjustments to the maximum monthly rents, to a level not exceeding 120 percent of the project rents, to cover the costs of maintenance, security, capital repairs, and reserves required for the owner to carry out a strategy acceptable to the Secretary for addressing the problem of criminal activity. The Secretary may waive the applicability of any rent comparability standard required under this subsection to implement this paragraph.

''(6) ADJUSTMENTS DUE TO LEAD-BASED PAINT REDUCTION FOR HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—The Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments), on a project-by-project basis for projects receiving project-based assistance, provide adjustments to the maximum monthly rents to cover the costs of evaluating and reducing lead-based paint hazards, as

defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

''(7) LIMITATIONS ON ADJUSTMENTS.—

''(A) GENERAL COMPARABILITY RULE.—Adjustments in the maximum rents under paragraphs (3) through (6) shall not result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, as determined by the Secretary.

''(B) COMPARABILITY STUDIES.—

''(i) To carry out subparagraph (A), the Secretary shall issue regulations to provide for conducting comparability studies for projects where the Secretary has reason to believe that the application of the formula adjustments under paragraph (3) would result in such material differences. The Secretary shall conduct such studies upon the request of any owner of any project, or as the Secretary determines to be appropriate by establishing, to the extent practicable, a modified annual adjustment factor for such market area, as the Secretary shall designate, that is geo-

graphically smaller than the applicable housing area used for the establishment of the annual adjustment factor under paragraph (3). The Secretary shall establish such modified annual adjustment factor on the basis of the results of a study conducted by the Secretary of the rents charged, and any change in such rents over the previous year, for assisted units and unassisted units of similar quality, type, and age in the smaller market area. Where the Secretary determines that such modified annual adjustment factor cannot be established or that such factor when applied to a particular project would result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, the Secretary may apply an alternative methodology for conducting comparability studies in order to establish rents that are not materially different from rents charged for comparable unassisted units.

"(ii) If the Secretary or appropriate State agency does not complete and submit to the project owner a comparability study not later than 60 days before the anniversary date of the assistance contract under this section, the automatic annual adjustment factor shall be applied. The Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted under this section (including projects assisted under this section as in effect prior to November 30, 1983), unless the project has been refinanced in a manner that reduces the periodic payments of the owner. Any maximum monthly rent that has been reduced by the Secretary after April 14, 1987, and prior to November 7, 1988, shall be restored to the maximum monthly rent in effect on April 15, 1987.

"(iii) For any project which has had its maximum monthly rents reduced after April 14, 1987, the Secretary shall make assistance payments (from amounts re-

served for the original contract) to the owner of such project in an amount equal to the difference between the maximum monthly rents in effect on April 15, 1987, and the reduced maximum monthly rents, multiplied by the number of months that the reduced maximum monthly rents were in effect.

''(e) FAIR MARKET RENTALS.—

''(1) IN GENERAL.—The Secretary shall establish fair market rentals under this subsection periodically, but not less than annually, for existing rental dwelling units suitable for occupancy by low-income families assisted under this section. The Secretary shall establish the fair market rental by housing market area for various sizes and types of dwelling units. For a market area, the fair market rental for any size and type of dwelling unit shall be a dollar amount not less than the amount that results in the rents charged for 45 percent of the standard quality rental units of such size and type in the market area being less than such dollar amount. For purposes of determining the dollar amount under the preceding sentence, the Secretary shall consider only rental units occupied by recent movers and shall not

consider public housing units, units for which market rents cannot be determined, and newly constructed units.

''(2) EFFECTIVENESS AND ADJUSTMENT.—The Secretary shall publish proposed fair market rentals for each area in the Federal Register with reasonable time for public comment, and such fair market rentals shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by families assisted under this section.

''(3) CERTAIN AREAS.—The Secretary shall establish separate fair market rentals under this subsection for Westchester County in the State of New York. The Secretary shall also establish separate fair market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market areas in which Monroe County

is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County.

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

''(f) AMOUNT OF MONTHLY ASSISTANCE PAYMENT AND DUE PROCESS RIGHTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the monthly assistance payment under this section with respect to any dwelling unit shall be the difference between the maximum monthly rent that the contract provides that the owner is to receive for the unit and the rent the family is required to pay under section 3(a).

''(2) INCREASED FAMILY PAYMENT.—A family on behalf of whom tenant-based assistance payments are made under this section may pay as rent for a dwelling unit assisted under this section more than

the amount specified under section 3(a), but only if—

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

''(B) such agency determines that the rent for the unit and the rental payments of the family are reasonable, after taking into account other family expenses (including child care, unreimbursed medical expenses, transportation, and other appropriate family expenses;

''(C) such amount does not exceed 40 percent of the family's monthly adjusted income; and

''(D) the public housing agency has first exercised any authority under paragraphs (1) and (2)(A) of subsection (d) to increase the maximum monthly rent for the dwelling unit.

The amount of the monthly assistance payment under this section with respect to a dwelling unit for a family paying rent as provided in this paragraph shall be the difference between an amount based on

the fair market rent and the rent the family is required to pay under section 3(a).

''(3) INCREASES IN ASSISTANCE PAYMENTS.—The Secretary shall take any action necessary, including making contracts for assistance payments in amounts exceeding the amounts required upon the initial renting of dwelling units, reserving annual contributions authority for the purpose of amending assistance contracts, or allocating a portion of new authorizations for the purpose of amending assistance contracts, to ensure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

''(4) REVIEWS OF FAMILY INCOMES.—

''(A) IN GENERAL.—Reviews of family incomes for purposes of this section shall be made annually and shall be subject to the provisions of section 904(e) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988. For families for whom an increased rental payment has been approved under paragraph (2), such review shall include determining whether the rent for the unit and the rental payments of the family continue to be reasonable, in ac-

cordance with subparagraphs (B) and (C) of paragraph (2).

''(B) PROCEDURES.—The Secretary shall establish procedures that are appropriate and necessary to ensure that income data provided to public housing agencies and owners by families applying for or receiving assistance under this section is complete and accurate.

''(C) CONFIDENTIALITY.—Any income information received pursuant to this paragraph shall remain confidential and shall be used only for the purpose of verifying incomes in order to determine eligibility of families for benefits (and the amount of such benefits, if any) under this section.

''(5) DUE PROCESS RIGHTS IN CASES OF ADVERSE ACTION.—In the case of any action proposed to be taken by a public housing agency, any family receiving assistance under this section adversely affected by such action shall have the right to at least the basic elements of due process with regard to such action, as follows:

''(A) Written notice of the intended adverse action and the reason for such action shall be provided to the family not less than 30

days before the action is to be taken, or, in a case where the health or safety of other families is threatened, a reasonable period of time considering the seriousness of the situation (but not to exceed 30 days).

''(B) The family shall have the right to request a hearing within 30 days after receipt of the notice.

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

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

''(E) The family shall have the right to examine the evidence supporting the action and all evidence that the public housing agency intends to use.

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

''(G) The hearing officer shall issue a written decision, which shall be based solely upon the evidence introduced at the hearing and which shall state the basis of the decision.

''(g) ELIGIBILITY OF UNITS FOR ASSISTANCE.—

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

"(A) OCCUPIED UNITS.—A dwelling unit under lease for occupancy by a family determined to be a low-income family at the time it initially occupies the dwelling unit or by a family that qualifies to receive assistance under this section pursuant to section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(B) UNOCCUPIED UNITS.—An unoccupied dwelling unit, but only if—

"(i)(I) a family vacates the dwelling unit before the expiration date of the lease for occupancy, or (II) a good faith effort is being made to fill the unoccupied unit; and

"(ii) the costs of such vacancy are not charged to or paid by the family vacating the dwelling unit.

Payments for units referred to in this subparagraph may be made only for a period not exceeding 60 days, except that such payments may be made, in the case of a newly con-

structed or substantially rehabilitated project, after the expiration of such 60-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after the expiration of such 60-day period if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.

''(2) OWNER'S STATUS.—A public housing agency shall not approve the rental of a dwelling unit if the owner—

''(A) is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations; or

''(B) has been convicted of drug trafficking.''

''(h) OTHER PROVISIONS OF ASSISTANCE CONTRACTS.—Contracts to make assistance payments entered into by any public housing agency (or by the Secretary)

with an owner of existing housing units shall meet the following requirements:

''(1) CONTRACT TERM.—Each assistance contract shall have a term of not less than one month nor more than 180 months. The Secretary shall permit public housing agencies to enter into assistance contracts having terms of less than 12 months to the extent necessary to avoid disruption in assistance to eligible families if the annual contributions contract for the agency under subsection (b) will expire within 1 year.

''(2) PREFERENCES.—Each assistance contract shall provide that, in making assistance available pursuant to the contract—

''(A) for not less than 70 percent of the families who initially receive project-based assistance, and

''(B) for not less than 90 percent of the families who initially receive tenant-based assistance in any 1-year period,

preference shall be given to families that (i) occupy substandard housing (including families that are homeless or living in a shelter for homeless families), (ii) are paying more than 50 percent of family income for rent, or (iii) are involuntarily displaced (in-

cluding displacement because of disposition of a multifamily housing project under section 203 of the Housing and Community Development Amendments of 1978) at the time they are seeking assistance under this section.

''(3) SECONDARY PREFERENCES.—Each assistance contract shall provide that, for any assistance remaining in any 1-year period after assistance is made available pursuant to paragraph (2), preference for such assistance shall be given to families who qualify under a system of local preferences established by the public housing agency in writing and after public hearing to respond to local housing needs and priorities, which may include—

''(A) assisting very low-income families who either reside in transitional housing assisted under title IV of the Stewart B. McKinney Homeless Assistance Act or participate in a program designed to provide public assistance recipients with greater access to employment and educational opportunities;

''(B) assisting families in accordance with subsection (q)(1)(B);

''(C) assisting families identified by local public agencies involved in providing for the

welfare of children as having a lack of adequate housing that is a primary factor in the imminent placement of a child in foster care, or in preventing the discharge of a child from foster care and reunification with his or her family;

''(D) assisting youth, upon discharge from foster care, in cases in which return to the family or extended family or adoption is not available;

''(E) assisting veterans who are eligible and have applied for assistance, will use the assistance for a dwelling unit designed for the handicapped, and, upon discharge or eligibility for discharge from a hospital or nursing home, have physical disability which, because of the configuration of their homes, prevents them from access to or use of their homes; and

''(F) achieving other objectives of national housing policy as established by law.

''(4) TENANT SELECTION.—Each assistance contract shall provide that the selection of tenants for such dwelling units shall be the function of the owner, subject to any provisions of the annual contributions contract between the Secretary and the

agency. The owner shall use tenant selection criteria, which shall provide as follows:

"(A) PROHIBITION OF PERSONS ENGAGED IN DRUG ACTIVITY.—The criteria shall prohibit any individual or family evicted from housing assisted under this Act by reason of drug-related criminal activity from having a preference under any provision of this paragraph for 3 years unless the evicted tenant successfully completes a rehabilitation program approved by the agency or owner. The agency or the owner may waive the application of the preceding sentence under standards established by the Secretary, which shall provide for such waiver for any member of a family of an individual prohibited from tenancy under this subparagraph who the agency or owner determines clearly did not participate in and had no knowledge of such criminal activity or when circumstances leading to eviction no longer exist.

"(B) OTHER REQUIREMENTS FOR PROJECT-BASED ASSISTANCE.—With respect only to project-based assistance, the criteria shall—

''(i) be consistent with the purpose of improving housing opportunities for very low-income families;

''(ii) be reasonably related to program eligibility and an applicant's ability to perform the obligations of the assisted lease;

''(iii) be established in writing; and

''(iv) provide for the owner to promptly provide to any rejected applicant (I) written notice of the grounds for the rejection, and (II) an opportunity to meet with the decision maker to evaluate the validity of the reasons for rejection and rectify any erroneous decisions.

''(5) LEASE PROVISIONS.—Each assistance contract shall provide that the lease between the tenant of any unit and the owner—

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

''(B) shall contain other terms and conditions specified by the Secretary, including provisions meeting the requirements of paragraphs (6), (7), and (8); and

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

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

"(7) TERMINATION FOR ACTIVITY.—Each assistance contract shall provide that any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants, any activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises, or any drug-related criminal activity on or

near such premises, engaged in by a tenant of any unit, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy.

''(8) NOTICE OF TERMINATION OF TENANCY.—Each assistance contract shall provide that before terminating the tenancy of any tenant, the owner shall provide written notice to the tenant specifying the legal and factual grounds for such action, which shall be provided in accordance with any requirements under State or local law.

''(9) MAINTENANCE AND REPLACEMENT.—Each assistance contract shall provide that maintenance and replacement (including redecoration) shall be performed in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency (or the Secretary). With the approval of the Secretary, the public housing agency administering a contract under this section with respect to existing housing units may exercise all management and maintenance responsibilities with respect to the units pursuant to a contract between such agency and the owner of such units.

''(10) HOUSING QUALITY STANDARDS.—

"(A) INSPECTION.—The Secretary shall require (with respect to any unit) that (A) the public housing agency inspect the unit before any assistance payment may be made to determine that it meets housing quality standards for decent, safe, and sanitary housing established by the Secretary for the purpose of this section, and (B) the public housing agency make annual or more frequent inspections during the contract term. No assistance payment may be made for a dwelling unit which fails to meet such quality standards, unless any such failure is promptly corrected by the owner and the correction verified by the public housing agency.

"(B) FAILURE TO CORRECT SERIOUS NONCOMPLIANCE.—If any serious noncompliance with such standards is not corrected within a reasonable period of time after such notification, the agency (or the Secretary) may withhold some or all of the assistance amounts under this section with respect to the unit and promptly—

"(i) use such amounts to make necessary repairs or contract to have such repairs made;

"(ii) release any withheld amounts to the owner after repairs are made by the owner, in an amount not exceeding the cost of the repairs; or

"(iii) release any withheld amounts to the applicable State or local housing agency after repairs are made by such agency, in an amount not exceeding the cost of the repairs.

"(11) STANDARDS AND OBLIGATIONS OF RESIDENCY IN HOUSING RECEIVING PROJECT-BASED ASSISTANCE.—Each assistance contract for project-based assistance under subsection (i) shall provide that the owner shall ensure and maintain compliance with subtitle C of title VI of the Housing and Community Development Act of 1992 and any regulations issued under such subtitle.

"(12) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assistance contract for tenant-based assistance under this paragraph, the Secretary may increase the amount annually provided with respect to such

project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

''(13) OTHER.—Each assistance contract shall provide that the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by the agency and owner.

''(i) PROJECT-BASED ASSISTANCE.—

''(1) AUTHORITY.—Pursuant to an annual contributions contract entered into under subsection (b), a public housing agency may enter into a assistance contract providing for assistance payments under this section that are attached to a structure.

''(2) REQUIREMENTS.—Any public housing agency may approve project-based assistance under this subsection with respect to any or all of the assistance provided by the public housing agency if—

''(A) the owner agrees to rehabilitate the structure other than with assistance under this Act and the owner otherwise complies with the requirements of this section; and

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

"(3) LONG-TERM AFFORDABILITY.—

"(A) IN GENERAL.—In the case of an assistance contract for project-based assistance under this subsection, a public housing agency shall enter into a contract with an owner, contingent upon the future availability of appropriations for the purpose of renewing expiring contracts for assistance payments as provided in appropriations Acts, to extend the term of the underlying assistance contract for such period or periods as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have the extensions of the assistance contract accepted by the owner and the owner's successors in interest.

"(B) TERM OF ASSISTANCE FOR LOW-INCOME HOUSING PRESERVATION.—The contract for assistance may, at the option of the public housing agency, have an initial term not exceed-

ing 15 years for any assistance that is attached—

"(i) to projects assisted under a State program that permits the owner of the projects to prepay a State assisted or subsidized mortgage on the structure; and

"(ii) for the purpose of providing incentives to owners to preserve such projects for occupancy by low- and moderate-income families (for the period that assistance under this subparagraph is available) and assisting low-income tenants to afford any increases in rent that may be required to induce the owner to maintain occupancy in the project by low- and moderate-income tenants.

Any assistance provided to low-income tenants in the manner described in this subparagraph shall not be considered for purposes of the limitation under subsection (h)(2) regarding the percentage of families that may receive assistance under this section who do not qualify for preferences under such subsection.

"(4) SERVICE COORDINATORS.—In determining the amount of assistance provided under an assist-

ance contract for project-based assistance under this subsection or a contract for assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of this Act (as such section existed before October 1, 1983), the Secretary may increase the amount annually provided with respect to such project to provide for the costs of employing or otherwise retaining the services of one or more service coordinators under section 671 of the Housing and Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

''(j) TERMINATION OF ASSISTANCE CONTRACTS.—

''(1) TERMINATION OF TENANT-BASED ASSISTANCE.—

''(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under this section for tenant-based assistance shall provide written notice to the public housing agency and the tenants involved of the proposed termination not less than 30 days before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable

the agency to evaluate whether the termination is lawful.

''(B) REVIEW OF NOTICE BY PHA.—The public housing agency shall review the notice and issue a written finding of the legality of the termination and the reasons for the termination. Within 5 days after issuance of the findings, the owner shall provide written notice to each tenant of the decision, together with the written findings of the agency regarding the termination.

''(2) TERMINATION OF PROJECT-BASED ASSISTANCE CONTRACTS.—

''(A) NOTICE BY OWNER.—Any owner terminating any assistance contract under subsection (i) for project-based assistance shall provide written notice to the Secretary and the tenants involved of the proposed termination not less than one year before the termination of the contract. The notice shall specify the date of the termination and the reasons for the termination, with detail sufficient to enable the Secretary to evaluate whether the termination is lawful and whether additional actions can be taken by the Secretary to avoid the termination.

The notice shall include a statement that the owner and the Secretary may agree to a renewal of the contract, thus avoiding the termination.

''(B) REVIEW OF NOTICE BY SECRETARY.—The Secretary shall review the notice, shall consider whether additional actions can be taken by the Secretary to avoid the termination, and shall ensure a proper adjustment of the contract rents for the project in compliance with the requirements of subsection (d) and subparagraph (C) of this subsection. The Secretary shall issue a written finding of the legality of the termination and the reasons for the termination, including the actions considered or taken to avoid the termination. Within 30 days after issuance of the findings, the owner shall provide written notice to each tenant of the decision, together with the written findings of the Secretary regarding the termination. The Secretary and the owner shall complete the actions under this paragraph not later than the expiration of the 9-month period beginning upon the date that the owner provides

written notice of termination under subparagraph (A).

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

''(4) NOTICE OF RENT INCREASES.—Each assistance contract for assistance under this section shall require the owner to notify tenants at least 90 days before the expiration of the contract of any rent increase which may occur as a result of the expiration of such contract.

''(5) DEFINITION OF TERMINATION.—For purposes of this subsection, the term 'termination' means the expiration of the assistance contract or the refusal of the owner to renew an assistance contract, which shall include the termination of tenancy by an owner for business reasons.

''(k) RENTAL ASSISTANCE FOR MANUFACTURED HOUSING.—

"(1) IN GENERAL.—The Secretary may enter into contracts to make assistance payments under this subsection to assist low-income families by making rental assistance payments on behalf of any such family that utilizes a manufactured home as its principal place of residence. In carrying out this subsection, the Secretary may—

"(A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into assistance contracts to make such assistance payments to the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems; or

"(B) enter into such contracts directly with the owners of such real property, if such owners agree to make good faith efforts to ensure that such property complies with local health and safety standards for water and sewage systems.

"(2) USE OF ASSISTANCE.—Rental assistance payments under this subsection may be made with respect to the rental of the real property on which

is located a manufactured home that is owned by a low-income family or with respect to the rental by such a family of a manufactured home and the real property on which it is located.

''(3) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME SITE.—

''(A) MAXIMUM MONTHLY RENT.—A contract entered into pursuant to this paragraph shall establish the maximum monthly rent (including maintenance and management charges) that the owner is entitled to receive for the space on which a manufactured home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

''(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents real property that is assisted under this paragraph, and on which is located a manufactured home that is owned by such family shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly payment made by such family to amortize the cost of purchasing the manufactured home;

"(ii) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(iii) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its manufactured home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(4) ASSISTANCE FOR RENTAL OF MANUFACTURED HOME AND SITE.—

"(A) MAXIMUM MONTHLY RENT.—Contracts entered into pursuant to this paragraph shall establish the maximum monthly rent permitted with respect to the manufactured home and the real property on which it is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed an amount approved or established by the Secretary.

"(B) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of any monthly assistance payment with respect to any family that rents a manufactured home and the real property on which it is located and that is assisted under this paragraph shall be the difference between the rent the family is required to pay under section 3(a) and the sum of—

"(i) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(ii) the maximum monthly rent permitted with respect to the manufactured home and real property on which it is located.

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

"(6) CONTRACT TERM.—Each contract entered into under the subsection shall be for a term of not less than one month and not more than 180 months; except that in any case in which the manufactured home park is substantially rehabilitated or newly

constructed, such term may not be less than 240 months, nor more than the maximum term for a manufactured home loan permitted under section 2(b) of the National Housing Act.

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

''(8) LIMITATION ON SUBSTANTIALLY REHABILITATED AND NEWLY CONSTRUCTED MANUFACTURED HOME PARKS.—In the case of any substantially rehabilitated or newly constructed manufactured home park containing spaces with respect to which assistance is made under this subsection, the principal amount of the mortgage attributable to the rental spaces within the park may not exceed an amount established by the Secretary which is equal to or less than the limitation for manufactured home parks described in section 207(c)(3) of the National Housing Act, and the Secretary may increase such limitation in high cost areas in the manner described in such section.

''(9) OTHER REQUIREMENTS.—The Secretary may prescribe other terms and conditions necessary for the purpose of carrying out this subsection and

that are consistent with the purposes of this subsection.

''(l) SINGLE ROOM OCCUPANCY FACILITIES.—

''(1) AUTHORITY.—In making assistance available under this section and assistance under section 441 and part V of subtitle F of title IV of the Stewart B. McKinney Homeless Assistance Act, the Secretary may provide assistance with respect to residential properties in which some or all of the dwelling units do not contain bathroom or kitchen facilities, if the unit of general local government in which the property is located and the local public housing agency certify to the Secretary that the property complies with local health and safety standards.

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

''(m) HOUSING FOR ELDERLY AND DISABLED FAMILIES.—

''(1) SHARED HOUSING.—To assist elderly families and disabled families (as defined in section 3(b)) who elect to live in a shared housing arrangement in which they benefit as a result of sharing the

facilities of a dwelling with others in a manner that effectively and efficiently meets their housing needs and thereby reduces their costs of housing, the Secretary shall permit assistance provided under this section to be used by such families in such arrangements. In carrying out this subsection, the Secretary shall issue minimum habitability standards for the purpose of ensuring decent, safe, and sanitary housing for such families while taking into account the special circumstances of shared housing.

''(2) PRIORITY FOR NONELDERLY DISABLED FAMILIES.—In allocating assistance under this section, a public housing agency that serves more than one unit of general local government may, at the discretion of the agency, give priority to disabled families that are not elderly families.

''(3) AUTHORITY TO PROVIDE PREFERENCES FOR THE ELDERLY AND RESERVE UNITS FOR THE DISABLED.—Notwithstanding subsection (h)(2) or (3), an owner of a covered section 8 housing project (as such term is defined in section 659 of the Housing and Community Development Act of 1992) may give preference for occupancy of dwelling units in the project, and reserve units for occupancy, in ac-

cordance with subtitle D of title VI of the Housing and Community Development Act of 1992.

''(n) ADMINISTRATIVE FEES.—

''(1) BASIC FEE FOR TENANT-BASED RENTAL PROGRAM.—The Secretary shall establish a fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section, which shall be, together with other fees authorized under this subsection, included in any amounts provided to the public housing agency under the annual contributions contract for the agency. The amount of the fee for each month for which a dwelling unit is covered by an assistance contract shall be 8.2 percent of the fair market rental established under subsection (e) for a 2-bedroom existing rental dwelling unit in the market area of the public housing agency. The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

''(2) OTHER FEES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

''(A) the costs of preliminary expenses that a public housing agency documents it has in-

curred in connection with new allocations of assistance under the program for rental assistance under this section, which shall not exceed $275 per unit assisted;

''(B) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

''(C) extraordinary costs approved by the Secretary.

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

''(4) FEES FOR 1995 AND 1996.—Notwithstanding any other provision of this subsection, the basic fee for the costs incurred by a public housing agency in administering the program for rental assistance under this section during fiscal years 1995 and 1996 shall be equal to the fee determined for fiscal year 1993 under section 11(a) of the HUD Demonstration Act of 1993.

''(o) PORTABILITY OF ASSISTANCE.—

''(1) AUTHORITY.—Except as provided in paragraphs (3) and (4), any family on behalf of whom

is provided tenant-based rental assistance under this section and who moves to an eligible dwelling unit located within the same State, or the same or a contiguous metropolitan statistical area, as the metropolitan statistical area within which is located the area of jurisdiction of the public housing agency approving the assistance for the family, may use such assistance to rent such eligible dwelling unit.

''(2) ADMINISTRATION.—The public housing agency having authority with respect to the dwelling unit to which a family moves under this subsection shall have the responsibility of carrying out the provisions of this section with respect to the family. If no public housing agency has authority with respect to the dwelling unit to which a family moves under this subsection, the public housing agency approving the assistance shall have such responsibility.

''(3) LOCAL OPTION TO ENSURE MINIMUM AREA RESIDENCY.—At the discretion of a public housing agency, the agency may provide that a family not living within the jurisdiction of a public housing agency at the time such family applies for or receives assistance from the agency may use tenant-based rental assistance under this section to rent an eligible dwelling unit that is not located within the

area of jurisdiction of the agency approving the assistance only if, before such use, the family has rented and occupied an eligible dwelling unit within such original jurisdiction for not less than 12 consecutive months using assistance provided by such agency.

''(4) PROHIBITION OF PORTABILITY IN CASES OF LEASE VIOLATION.—A family may not use tenant-based rental assistance as provided in paragraph (1) if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

''(5) ALLOCATIONS DUE TO PORTABILITY.—In determining the amount of rental assistance provided under an annual contributions contract for any fiscal year, the Secretary shall consider any reduction in the number of resident families incurred by a public housing agency in the preceding fiscal year as a result of the provisions of this subsection.

''(6) PROVISION OF RENTAL ASSISTANCE FOR PORTABILITY PURPOSES.—

''(A) AMOUNT.—To the extent amounts for assistance under this section that are reserved under section 213(d)(4) of the Housing and Community Development Act of 1974 are available in a fiscal year, the Secretary shall provide

rental assistance under this section in accordance with this paragraph.

''(B) USE.—Amounts provided for use under this paragraph shall be used only to provide a public housing agency with additional amounts (as determined under subparagraph (C)) to provide assistance for families on behalf of whom assistance is provided under this section by another public housing agency and who move into an eligible dwelling unit located within the area of jurisdiction of the agency to receive assistance under this paragraph.

''(C) REQUIREMENT.—Amounts provided for use under this paragraph may be made available to a public housing agency in a fiscal year only if, during such fiscal year, the agency has provided assistance pursuant to the first sentence of paragraph (2) on behalf of families who have moved into eligible dwelling units located within the area of jurisdiction of the agency in an amount not less than the lesser of (i) 5 percent of the total amount received by the agency for assistance under this section for the fiscal year, or (ii) the amount necessary to assist 25 percent of the average annual number

of families previously assisted by the agency who relinquish such assistance in a year (based on the preceding 3 calendar years).

''(p) PROHIBITION OF DISCRIMINATION.—In selecting families for the provision of assistance under this section, a public housing agency may not exclude or penalize a family solely because the family resides in a public housing project.

''(q) SPECIAL USES OF RENTAL ASSISTANCE.—

''(1) ASSISTANCE FOR RESIDENTS OF REHABILITATED PROJECTS.—In the case of low-income families living in rental projects rehabilitated under section 17 of this Act or section 533 of the Housing Act of 1949 before rehabilitation—

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

''(B) at the discretion of each public housing agency, tenant-based rental assistance under this section may be provided for families who would have to pay more than 30 percent of their adjusted income for rent after rehabilita-

tion whether they choose to remain in, or to move from, the project; and

''(C) the Secretary shall allocate tenant-based rental assistance provided under this section to ensure that sufficient resources are available to address the physical or economic displacement, or potential economic displacement, of existing tenants pursuant to subparagraphs (A) and (B).

''(2) LOAN MANAGEMENT ASSISTANCE.—

''(A) IN GENERAL.—The Secretary may provide assistance under this section through a loan management program to assist financially troubled multifamily residential housing projects (i) subject to mortgages that are insured under the National Housing Act or mortgages that have been assigned to the Secretary, (ii) that were held by the Secretary and have been sold, and (iii) that were assisted under section 202 of the Housing Act of 1959.

''(B) ELIGIBILITY.—The eligibility of a multifamily residential project for loan management assistance under this paragraph shall be determined without regard to whether the project is subsidized or unsubsidized.

"(C) EXTENSION OF CONTRACT.—The Secretary shall extend any expiring contract entered into under this section for loan management assistance or execute a new contract for project-based loan management assistance, if the owner agrees to continue providing housing for low-income families during the term of the contract.

"(3) ASSISTANCE FOR FAMILY UNIFICATION.—

"(A) IN GENERAL.—The Secretary may provide assistance under this section to be used only in connection with tenant-based assistance under this section on behalf of any family (i) who is otherwise eligible for such assistance, and (ii) who the public child welfare agency for the jurisdiction has certified is a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care or the delayed discharge of a child or children to the family from out-of-home care.

"(B) ALLOCATION.—Any amounts made available under this paragraph shall be allocated by the Secretary through a national competition among applicants based on dem-

onstrated need for assistance under this paragraph. To be considered for assistance, an applicant shall submit to the Secretary a written proposal containing a report from the public child welfare agency serving the jurisdiction of the applicant that describes how a lack of adequate housing in the jurisdiction is resulting in the initial or prolonged separation of children from their families, and how the applicant will coordinate with the public child welfare agency to identify eligible families and provide the families with assistance under this paragraph.

''(C) DEFINITIONS.—For purposes of this paragraph:

''(i) APPLICANT.—The term 'applicant' means a public housing agency.

''(ii) PUBLIC CHILD WELFARE AGENCY.—The term 'public child welfare agency' means the public agency responsible under applicable State law for determining that a child is at imminent risk of placement in out-of-home care or that a child in out-of-home care under the supervision of the public agency may be returned to his or her family.

"(D) REPORT.—The Secretary shall include in each annual report of the Secretary under section 8 of the Department of Housing and Urban Development Act information specifying the number of families assisted pursuant to this paragraph during the preceding 2-year period and the number of communities in which such assistance was used, describing the extent of cooperation between public housing agencies and public child welfare agencies in timely identifying families for which such assistance is appropriate and in providing such assistance, and describing any impediments to providing such assistance.

"(r) RENEWAL OF EXPIRING CONTRACTS.—

"(1) 5-YEAR PLAN.—Not later than 30 days after the beginning of each fiscal year, the Secretary shall publish in the Federal Register a plan for reducing, to the extent feasible, year-to-year fluctuations in the levels of budget authority that will be required over the succeeding 5-year period to renew expiring assistance contracts entered into under this section after the enactment of the Housing and Community Development Act of 1974. To the extent necessary to carry out such plan and to the extent

approved in appropriations Acts, the Secretary is authorized to enter into annual contributions contracts with terms of less than 60 months.

''(2) NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION PROJECTS.—Subject only to the availability of budget authority to carry out this paragraph and to the absence of owners agreeing to enter into new contracts, the Secretary shall enter into new contracts under subtitle D of title I of the Housing and Community Development Act of 1994 to provide project-based assistance for qualified housing (as such term is defined in section 163 of such subtitle) to owners of such housing.

''(s) GENERAL PROVISIONS.—

''(1) PLEDGING ASSISTANCE CONTRACTS AS SECURITY.—An owner may pledge, or offer as security for any loan or obligation, an assistance contract entered into pursuant to this section, but only if such security is in connection with a project constructed or rehabilitated pursuant to authority under this section and the terms of the financing or any refinancing have been approved by the Secretary.

''(2) HOUSING COUNSELING FOR RENTAL CHOICE.—Each public housing agency that provides rental housing assistance under this section on be-

half of low-income families shall notify such assisted families of the availability of any entity in the jurisdiction of the agency providing rental housing counseling under section 106(a)(4) of the Housing and Urban Development Act of 1968.

''(t) DEFINITIONS.—For purposes of this section:

''(1) ANNUAL CONTRIBUTIONS CONTRACT.—The term 'annual contributions contract' means a contract under subsection (b) between the Secretary and a public housing agency to provide amounts for rental assistance payments under this section to the public housing agency.

''(2) ASSISTANCE CONTRACT.—The term 'assistance contract' means a contract under subsection (c) between a public housing agency (or the Secretary) and an owner to make rental assistance payments under this section to the owner.

''(3) DEBT SERVICE.—The term 'debt service' means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act.

''(4) DRUG-RELATED CRIMINAL ACTIVITY.—The term 'drug-related criminal activity' means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or

use, of a controlled substance (as such term is defined in section 102 of the Controlled Substances Act).

''(5) OWNER.—The term 'owner' means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having the legal right to lease or sublease dwelling units, and such term shall include any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project (as such term is defined in subsection (p)(3)), as well as the entity itself.

''(6) PARTICIPATING JURISDICTION.—The term 'participating jurisdiction' means a State or unit of general local government designated by the Secretary to be a participating jurisdiction under title II of the Cranston-Gonzalez National Affordable Housing Act.

''(7) PROJECT-BASED ASSISTANCE.—The term 'project-based assistance' means rental assistance under this section that is attached to a structure pursuant to subsection (i).

''(8) RENT.—The terms 'rent' and 'rental' include, with respect to members of a cooperative, the

charges under the occupancy agreements between such members and the cooperative.

''(9) RENTAL ASSISTANCE.—The term 'rental assistance' means assistance provided under this section on behalf of low-income families for the rental of a dwelling unit.

''(10) TENANT-BASED ASSISTANCE.—The term 'tenant-based assistance' means rental assistance under this section that is not project-based assistance.''.

(b) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 is amended—

(A) in section 3(a)(1) (42 U.S.C. 1437a(a)(1)), by striking ''(other than a family assisted under section 8(o) or (y) or paying rent under section 8(c)(3)(B))'' and inserting ''(other than a family assisted under section 8(t) or paying rent under section 8(f)(2))'';

(B) in section 5 (42 U.S.C. 1437c)—

(i) in subsection (c)(7)(C), by striking ''section 8(b)(1)'' each place it appears and inserting ''section 8'';

(ii) in subsection (j)(1)(B)(i), by striking ''section 8(o)(6)'' and inserting ''section 8''; and

(iii) in subsection (j)(1)(D), by striking ''subsection (b) or (o) of'';

(C) in section 6(p)(1)(B) (42 U.S.C. 1437d(p)(1)(B)), by striking ''holding certificates and vouchers'' and inserting ''eligible and approved for assistance'';

(D) in section 21(b)(3)—

(i) by striking ''a certificate under section 8(b)(1) or a housing voucher under section 8(o)'' and inserting ''tenant-based assistance under section 8''; and

(ii) by striking ''such certificate'' and inserting ''such assistance'';

(E) in section 23—

(i) in subsection (a), by striking ''assistance under the certificate and voucher programs'' and inserting ''tenant-based assistance'';

(ii) in subsection (b)—

(I) in paragraph (1), by striking ''assistance under subsection (b) or

(o) of'' and inserting ''tenant-based assistance under''; and

(II) in paragraph (4), by striking ''Assistance under the certificate or voucher programs'' and inserting ''Tenant-based assistance'';

(iii) in subsection (c)(1), by striking ''assistance under the certificate and voucher programs of'' and inserting ''tenant-based assistance from'';

(iv) in subsection (d)(3) (as added by section 185(b) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3747)), by striking ''section 8(y)'' and inserting ''section 8(t)''; and

(v) in subsection (h)(1)—

(I) by striking ''section 8(q) for the costs incurred in administering the provision of certificate and voucher'' and inserting ''section 8(n) for the costs incurred in administering the provision of tenant-based''; and

(II) by striking ''section 8(q)(2)(A)(i)'' and inserting ''section 8(n)(2)(A)''; and

(G) in section 304(g)(3) (42 U.S.C. 1437aaa–3(g)(3)), by striking ''section 8(b)(2) and section 8(o)(9)'' and inserting ''section 8''.

(2) ALLOCATION OF ASSISTED HOUSING FUNDS.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439) is amended—

(A) in subsection (d)—

(i) in paragraph (1)(A)(ii), by striking ''section 8(b)(1)'' each place it appears and inserting ''section 8''; and

(ii) in paragraph (2), by striking ''section 8(d)'' and inserting ''section 8(i)'';

(B) in subsection (e), by striking ''section 8(b)(1)'' and inserting ''section 8''.

(3) SUPPORTIVE HOUSING FOR ELDERLY FAMILIES.—Section 801(d)(1)(B) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is amended by striking ''section 8(c)(1)'' and inserting ''section 8(e)''.

(4) ELDERLY INDEPENDENCE.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended—

(A) in subsection (a), by striking ''housing certificates and vouchers'' and inserting ''assistance under section 8 of the United States Housing Act of 1937''; and

(B) in subsection (b)—

(i) in the 1st sentence, by striking ''not more than 1,500 incremental vouchers and certificates under sections 8(b) and 8(o) of the United States Housing Act of 1937'' and inserting ''incremental assistance under section 8 of the United States Housing Act of 1937 on behalf of not more than 1,500 frail elderly persons'';

(ii) in the 3rd sentence, by striking ''the housing certificate or voucher program of the agency'' and inserting ''the agency's program for assistance under such section 8''; and

(iii) in the last sentence, by striking ''sections 8(b) and 8(o)'' and inserting ''section 8''.

(5) REVISED CONGREGATE HOUSING SERVICES.—Section 802(k)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(k)(6)(B)) is amended by striking ''subsection (d)(2)'' and inserting ''subsection (i)''.

(6) HOUSING FOR PERSONS WITH AIDS.—Subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act is amended—

(A) in section 859(a)(2) (42 U.S.C. 12908(a)(2)) by striking ''section 8(p)'' each place it appears and inserting ''section 8(m)(1)''; and

(B) in section 860(a) (42 U.S.C. 12909(a)), by striking ''section 8(n)'' and inserting ''section 8(l)''.

(7) MCKINNEY ACT.—Section 441(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(b)) is amended—

(A) by striking ''section 8(n)'' and inserting ''section 8(l)''; and

(B) by adding at the end the following new sentence: ''Moderate rehabilitation under this section shall be carried out in the manner provided under the provisions of section 8(e) of the United States Housing Act of 1937, as such

section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994.''.

(8) FLEXIBLE SUBSIDY PROGRAM.—Section 201 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a) is amended—

(A) in subsection (m)(2)(A), by striking ''section 8(b)(1)'' and inserting ''section 8''; and

(B) in subsection (o), by striking ''section 8(v)'' and inserting ''section 8(q)(2)''.

(9) HUD-OWNED PROJECTS.—Section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11) is amended—

(A) in subsection (e)(1)(D)—

(i) in clause (i)(IV), by inserting before the semicolon the following: '', as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Hous-

ing and Community Development Act of 1994''; and

(ii) in clause (ii), by striking ''section 8(b)'' and inserting ''section 8'';

(B) in subsection (g)(2), by striking '', 8(d)(1)(A)(i), and 8(o)(3)(B)'' and inserting '' and 8(h)(2)(iii)''; and

(C) in subsection (h)(2), by striking ''section 8(c)'' and inserting ''section 8(e)''.

(10) HOUSING ACCESS.—Section 204 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–12) is amended by striking ''to a holder of a certificate of eligibility under that section solely because of such prospective tenant's status as a certificate holder'' and inserting ''to a family that is approved for assistance under such section solely because of such family's status as assisted under such section''.

(11) ELIHPA OF 1987.—The references in sections 225(b)(3)(D), 226(a)(3), and 228(a)(4) of the Emergency Low Income Housing Preservation Act of 1987 (as in effect immediately before the enactment of the Cranston-Gonzalez National Affordable Housing Act) to section 8(b) of the United States Housing Act of 1937 shall be considered to refer to

section 8(e) of the United States Housing Act of 1937 (as amended by the Housing and Community Development Act of 1994).

(12) LIHPRHA OF 1990.—Title II of the Housing and Community Development Act of 1987 (42 U.S.C. 4101 et seq.) is amended—

(A) in section 215(a)—

(i) in paragraph (1), by striking ''section 8(c)'' and inserting ''section 8(e)''; and

(ii) in paragraph (2), by striking ''section 8(c)(1)'' and inserting ''section 8(e)(1)'';

(B) in section 220(d)(3)(B), by striking ''section 8(c)'' and inserting ''section 8(e)'';

(C) in section 222—

(i) in subsection (a)(2)(D), by striking ''section 8(c)'' and inserting ''section 8(e)''; and

(ii) in subsection (d)(2)(C)(i), by striking ''sections 8(b) and 8(o) of the United States Housing Act of 1937 (other than project-based assistance attached to the housing)'' and inserting ''tenant-based

assistance under section 8 of the United States Housing Act of 1937'';

(D) in section 223(a), by striking ''the certificate and voucher programs under sections 8(b) and 8(o)'' and inserting ''section 8''; and

(E) in section 226(b)(6)(B), by striking ''sections 8(d)(1)(A) and 8(o)(3)'' and inserting ''section 8(h)(2)''.

(13) DISASTER RELIEF.—

(A) TENANT-BASED ASSISTANCE.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended—

(i) in the section heading, by striking ''**CERTIFICATES AND VOUCHERS**'' and inserting ''**TENANT-BASED ASSISTANCE**''; and

(ii) by striking ''assistance under the certificate and voucher programs under sections 8 (b) and (o)'' and inserting ''tenant-based assistance under section 8''.

(B) MODERATE REHABILITATION ASSISTANCE.—Section 932 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by inserting after

''such Act'' the following: '', as such section was in effect (pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act) immediately before the enactment of the Housing and Community Development Act of 1994,''.

(14) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522(f)(6)(B) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) by striking ''assistance under section 8(b)'' and inserting ''tenant-based assistance under section 8''; and

(B) by striking ''section 8(d)(1)(A)(i)'' and inserting ''section 8(h)(2)''.

(15) PUBLIC HOUSING NEW CONSTRUCTION INCOME ELIGIBILITY.—Section 545(c)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended by striking ''section 8(d)(1)(A)(ii)'' and inserting ''section 8(h)(3)''.

(16) SECTION 8 EXCESSIVE RENT BURDEN DATA.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(A) in paragraph (1), by striking ''under the certificate and voucher programs established'' and inserting ''with tenant-based assistance'';

(B) in the first sentence of paragraph (2), by striking '', for each'' and all that follows through ''participating in the program'' and inserting ''the percentage of families receiving tenant-based assistance''; and

(C) in paragraph (3), by striking ''assistance under the certicate or voucher program'' and inserting ''tenant-based assistance under section 8 of the United States Housing Act of 1937''.

(17) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m) is amended by striking ''assistance payments as provided by section 8(o)'' and inserting ''tenant-based assistance payments under section 8 (including assistance in accordance with section 8(f)(2)''.

(18) FEDERALLY ASSISTED HOUSING OCCUPANCY STANDARDS.—Section 643(b)(2) of the Housing and Community Development Act of 1992 (42

U.S.C. 13603(b)(2)) is amended by striking ''section 8(d)(1)'' and inserting ''section 8(h)''.

(19) RESERVATION OF SECTION 8 UNITS FOR DISABLED FAMILIES.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking ''section 8(d)(1)(A)(i) of the United States Housing Act of 1937 and the first sentence of section 8(o)(3)(B) of such Act'' and inserting ''section 8(h)(2) of the United States Housing Act of 1937''.

(20) GAO REPORT ON LEAD EXPOSURE.—Section 1056(a) of the Housing and Community Development Act of 1992 (42 U.S.C. 4855) is amended by striking ''subsections (b) and (o) of''.

(21) NATIONAL HOUSING ACT.—The National Housing Act is amended—

(A) in section 203(v) (12 U.S.C. 1709(v)), as added by section 185(c)(1)(B) of the Housing and Community Development Act of 1992, by striking ''section 8(y)'' and inserting ''section 8(t)''; and

(B) in section 236(f)(5)(A)(i) (12 U.S.C. 1715z–1(f)(5)(A)(i)), by striking ''section 8(c)'' and inserting ''section 8(e)''.

(c) APPLICABILITY.—The amendments under this section are made on the date of the enactment of this Act, but shall apply on and after October 1, 1996, only to assistance under section 8 of the United States Housing Act of 1937 provided pursuant to an assistance contract entered into or renewed on or after such date. Any such assistance provided pursuant to an assistance contract entered into before such date shall be subject to the provisions of such section 8 as in effect immediately before the enactment of this Act or otherwise applicable to such assistance.

(d) TRANSITION.—

(1) CONVERSION.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs, as such programs existed before the date of the enactment of this Act, to the certificate program established under the amendments under this section.

(2) CONTINUATION OF ASSISTANCE.—The Secretary of Housing and Urban Development shall take any action necessary to ensure that the provision of assistance under section 8 of the United States Housing Act of 1937 to families receiving assistance under such section on the date of the enact-

ment of this Act is not interrupted because of the amendments under this section.

(e) REGULATIONS.—The Secretary shall implement the amendments under this section by regulation issued after notice and opportunity for public comment.

(f) HOUSING CONSELING FOR HOMEOWNERSHIP AND RENTAL CHOICE.—

(1) RENTAL COUNSELING.—Section 106(a) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(a)) is amended by adding at the end the following new paragraph:

''(4) RENTAL COUNSELING.—The Secretary of Housing and Urban Development may contract with national, State, or community-based entities (including local community action agencies receiving assistance under the Community Services Block Grant Act), and consortia of such entities, and local public or private organizations (including public housing agencies) to carry out counseling activities for current and prospective residents of public housing and housing assisted under section 8 of the United States Housing Act of 1937. Contractors shall be selected on a competitive basis, in accordance with selection criteria determined by the Secretary. The contractors shall carry activities prescribed by the Secretary. Each entity receiving assistance pursuant to this paragraph shall

make counseling and assistance under this paragraph available to low-income families who are current or prospective residents of public housing and housing assisted under section 8 of the United States Housing Act of 1937, including counseling and assistance regarding housing opportunities in the area of jurisdiction of the public housing agency involved and assistance in obtaining new rental residences in areas within such jurisdiction not having high concentrations of persons living in poverty.''.

(2) NOTIFICATION.—Subparagraph (C) of section 106(c)(5) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(5)(C)) is amended to read as follows:

''(C) NOTIFICATION.—Notification under subparagraph (A) shall not be required with respect to any loan for which the eligible homeowner pays the amount overdue before the expiration of the 45-day period under subparagraph (B)(ii).''.

SEC. 122. INCENTIVES TO REFINANCE HIGH INTEREST MORTGAGES FOR SECTION 8 PROJECTS.

Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

"(v) REFINANCING INCENTIVE.—For a project that (1) was constructed, substantially rehabilitated, or moderately rehabilitated under this section, (2) is subject to an assistance contract under this section, and (3) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner, the Secretary may pay the owner the amount of the up front costs to the owner of refinancing. The Secretary may make such payments only from savings in the amount of assistance payments, as determined by the Secretary on a project-by-project basis and after application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, that result from the refinancing during the first year after the refinancing.".

SEC. 123. USE OF EXCESS RESIDUAL RECEIPTS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall, in conjunction with State housing agencies, under which the Secretary, at the request of owners of qualified projects, make amounts in the account for residual receipts or excess amounts for the qualified projects available for use to expand the supply of affordable housing.

(b) LIMITATION.—The Secretary may not make any amounts available for use under this section from the account of a qualified project for residual receipts or excess amounts unless the amount remaining in the account, together with replacement reserves for the project, is sufficient (in the determination of the Secretary) to maintain, manage, and preserve the project as affordable housing.

(c) QUALIFIED PROJECTS.—For purposes of this section, the term ''qualified project'' means a housing project—

(1) assisted with project-based assistance under section 8 of the United States Housing Act of 1937; or

(2) constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as such section existed before November 30, 1983.

SEC. 124. RENEWAL OF EXPIRING SECTION 8 CONTRACTS.

(a) REQUIREMENT.—Subject only to the availability of budget authority to carry out this section, not later than October 1, 1995, the Secretary of Housing and Urban Development shall make an offer to the owner of each housing project assisted under an expiring contract to extend the term of the expiring contract for 24 months beyond the date of the expiration of the contract.

(b) TERMS OF EXTENSION.—Except for terms or conditions relating to the duration of the contract, the terms and conditions under the extension provided pursuant to this subsection of any expiring contract shall be identical to the terms and conditions under the expiring contract.

(c) DEFINITION OF EXPIRING CONTRACT.—For purposes of this section, the term ''expiring contract'' means a contract for assistance pursuant to section 8(b)(2) of the United States Housing Act of 1937 (as such section existed before October 1, 1983) having a term that expires before October 1, 1996.

(d) DISPLACEMENT ASSISTANCE.—The Secretary of Housing and Urban Development may make available to tenants residing in units covered by an expiring contract that is not extended pursuant to this section either—

(1) tenant-based assistance under section 8 of the United States Housing Act of 1937; or

(2) a unit with respect to which project-based assistance is provided under section 8 of the United States Housing Act of 1937.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 125. TREATMENT OF CERTAIN PROJECTS.

(a) CONVERSION OF SECTION 23 PROJECT.—From amounts available for the conversion of the Tamaqua Highrise project in the Borough of Tamaqua, Pennsylvania, from a leased housing contract under section 23 of the United States Housing Act of 1937 to tenant-based assistance under section 8 of such Act, the Secretary of Housing and Urban Development shall, to the extent such amounts are made available in appropriation Acts, enter into an obligation for the conversion of the project to a project-based rental assistance contract under section 8 of such Act, notwithstanding the requirement for rehabilitation or the percentage limitations under section 8(d)(2) of such Act (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

(b) COMPLIANCE WITH REHABILITATION REQUIREMENT.—Rehabilitation activities undertaken by E.T.C. Enterprises in connection with 16 scattered-site dwelling units that were rehabilitated to provide housing for low-income families and are located in Perth Amboy, New Jersey, and rehabilitation activities undertaken by Pennrose Properties in connection with 40 dwelling units for senior citizens in the Providence Square development located in New Brunswick, New Jersey, are hereby deemed to have been conducted pursuant to the approval of and an agree-

ment with the Secretary of Housing and Urban Development under clauses (i) and (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937 (as in effect before the date of the enactment of this Act) and subparagraph (A) of section 8(i)(2) of such Act (as amended by section 143 of this Act).

Subtitle C—Homeownership Programs

SEC. 131. NATIONAL HOMEOWNERSHIP FUND.

Subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note) is amended to read as follows:

"Subtitle A—National Homeownership Fund

"SEC. 301. SHORT TITLE.

''This subtitle may be cited as the 'National Homeownership Fund Act'.

"SEC. 302. AUTHORITY.

''The Secretary of Housing and Urban Development may make grants under this subtitle to States (including State housing finance agencies), local housing finance agencies, and nonprofit housing intermediaries to provide assistance, in accordance with the provisions of this subtitle, for the acquisition of principal residences for first-time homebuyers (including homebuyers buying shares in limited equity cooperatives).

"SEC. 303. ELIGIBLE ASSISTANCE.

''A grantee may use amounts received under this subtitle only to provide assistance to first-time homebuyers in the following manners:

''(1) DOWNPAYMENT ASSISTANCE.—Assistance payments to provide amounts for the downpayment (including closing costs and other costs payable at the time of closing) on a mortgage for the homebuyer.

''(2) SECOND MORTGAGE ASSISTANCE.—Assistance payments to provide loans that have such terms for payment of interest and principal as may be determined by the grantee.

''(3) CAPITALIZATION OF REVOLVING LOAN FUNDS.—To establish revolving loan funds (or to make grants to public organizations or agencies to establish such funds) to provide homeownership assistance to eligible first-time homebuyers in accordance with the provisions of this subtitle. Any grantee under this subtitle (and any subgrantee of such a grantee) shall provide an equal amount of local investment for such revolving loan fund and any proceeds or repayments from loans made under this paragraph shall be returned to the revolving loan fund established under this paragraph to be used for purposes related to this section.

''(4) INTEREST RATE BUYDOWNS.—Assistance payments so that the rate of interest payable on a mortgage by the homebuyer does not exceed 6 percent.

"SEC. 304. ELIGIBILITY REQUIREMENTS.

''(a) HOMEBUYER.—Assistance may be provided only to homebuyers meeting the following requirements:

''(1) FIRST-TIME HOMEBUYER.—The homebuyer is an individual who—

''(A)(i) (and whose spouse) has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property with respect to which assistance payments are made under this subtitle;

''(ii) is a displaced homemaker who, except for owning a home with his or her spouse or residing in a home owned by the spouse, meets the requirements of clause (i); or

''(iii) is a single parent who, except for owning a home with his or her spouse or residing in a home owned by the spouse while married, meets the requirements of clause (i); and

''(B) meets the requirements of subparagraph (A) (i), (ii), or (iii), except for owning, as a principal residence, a dwelling unit whose

structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

''(2) MAXIMUM INCOME OF HOMEBUYER.—The aggregate annual income of the homebuyer and the members of the family of the homebuyer residing with the homebuyer, for the 12-month period preceding the date of the application of the homebuyer for assistance under this subtitle, does not exceed 115 percent of the median income for a family of 4 persons (adjusted by family size) in the applicable metropolitan statistical area (or such other area that the Secretary determines for areas outside of metropolitan statistical areas). The Secretary shall provide for certification of such income for purposes of initial eligibility for assistance payments under this subtitle.

''(b) MORTGAGE.—Assistance may be provided only for mortgages meeting the following requirements:

''(1) PRINCIPAL RESIDENCE.—The property subject to the mortgage is a single-family residence or unit in a cooperative (including any manufactured home park owned by residents or owned by nonprofit organizations for future ownership by residents) or condominium, or a single family residence located on

leased land owned by a community land trust, and is the principal residence of the homebuyer.

''(2) MAXIMUM MORTGAGE AMOUNT.—The principal obligation of the first mortgage and any second mortgage assistance provided under this subtitle does not exceed the principal amount that could be insured under section 203(b) of the National Housing Act with respect to a property having the same number of dwelling units.

''(c) MINIMUM DOWNPAYMENT.—For first-time homebuyers to receive downpayment assistance under section 303(a)(1), the homebuyer shall have paid not less than 1 percent of the cost of acquisition of the property (excluding any mortgage insurance premiums paid at the time the mortgage is insured), as such cost is estimated by the Secretary.

"SEC. 305. COUNSELING REQUIREMENTS.

''Each grantee under this subtitle shall ensure that each homebuyer receiving assistance under this subtitle from the grantee (or any subgrantee of such grantee) shall be provided prepurchase and postpurchase homeownership counseling from individuals certified by the Secretary under section 106(e) of the Housing and Urban Development Act of 1968.

"SEC. 306. ALLOCATION OF GRANT AMOUNTS.

''(a) IN GENERAL.—The Secretary may make a grant under this subtitle only to a State (including a State housing finance agency), local housing finance agency, or nonprofit housing intermediary that submits to the Secretary an application under this section that is approved by the Secretary. Applications shall be made in such form and in accordance with such procedures as the Secretary shall establish.

''(b) MINIMUM REQUIREMENTS.—An application under this section shall contain a plan that describes how the applicant will achieve the objectives of this subtitle. The application shall include—

''(1) a description of the geographic area, including the revitalization area included, to be covered by the program to provide assistance under this subtitle;

''(2) the characteristics of the households to be served by the program;

''(3) a description and evidence of the commitment of other public and private resources to be made available in the revitalization area and other areas in which homebuyers receive assistance under this subtitle;

''(4) a description of any secondary market and private mortgage insurance involvement and commit-

ment in connection with assistance under this subtitle;

''(5) a description of how prepurchase and postpurchase counseling will be provided to homebuyers assisted under this subtitle;

''(6) a description of any restrictions on resale and profits;

''(7) a description of existing affordable housing programs and resources available to undertake rehabilitation of properties when needed;

''(8) a description of the process for award and disbursement of assistance to homebuyers; and

''(9) a description of the history of the applicant in undertaking similar projects.

''(c) SELECTION.—The Secretary shall allocate amounts available in any fiscal year for assistance under this subtitle to States (including State housing finance agencies), local housing finance agencies, or nonprofit housing intermediaries for homebuyers through a national competition in accordance with criteria established by the Secretary. The criteria shall include the extent to which the applicant has experience in providing homeownership opportunities for low- and moderate-income households.

''(d) TARGETING FOR REVITALIZATION AREAS.—Each grantee under this subtitle shall use not more than

50 percent of any amounts received under this subtitle for assistance under section 303(a) for homebuyers purchasing residences in revitalization areas using mortgages insured under section 203(b) of the National Housing Act.

"SEC. 307. REPORT.

''Not later than 18 months after the date of the issuance of final regulations pursuant to section 310, the Secretary shall submit to the Congress a report stating the amount of loans made in revitalization areas and in other areas, the amount of loans insured under the National Housing Act made in connection with assistance under this section and the amount of privately insured loans made in connection with such assistance, and an analysis of the effectiveness of such assistance in assisting first-time homebuyers.

"SEC. 308. DEFINITIONS.

''For purposes of this subtitle:

''(1) ASSISTANCE.—The term 'assistance' means—

''(A) any downpayment assistance provided under section 303(1);

''(B) any second mortgage loan provided under section 303(2);

''(C) any loan provided from a revolving fund established under section 303(3); and

"(D) any payment for buydown of an interest rate provided under section 303(4).

"(2) COMMUNITY LAND TRUST.—The term 'community land trust' has the meaning given the term in section 233 of the Cranston-Gonzalez National Affordable Housing Act.

"(3) DISPLACED HOMEMAKER.—The term 'displaced homemaker' means an individual who—

"(A) is an adult;

"(B) has not worked full-time, full-year in the labor force for a number of years, but has during such years, worked primarily without remuneration to care for the home and family; and

"(C) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"(4) REVITALIZATION AREA.—The term 'revitalization area' means—

"(A) an empowerment zone or enterprise community approved under Subchapter U of Chapter 1 of the Internal Revenue Code of 1986, or an equivalent State-approved enterprise zone; and

''(B) a neighborhood that, in the determination of the Secretary, is targeted by a unit of general local government for revitalization using coordinated affordable housing programs and enhanced supportive services.

''(5) NONPROFIT HOUSING INTERMEDIARY.—The term 'nonprofit housing intermediary' means a nonprofit organization that the Secretary determines has among its principal purposes activities described in clauses (1) and (2) of section 802(a) of the Housing and Community Development Act of 1974.

''(6) SINGLE PARENT.—The term 'single parent' means an individual who—

''(A) is unmarried or legally separated from a spouse; and

''(B)(i) has 1 or more minor children for whom the individual has custody or joint custody; or

''(ii) is pregnant.

''(7) SECRETARY.—The term 'Secretary' means the Secretary of Housing and Urban Development.

''(8) STATE.—The term 'State' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam,

the Virgin Islands, American Samoa, and any other territory or possession of the United States.

''(9) STATE HOUSING FINANCE AGENCY.—The term 'State housing finance agency' has the meaning given the term in section 802(b) of the Housing and Community Development Act of 1974.

''(10) LOCAL HOUSING FINANCE AGENCY.—The term 'local housing finance agency' means a housing finance agency of any city, county, town, township, parish, village, or other general purpose subdivision of a State, or of any combination of such political subdivisions recognized by the Secretary, or any other agency or instrumentality of such an entity that carries out activities described in section 303.

"SEC. 310. REGULATIONS.

''Not later than 10 days after the date of the enactment of the Housing and Community Development Act of 1994, the Secretary shall issue an interim rule to implement this subtitle. The Secretary shall issue final regulations necessary to implement this subtitle not later than 90 days after issuance of such interim rule.''.

SEC. 132. SECTION 235 MORTGAGE REFINANCING.

Section 235(r) of the National Housing Act (12 U.S.C. 1715z(r)) is amended—

(1) in paragraph (2)(C), by inserting after ''refinanced'' the following: '', plus the costs incurred in connection with the refinancing as described in paragraph (4)(B) to the extent that the amount for those costs is not otherwise included in the interest rate as permitted by subparagraph (E) or paid by the Secretary as authorized by paragraph (4)(B)'';

(2) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by inserting after ''otherwise)'' the following: ''and the mortgagee (with respect to the amount described in subparagraph (A))''; and

(B) in subparagraph (A), by inserting after ''mortgagor'' the following: ''and the mortgagee''; and

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

''(5) The Secretary shall use amounts of budget authority recaptured from assistance payments contracts relating to mortgages that are being refinanced for assistance payments contracts with respect to mortgages insured under this subsection. The Secretary may also make such recaptured amounts available for incentives under paragraph (4)(A) and the costs incurred in connection with the refinancing under paragraph (4)(B). For pur-

poses of subsection (c)(3)(A), the amount of recaptured budget authority that the Secretary commits for assistance payments contracts relating to mortgages insured under this subsection and for amounts paid under paragraph (4) shall not be construed as unused.''.

SEC. 133. RESIDENTIAL LEAD-BASED PAINT HAZARD REDUCTION.

(a) ELIGIBLE HOUSING.—Section 1011 of the Housing and Community Development Act of 1992 (42 U.S.C. 4852) is amended—

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

''(a) AUTHORITY AND ELIGIBLE HOUSING.—

''(1) AUTHORITY.—The Secretary may provide grants to eligible applicants to evaluate and reduce lead-based paint hazards in housing that meets the requirements under paragraphs (2) and (3) and is not federally assisted housing, federally owned housing, or public housing, in accordance with the provisions of this section.

''(2) ELIGIBLE HOUSING.—Housing that meets the requirements under this paragraph is the following housing:

''(A) RENTAL HOUSING.—In the case of rental housing, housing in which at least 50

percent of the dwelling units are occupied by or available to households with incomes not exceeding 50 percent of the median income for the area; as defined by the Secretary, and the remainder of the dwelling units are occupied by or available to households with incomes not exceeding 80 percent of the median income for the area, as defined by the Secretary.

''(B) OWNER-OCCUPIED HOUSING.—In the case of owner-occupied housing, a dwelling that is the principal residence of a household with an income not exceeding 80 percent of the median income for the area, as defined by the Secretary.

''(3) LIMITATIONS ON USE OF AMOUNTS.—

''(A) RENTAL HOUSING.—In the case of rental housing for which lead hazard reduction activities are conducted using grant amounts under this section—

''(i) notwithstanding paragraph (2)(A), for housing with 5 or more dwelling units, not more than 20 percent of such remaining dwelling units may be occupied by households with incomes exceed-

ing 80 percent of the median income for the area, as defined by the Secretary; and

''(ii) all vacant dwelling units for which such activities have been conducted shall be made available only to households with a child or children under 6 years of age, and among such households priority shall be given to households with incomes not exceeding 50 percent of the median income for the area, as defined by the Secretary.

''(B) OWNER-OCCUPIED HOUSING.—In the case of owner-occupied housing for which lead hazard reduction activities are conducted using grant amounts under this section, 90 percent of the dwelling units for which such activities are conducted shall be dwelling units occupied by a household with a child or children under 6 years of age or dwelling units in which a child of such age regularly spends a substantial portion of his or her time.

''(4) EXCEPTION TO ELIGIBLE HOUSING REQUIREMENTS.—Notwithstanding paragraph (2), housing that qualifies as affordable housing under section 215 of the Cranston-Gonzalez National Af-

fordable Housing Act (including housing that receives assistance under section 8 of the United States Housing Act of 1937) and for which activities assisted under this section are to be conducted using amounts made available to carry out this section for fiscal year 1993 shall be considered housing that meets the requirements of paragraph (2) and shall not be subject to the requirements of paragraph (3), but only if the recipient of such assistance elects, before commencing such activities with such assistance, to be subject to the provisions of this paragraph and the Secretary approves such election. Any such recipient making such an election may not use such assistance to carry out activities under this section with respect to housing that meets the requirements of paragraphs (2) and (3).''; and

(2) by striking ''priority housing'' each place it appears and inserting ''housing that meets the requirements under subsection (a)''.

(b) HUD RESEARCH.—

(1) CONDUCTING OF RESEARCH.—Section 1052 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854a) is amended by inserting after ''other Federal agencies,'' the following: ''either directly, or indirectly under contract or otherwise,''.

(2) FUNDING.—Section 1053 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854b) is amended to read as follows:

"SEC. 1054. FUNDING.

''Of the total amount approved in appropriation Acts under section 1011(p), there shall be set aside to carry out this part $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996.''.

(3) OTHER ACTIVITIES.—Part 1 of subtitle D of title X of the Housing and Community Development Act of 1992 (42 U.S.C. 4854 et seq.) is amended by inserting after section 1052 the following new section:

"SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVITIES.

''The Secretary may use amounts available to carry out this part to undertake, either directly, or indirectly under contract or otherwise, pursuant to title V of the Housing and Urban Development of 1970, such studies, tests (including pilot tests of new or revised programs), evaluations, demonstrations, education of the public, and preparation of training materials, as are consistent with the purposes of this Act.''.

(c) DEFINITIONS.—Section 1004 of the Housing and Community Development Act of 1992 (42 U.S.C. 4851b) is amended—

(1) by striking paragraph (20); and

(2) by redesignating paragraphs (21) through (27) as paragraphs (20) through (26), respectively.

SEC. 134. FEDERAL DEPOSIT INSURANCE CORPORATION AFFORDABLE HOUSING PROGRAM.

(a) REAUTHORIZATION.—Section 40(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(b)) is amended—

(1) in paragraph (1), by striking ''during'' and all that follows through ''paragraph (2)(A)'' and inserting ''until the end of fiscal year 1997'';

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking ''3-year''; and

(3) in paragraph (2)(C), by striking ''3-year''.

(b) FACILITATION OF PROGRAM.—Section 40 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(r) FACILITATION OF PROGRAM.—Notwithstanding any provision of this section or any other provision of law, the Corporation shall be considered to be in compliance with this section if (in the sole discretion of the Corporation) the Corporation at any time modifies, amends, or

waives any provisions of this section to maximize the efficient use of amounts appropriated to carry out this section. The Corporation shall not be subject to suit for any failure to comply with the requirements of this section.''.

SEC. 135. STATE AGENCIES AS SURETIES.

Section 9304 of title 31, United States Code, is amended by adding at the end the following new subsection:

''(c) STATE AGENCIES.—A State agency, including any financing authority established by any State, which meets the requirements of paragraphs (2) and (3) of subsection (a) may be treated as a surety corporation for purposes of this chapter. Notwithstanding any other provision of law, user fees collected by the Financial Management Services incident to sections 9304 through 9309 of this title shall be credited to the appropriation of that agency and may be retained without fiscal year limitation to carry out the provisions of such sections.''.

Subtitle D—Home Investment Partnerships

SEC. 141. ELIGIBLE USES OF INVESTMENT.

Section 212(a)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)(1)) is amended by striking ''financing costs'' and inserting ''costs of financing (including credit enhancements, loan guarantees, and debt service reserves)''.

SEC. 142. QUALIFICATION AS AFFORDABLE RENTAL HOUSING.

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended—

(1) in paragraph (1)(A), by striking ''bears rents not greater than'' and inserting ''is occupied by tenants who pay as rent'';

(2) in paragraph (3), by inserting after the period at the end of the first sentence the following new sentence: ''A tenant occuping a rental unit assisted with amounts provided under this title shall be considered to be a very low-income family until the household's income increases to more than 140 percent of the applicable income limitation under paragraph (1)(B).''; and

(3) by adding at the end the following new paragraph:

''(6) RENTAL SUBSIDIES.—Notwithstanding paragraph (1), housing shall not be considered to fail to qualify as affordable housing under this title because it includes units for which—

''(A) payments are made under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program; and

''(B) because of increases in the income of tenants of the housing, the rent paid by the tenants under the assistance program with respect to such unit exceeds 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area.''.

SEC. 143. REPAYMENT OF INVESTMENT.

Section 219 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12749) is amended by adding at the end the following new subsection:

''(d) REPAYMENT OF MATCHING AMOUNTS.—Amounts provided by a participating jurisdiction pursuant to section 220 for housing not assisted under this title shall be recognized for purposes of section 220(a), notwithstanding that such amounts are not repaid to the jurisdiction's HOME Investment Trust Fund, if such amounts are drawn from an affordable housing program operated by the jurisdiction, repaid to the program, and available for use only for the program or for providing housing that qualifies as affordable housing.''.

SEC. 144. MATCHING REQUIREMENTS.

Section 220 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12750) is amended—

(1) in the first sentence of subsection (a), by inserting ''the participating jurisdiction certifies'' before ''qualifies''; and

(2) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''or'';

(B) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

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

''(C) is made with respect to housing that is substantially equivalent to housing that qualifies as affordable housing under section 215.''.

SEC. 145. LABOR REQUIREMENTS.

Section 286(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12836(b)) is amended by adding at the end the following new sentence: ''Subsection (a) shall not apply in the case of housing for which a site is acquired or for which the homebuyer is assisted, but which is not constructed, using funds made available under this subtitle.''.

Subtitle E—Supportive Housing Programs

SEC. 151. SUPPORTIVE HOUSING FOR THE ELDERLY.

(a) ELDER COTTAGE HOUSING UNITS.—Section 202(b) of the Housing Act of 1959 (12 U.S.C. 1701q(b)) is amended by inserting after the second sentence the fol-

lowing new sentence: ''Such assistance may also be used to finance the acquisition and installation of elder cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the elderly in accordance with this section.''.

(b) DEFINITION OF ''FRAIL ELDERLY''.—Section 202(k)(3) of the Housing Act of 1959 (12 U.S.C. 1701q(k)(3)) is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

(c) REPEAL OF DEMONSTRATION.—Section 806 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q note) is hereby repealed.

SEC. 152. SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.

(a) PHA'S AS ELIGIBLE SPONSORS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in the first sentence of subsection (f), by inserting ''and public housing agencies'' after ''private nonprofit organizations''; and

(2) in subsection (k)—

(A) in paragraph (5), by striking ''private nonprofit organization'' and inserting ''eligible sponsor''; and

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

''(10) The term 'eligible sponsor' means—

''(A) in the case of capital advances under subsection (b)(2) and project rental assistance under subsections (b) (2) and (3)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only in the case of a jurisdiction for which the Secretary determines that, during the 3-year period ending upon the date of the application of the agency for assistance under subsection (b) (2) or (3)—

''(I) no private nonprofit organization has submitted an application under subsection (f) for assistance for a project located in such area; and

''(II) no private nonprofit organization has had such an application approved for a project located in such area; and

''(B) in the case of tenant-based rental assistance under subsection (b)(1)—

''(i) a private nonprofit organization; and

''(ii) a public housing agency, but only to the extent that such assistance is used for providing assistance in accordance with an allocation plan for the agency under section 7(f) of the United States Housing Act of 1937.''.

(b) RENTAL ASSISTANCE FOR EXISTING BUILDINGS.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subsection (d)(2), by adding at the end the following new sentence: ''The Secretary may enter into contracts with private, nonprofit organizations to provide project rental assistance for sup-

portive housing for persons with disabilities, regardless of whether the housing is developed with capital advances under this section.'';

(2) in subsection (e)(1), by inserting ''with capital advances'' after ''assisted'';

(3) by striking the first 2 sentences of subsection (e)(2) and inserting the following new sentences: ''The initial term of a contract entered into under subsection (d)(2) shall be 240 months for housing developed with a capital advance, and shall be not more than 60 months for housing not developed with a capital advance. The Secretary shall, to the extent approved in appropriation Acts, extend any expiring contracts for a term of not less than 60 months.'';

(4) in subsection (g)(1), by inserting ''(if applicable)'' after ''develop'';

(5) in subsections (g)(3) and (g)(5), by inserting ''design or'' before ''proposed'' each place it appears;

(6) in subsection (j), by striking paragraph (3) and inserting the following new paragraph:

''(3) SITE CONTROL.—

''(A) CAPITAL ADVANCES.—In the case of housing to be assisted with capital advances

under this section, an applicant may obtain ownership or control of a suitable site different from the site specified in the initial application. If an applicant fails to obtain ownership or control of the site within 1 year after notification of an award for assistance, the assistance shall be recaptured and reallocated.

''(B) PROJECT RENTAL ASSISTANCE.—In the case of housing to be assisted only with project rental assistance, the applicant shall have ownership or control of a suitable site at the time of application. The Secretary may approve a change in site at any time from the date the application is submitted to the expiration date of the rental assistance contract.'';

(7) in subsection (j)(4), by striking ''The'' and inserting the following: ''In the case of housing assisted with capital advances under this section, the'';

(8) in the second sentence of subsection (k)(1), by striking ''the development of'';

(9) in subsection (k)(5), by inserting before the period at the end the following: '', or that receives rental assistance under this section to operate a project for supportive housing for persons with disabilities''; and

(10) in subsection (m)(3), by striking ''(1)'' and inserting ''(2)''.

(c) AUTHORITY TO PROVIDE ASSISTANCE.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act is amended—

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

''(b) GENERAL AUTHORITY.—The Secretary may provide assistance to eligible sponsors to expand the supply of supportive housing for persons with disabilities. Such assistance shall be provided as—

''(1) tenant-based rental assistance on behalf of eligible persons with disabilities, in accordance with subsection (d)(4);

''(2) capital advances in accordance with subsection (d)(1), together with contracts for project rental assistance in accordance with subsection (d)(2); or

''(3) contracts for project rental assistance in accordance with subsection (d)(2).'';

(2) in subsection (d)(1), by adding at the end the following new sentences: ''Capital advances may be used to finance the acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or moderate or substantial rehabilitation of housing,

including the acquisition from the Resolution Trust Corporation, to be used as supportive housing for persons with disabilities and may include real property acquisition, site improvement, conversion, demolition, relocation, and other expenses that the Secretary determines are necessary to expand the supply of supportive housing for persons with disabilities. Such assistance may also be used to finance the acquisition and installation of cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the persons with disabilities in accordance with this section.'';

(3) in subsections (d)(3), (e)(1), and (f), by inserting ''or (3)'' after ''subsection (b)(2)'' each place it appears; and

(4) by striking paragraph (4) of subsection (d) and inserting the following new paragraph:

''(4) TENANT-BASED RENTAL ASSISTANCE.—

''(A) ADMINISTRATION.—Tenant-based rental assistance that is provided under subsection (b)(1) shall be administered under the same rules governing rental assistance made

available under section 8 of the United States Housing Act of 1937.

''(B) PUBLIC HOUSING AGENCIES.—A public housing agency may provide tenant-based rental assistance under subsection (b)(1) only if the public housing agency has submitted, and had approved, an allocation plan under section 7(f) of the United States Housing Act of 1937 and any such assistance made available to a public housing agency shall be provided by the agency in accordance with such allocation plan. In determining the amount of assistance provided under subsection (b)(1) for a public housing agency, the Secretary shall consider the needs of the agency as described in the allocation plan.''.

(d) TECHNICAL CHANGES.—Section 811(k)(6) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking subparagraph (A) and inserting the following new subparagraph:

''(A) that has received tax-exempt status under section 501(c) (3) or (4) of the Internal Revenue Code of 1986;''.

SEC. 153. REVISED CONGREGATE SERVICES.

(a) MEAL FEES AND MATCHING AMOUNTS.—Section 802 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011) is amended—

(1) in subparagraph (A) of subsection (d)(7), by striking ''The fees for meals shall be in the following amounts:'' and all that follows through the end of the subparagraph; and

(2) in subsection (i)(1)—

(A) in subparagraph (A)(i), by striking ''50 percent'' and inserting ''25 percent'';

(B) in subparagraph (A)(ii), by striking ''40 percent'' and inserting ''65 percent''; and

(C) in subparagraph (C), by striking ''10 percent'' and inserting ''25 percent''.

(b) DEFINITION OF ''FRAIL ELDERLY''.—Section 802(k)(8) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

SEC. 154. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.

(a) SUPPORTIVE SERVICES CONTRIBUTIONS.—Section 803(c)(1) of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in subparagraph (A), by striking ''40 percent'' and inserting ''65 percent''; and

(2) in subparagraph (B), by striking ''50 percent'' and inserting ''25 percent''.

(b) DEFINITION OF ''FRAIL ELDERLY''.—Section 803(g)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking the first sentence and inserting the following new sentences: ''The term 'frail elderly person' means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.''.

(c) AMENDMENT TO HEADING.—Section 803 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012) is amended by striking the section designation and heading and inserting the following:

"SEC. 803. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.".

Subtitle F—Mortgage Insurance and Secondary Mortgage Market

SEC. 161. EXTENSION OF MULTIFAMILY HOUSING MORTGAGE AUCTION PROVISIONS.

(a) EXTENSION.—The first sentence of section 221(g)(4)(C)(viii) of the National Housing Act (12 U.S.C. 1715l(g)(4)(C)(viii)) is amended by striking ''September 30, 1995'' and inserting ''December 31, 2005''.

(b) BUDGET COMPLIANCE.—Section 221(g)(4)(C) of the National Housing Act (12 U.S.C. 1715l(g)(4)(C)) is amended by adding at the end the following new clause:

''(ix) This subparagraph shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided in appropriation Acts for such fiscal year.''.

SEC. 162. STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES.

(a) IN GENERAL.—Section 223(a) of the National Housing Act (12 U.S.C. 1715n) is amended—

(1) in paragraph (7), by striking the colon preceding ''*Provided further,*'' and all that follows through ''and the mortgagee'';

(2) by redesignating paragraph (8) as paragraph (9);

(3) by inserting after paragraph (7) the following new paragraph:

''(8) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the Secretary may prescribe, covering property on which there is located a 1- to 4-family residence, or a 1-family unit in a condominium project, which mortgage was formerly insured under this Act and subsequently assigned to the Secretary: *Provided,* That the mortgagor has not previously refinanced a mortgage pursuant to this paragraph: *Provided further,* That the mortgagor has made all payments due under the note secured by the existing mortgage and all payments due under the note for at least the previous 6 months, or the mortgagor is under a forbearance agreement and has made all payments due under the note secured by the existing mortgage for at least the previous 6 months: *Provided further,* That the principal amount of the refinancing mortgage may not exceed the outstanding principal balance of the existing mortgage by more than additional amounts owed by the mortgagor due to the delinquency and to the receipt of assignment assistance under section 230: *Provided further,* That the monthly payment due under the refinancing mort-

gage may not exceed the monthly payment due under the existing mortgage: *Provided further,* That the refinancing mortgage may have a term not more than 12 years in excess of the unexpired term of the assigned mortgage: *Provided further,* That the refinancing mortgage may be insured under section 203(b) or 221(d)(2) of this Act, at the option of the mortgagee, or under section 234(c) of this Act in the case of a condominium: *Provided further,* That a refinancing mortgage insured under section 221(d)(2) shall involve a principal obligation in an amount not to exceed 50 percent of the applicable dollar limitation for a 1- to 4-family residence under section 203(b)(2): *Provided further,* That the authority under this paragraph to refinance a mortgage shall terminate 30 months after the date of enactment of this Act: *Provided further,* That the total number of mortgages refinanced under this paragraph may not exceed 20,000; or''; and

(4) by adding at the end the following new flush material:

''A mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity and a principal obligation not in excess of the maximums prescribed under the applicable section or title of this Act,

except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 percent of the appraised value of the mortgage property, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee.''.

(b) IMPLEMENTATION.—The Secretary of Housing and Urban Development may implement the authority to refinance a mortgage held by the Secretary under section 223(a)(8) of the National Housing Act, as added by the amendment made by subsection (a)(3) of this section, by notice published in the Federal Register setting forth such requirements as may be necessary.

SEC. 163. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.), is amended by adding at the end the following new section:

''DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

''SEC. 256. (a) AUTHORITY.—The Secretary may delegate, to one or more mortgagees approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

"(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee under the direct endorsement program, the default rate of insured mortgages originated by the mortgagee compared to the default rate of all insured mortgages in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

"(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period specified by the Secretary, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss.

"(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagee approved under this section to indem-

nify the Secretary for the loss regardless of when an insurance claim is paid.

''(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

''(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the mortgagee.''.

TITLE II—COMMUNITY DEVELOPMENT

SEC. 201. ELIGIBLE ACTIVITIES.

Section 907(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5305 note) is hereby repealed.

SEC. 202. REALLOCATIONS.

Section 106(c) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(c)) is amended by striking paragraph (4).

SEC. 203. USE OF UDAG RECAPTURES.

Section 119(o) of the Housing and Community Development Act of 1974 (42 U.S.C. 5318(o)) is amended by striking ''October 1, 1993'' and inserting in lieu thereof ''April 11, 1994''.

SEC. 204. EXTENSION OF CERTAIN CDBG ASSISTANCE.

(a) EXTENSION.—Section 916(f) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 5306 note) is amended by striking ''1991'' and all that follows through ''1994'' and inserting ''beginning before the commencement of fiscal year 1998''.

SEC. 205. COLONIAS ASSISTANCE PROGRAM.

(a) GRANT AUTHORITY.—The Secretary may make grants in accordance with the provisions of this section to units of general local government, States, nonprofit organizations, or entities or instrumentalities established under the authority of any of such entities, for use in addressing the community development and housing needs of colonias.

(b) ELIGIBLE ACTIVITIES.—Assistance under this section may be used only to carry out the following activities:

(1) Any activity eligible under section 105 of the Housing and Community Development Act of 1974 or section 212(a) of the HOME Investment Partnerships Act.

(2) Refinancing the existing debt of homeowners to convert existing land transactions and interests into mortgages.

(3) Constructing new housing, including self-help, energy-efficient, and innovative housing design initiatives.

(4) Developing new subdivisions for affordable housing.

(5) Re-platting and redeveloping existing subdivisions.

(6) Planning for and constructing infrastructure necessary for the development of housing, economic development, and community facilities and amenities.

(7) Such other activities as the Secretary deems appropriate to further the purposes of this section.

(c) MODEL PROGRAMS.—

(1) IN GENERAL.—Of amounts allocated under subsection (j)(2), the Secretary shall make grants under this subsection to the entities referred to in subsection (a) for the purpose of establishing model

programs of assistance for addressing the community development, housing, and other needs of the residents of the colonias.

(d) SELECTION OF GRANTEES.—

(1) GEOGRAPHIC DISTRIBUTION.—The Secretary shall designate—

(A) at least one project in each State to receive a grant under this subsection; and

(B) at least one project within a metropolitan area in any State to receive a grant under this subsection.

(2) SELECTION PROCESS.—The Secretary shall select grantees under this subsection on a noncompetitive basis, through negotiation with the grantee.

(3) SELECTION CRITERIA.—In selecting projects for grants under this subsection, the Secretary shall consider—

(A) the extent of need in the colonia;

(B) the likely effectiveness of the proposed approach in addressing identified needs;

(C) the extent to which funding for the project is committed from sources other than under this section;

(D) the need to consider a variety of solutions to a variety of needs situations; and

(E) such other factors as the Secretary deems appropriate to carry out the objectives of this section.

(e) COMPETITIVE GRANTS.—

(1) PURPOSE.—Grants under this subsection shall be made, in accordance with paragraph (2), to the entities referred to in subsection (a) for the purpose of assisting the community development and housing needs of the residents of one or more colonias in an area or region.

(2) RESERVATION OF FUNDS.—Of amounts allocated under subsection (j)(2), the Secretary shall reserve a target amount for grants under this subsection for use in colonias in each State. The Secretary shall determine the amount be reserved based on such objective factors of need as the Secretary deems appropriate, which may include rates of poverty in, and the population of, colonias. The Secretary shall reallocate any amounts set-aside under this paragraph for which the Secretary determines there will not be sufficient approvable applications in a fiscal year.

(3) USE OF FUNDS.—Any amount not reserved or reallocated under paragraph (2) may be used in colonias in any State.

(4) APPLICATIONS.—Applications for grants under this subsection shall be submitted at such time and in accordance with such procedures, as the Secretary shall prescribe. Applications shall contain the following information, which the Secretary shall consider in selecting projects for grants under this subsection:

(A) The extent of need in the colonia.

(B) An estimate of the likely effectiveness of the proposed approach in addressing identified needs.

(C) A description of the extent to which funding for the project is committed from sources other than under this section.

(D) Any other information that the Secretary deems appropriate to carry out the objectives of this section.

(5) SELECTION OF GRANTEES.—The Secretary shall select grantees for grants under this subsection on the basis of a competition, following publication of a notice of funding availability in the Federal Register.

(f) RECORDS, REPORTS, AND AUDITS.—

(1) KEEPING OF RECORDS.—Each grantee under this section shall keep such records as may be reasonably necessary to disclose the amounts and the disposition of grant amounts received under this section and to ensure compliance with the requirements of this section.

(2) GRANTEE REPORTS.—Each grantee under this section shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of funds made available to the grantee under this section; and

(B) describe and analyze the effect of assisted activities in addressing the community development and housing needs of the residents of colonias.

(g) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of a grantee that are pertinent to assistance received in connection with, and the requirements of, this section.

(h) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comp-

troller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records of a grantee that are pertinent to assistance received under, and the requirements of, this section.

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

(1) The terms ''colonia'' and ''United States-Mexico Border Region'' have the meanings given the terms in section 916(e) of the Cranston-Gonzalez National Affordable Housing Act.

(2) The term ''metropolitan area'' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

(3) The term ''nonprofit organization'' means—

(A) an organization—

(i) that is described in section 501(c) of the Internal Revenue Code of 1986; and

(ii) is exempt from taxation under section 501(a) of such Code; or

(B) an organization—

(i) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

(ii) that in the case of a private nonprofit organization, has a voluntary board;

(iii) that has an accounting system, or has designated a fiscal agent in accordance with requirements established by the Secretary; and

(iv) that practices nondiscrimination in the provision of assistance.

(4) The term ''Secretary'' means the Secretary of Housing and Urban Development.

(5) The term ''State'' means the States of California, Arizona, New Mexico, and Texas.

(6) The term ''unit of general local government'' means—

(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State; and

(B) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this section.

The term includes a consortium of geographically contiguous units of general local government, if the Secretary determines that the consortium—

(i) has sufficient authority and administrative capability to carry out the purposes of this

section on behalf of its member jurisdictions; and

(ii) meets such other requirements as the Secretary may prescribe.

SEC. 206. YOUTHBUILD PROGRAM.

(a) ELIGIBLE ACTIVITIES.—Section 454(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c(b)) is amended—

(1) in paragraph (2), by striking ''Acquisition'' and all that follows through ''facilities'' and inserting ''Acquisition, rehabilitation, or acquisition and rehabilitation of housing and related facilities, or construction of new housing and related facilities (including community facilities designed to serve the needs of low- and very low-income families),'';

(2) by striking paragraph (6); and

(3) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(b) PRIORITY FOR APPLICANTS SUPPLEMENTING GRANT AMOUNTS.—Section 454(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c(e)) is amended to read as follows:

''(e) PRIORITY FOR APPLICANTS WHO OBTAIN PROGRAM FUNDS FROM OTHER SOURCES.—The Secretary shall give priority in the award of grants under this section

to applicants to the extent that they have obtained amounts or in-kind contributions, or commitments to provide such amounts or contributions, from Federal, State, local, or private sources other than assistance under this subtitle in an amount constituting not less than 10 percent of the total budget of the applicant for the Youthbuild program, that will be used for carrying out any aspect of the Youthbuild program of the applicant.''.

(c) RESIDENTIAL RENTAL HOUSING REQUIREMENTS.—Section 455(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899d(a)) is amended—

(1) in the matter preceding paragraph (1), by inserting after ''subtitle'' the following: ''for costs such as construction, rehabilitation, and acquisition''; and

(2) in paragraph (1), by striking subparagraph (A) and inserting the following new subparagraph:

''(A) at least 80 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes that do not exceed 50 percent of the area median income, adjusted for family size; and''.

TITLE III—HOMELESS ASSISTANCE

SEC. 301. SHORT TITLE.

This title may be cited as the ''Stewart B. McKinney Homeless Housing Assistance Amendments Act of 1994''.

Subtitle A—Reorganization of Certain McKinney Act Housing Provisions

SEC. 311. FLEXIBLE GRANT PROGRAM.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended—

(1) by striking subtitles A, B, C, D, and F;

(2) by striking the headings for subtitles E and G;

(3) by redesignating sections 441 (as amended by the preceding provisions of this Act), 491, and 592 (as added by section 1414 of the Housing and Community Development Act of 1992) as sections 451, 453, and 454, respectively;

(4) by striking sections 442 and 443; and

(5) by inserting after the heading for the title the following:

"Subtitle A—Flexible Grant Program

"CHAPTER 1—GENERAL PROVISIONS

"SEC. 401. PURPOSES.

''The purposes of this subtitle are to—

''(1) expand and reorganize the Federal commitment to alleviate homelessness by providing States, Indian tribes, and localities with the resources to more efficiently and effectively design a comprehensive system to address the shelter, service, and permanent housing needs of homeless individuals and families in the United States;

''(2) help very low-income families avoid becoming homeless;

''(3) meet the emergency shelter needs of homeless persons and families;

''(4) provide transitional or specialized permanent housing to facilitate the movement of homeless persons and families to independent living;

''(5) provide supportive services to help homeless persons and families lead independent and dignified lives;

''(6) encourage the cooperation and participation of the States and units of general local government, together with private nonprofit organizations, in planning and implementing comprehensive homeless assistance programs;

''(7) reduce the costs to States, units of general local government, and private nonprofit organizations in applying for and using Federal housing as-

sistance for families and persons who are homeless; and

''(8) begin meeting the needs of most of the Nation's homeless population through the existing Federal programs providing basic assistance for low-income families and persons.

"SEC. 403. DEFINITIONS.

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

''(1) The term 'allocation unit of general local government' means a metropolitan city and an urban county.

''(2) The term 'applicant' means an eligible grantee that submits an application under section 408 for a grant under this subtitle.

''(3) The term 'disability' means—

''(A) a disability as defined in section 223 of the Social Security Act;

''(B) to be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be a long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) of

such a nature that such ability could be improved by more suitable housing conditions;

''(C) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act; or

''(D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

''(4) The term 'eligible grantee' means—

''(A) an allocation unit of general local government, Indian Tribe, or insular area, or a consortium of such entities, that elects to administer a grant under section 410(a)(1);

''(B) a public agency or a private nonprofit organization (or a consortium of such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area;

''(C) an entity eligible to receive grant amounts from the Secretary under section 410(a)(4);

''(D) a State that elects under section 410(b)(1)(A) to administer a grant;

''(E) a unit of general local government selected under section 410(b)(5) to receive grant amounts from the Secretary; and

''(F) a private nonprofit organization selected under section 410(b)(4) to receive grant amounts from the Secretary.

''(5) The term 'families' has the same meaning given the term under section 3(b) of the United States Housing Act of 1937.

''(6) The term 'grantee' means—

''(A) an allocation unit of general local government, Indian tribe, or insular area, or a consortium of such entities, that receives a grant under this subtitle and administers the grant under section 410(a)(1);

''(B) an allocation unit of general local government, Indian tribe, or insular area that receives a grant under this subtitle and designates a public agency or private nonprofit organization (or a consortium of such organiza-

tions) to administer grant amounts for the jurisdiction under section 410(a)(2);

''(C) a public agency or a private nonprofit organization (or a consortium or such organizations) designated by the Secretary under section 410(a)(3) to administer grant amounts for an allocation unit of general local government, Indian tribe, or insular area, and that receives grant amounts under this subtitle;

''(D) an entity that receives grant amounts from the Secretary under section 410(a)(4);

''(E) a State that receives grant amounts under this subtitle and administers such amounts under section 410(b)(1)(A);

''(F) a unit of general local government that receives grant amounts from the Secretary under section 410(b)(5); and

''(G) a private nonprofit organization that receives grant amounts from the Secretary under section 410(b)(4).

''(7) The term 'homeless family' means a group of one or more related individuals who are homeless individuals.

''(8) The term 'Indian tribe' means any Indian tribe, band, group, and nation, including Alaska In-

dians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, United States Code, before the repeal of such chapter.

''(9) The term 'insular area' means the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

''(10) The term 'low-demand services and referrals' means the provision of health care, mental health, substance abuse, and other supportive services and referrals for services in a noncoercive manner, which may include medication management, education, counseling, job training, and assistance in obtaining entitlement benefits and in obtaining other supportive service including mental health treatment and substance abuse treatment.

''(11) The term 'metropolitan city' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

''(12) The term 'operating costs' means expenses of operating any housing assisted under this subtitle with respect to—

''(A) the administration, maintenance, repair, and security of such housing;

''(B) utilities, fuels, furnishings, and equipment for such housing; and

''(C) the conducting of the assessments of and the provision of supportive services to the residents of such housing.

''(13) The term 'outpatient health services' means outpatient health care, outpatient mental health services, outpatient substance abuse services, case management services and child immunization.

''(14) The term 'private nonprofit organization' means an organization—

''(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

''(B) that has a voluntary board;

''(C) that has an accounting system or has designated a fiscal agent in accordance with requirements established by the Secretary; and

''(D) that practices nondiscrimination in the provision of assistance.

''(15) The term 'project' means a structure or a portion of a structure that is acquired or rehabilitated with assistance provided under this subtitle or

with respect to which the Secretary provides technical assistance or annual payments for operation costs.

''(16) The term 'project sponsor' means an entity that—

''(A) provides housing or assistance for homeless individuals or families by carrying out eligible activities under chapter 2 that are assisted under this subtitle; and

''(B) meets such minimum standards as the Secretary considers appropriate.

''(17) The term 'recipient' means a grantee (other than a State distributing grant amounts to State recipients) and a State recipient.

''(18) The term 'Secretary' means the Secretary of Housing and Urban Development.

''(19) The term 'State' means a State of the United States and the Commonwealth of Puerto Rico, or any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

''(20) The term 'State recipient' means—

''(A) a unit of general local government within a State (other than an allocation unit of

general local government) that receives grant amounts from the State under section 410(b)(3); and

''(B) a private nonprofit organization that receives grant amounts from a State under section 410(b)(4).

''(21)(A) The term 'supportive services' means assistance that—

''(i) addresses the special needs of homeless persons, such as deinstitutionalized persons, families with children, persons with mental disabilities, other persons with disabilities, the elderly, and veterans intended to be served by a project; and

''(ii) assists in accomplishing the purposes of the different types of housing for the homeless eligible for assistance under this subtitle.

''(B) Such term includes—

''(i) food services, child care, substance abuse treatment, assistance in obtaining permanent housing, outpatient health services, employment counseling, nutritional counseling, security arrangements for the protection of residents of facilities to assist the homeless, and such other services essential for maintaining or

moving toward independent living as the Secretary determines to be appropriate; and

''(ii) assistance to homeless persons in obtaining other Federal, State, and local assistance available for such individuals, including public assistance benefits, mental health benefits, employment counseling, and medical assistance.

''(C) Such term does not include the provision of major medical equipment.

''(D) All or part of the supportive services may be provided directly by the project sponsor or by arrangements with other public or private service providers.

''(22) The term 'unit of general local government' means—

''(A) a city, town, township, county, parish, village, or other general purpose political subdivision of a State;

''(B) the District of Columbia; and

''(C) any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction with regard to provisions of this subtitle.

The term includes a consortium of geographically contiguous units of general local government if the Secretary determines that the consortium—

''(i) has sufficient authority and administrative capability to carry out the purposes of this subtitle on behalf of its member jurisdictions; and

''(ii) will, according to a written certification by the State (or State, if the consortium includes jurisdictions in more than one State), direct its activities to alleviation of problems of homeless individuals or families within the State or States.

''(23) The term 'urban county' has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

''(24) The term 'very low-income families' has the same meaning given the term under section 104 of the Cranston-Gonzalez National Affordable Housing Act.

"SEC. 404. PROVISION OF GRANTS.

''(a) AUTHORITY AND USE.—The Secretary may make grants to eligible grantees in accordance with the provisions of this subtitle. Grants under this subtitle may be used only—

''(1) to carry out activities under chapter 2 for assisting homeless individuals and families that are conducted to provide comprehensive homeless assistance required under section 405; and

''(2) for administrative expenses, to the extent provided in section 436.

''(b) GENERAL RULE FOR AWARD OF GRANTS.—Except as provided in subsection (c), the Secretary shall make grants using amounts appropriated under section 402 in the manner provided in this subtitle.

''(c) INSUFFICIENT APPROPRIATIONS.—

''(1) TRIGGER.—If the amounts appropriated pursuant to section 402 for any fiscal year are less than 50 percent of the amount authorized to be appropriated under such section for the year, the Secretary shall use such amounts to make grants under the provisions of this title as in effect immediately before the enactment of the Housing and Community Development Act of 1994.

''(2) GRANT REQUIREMENTS.—The Secretary shall establish requirements for grants made under this subsection, as the Secretary considers appropriate, that are additional or alternative to the requirements under the provisions of this title as in ef-

fect immediately before the enactment of the Housing and Community Development Act of 1994.

''(3) GRANT CRITERIA.—The criteria for awarding grants under this subsection shall include—

''(A) the extent to which there is a need for assistance for homeless individuals and families in the jurisdiction in which the grant will be used;

''(B) the extent to which the activities proposed to be carried out with grant amounts will further the provision of comprehensive homeless assistance required under section 405(b)(1);

''(C) the extent to which private nonprofit organizations providing assistance to homeless individuals and families in the jurisdiction have been, and will be, included in planning for the receipt of assistance under this subtitle, the development of the application under section 408, and the execution of the proposed activities; and

''(D) such other criteria as the Secretary considers appropriate to further the purposes of this subsection and this subtitle.

''(4) SET ASIDE FOR INDIAN TRIBES AND INSULAR AREAS.—In making grants under this sub-

section, the Secretary may to set aside such amounts as the Secretary considers appropriate for grants for Indian tribes and insular areas.

"SEC. 405. COMPREHENSIVE HOMELESS ASSISTANCE.

''(a) ESTABLISHMENT AND MAINTENANCE.—Each applicant shall, based on information provided in the current comprehensive affordable housing strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may prescribe, use assistance provided under this subtitle in a manner that ensures that comprehensive homeless assistance is established and maintained within the jurisdiction of the applicant.

''(b) REQUIREMENTS.—For purposes of this subtitle, comprehensive homeless assistance required under this section shall include—

''(1) providing a system of outreach and assessment for—

''(A) determining whether an individual or family is homeless, needs assistance to avoid being homeless, or needs other assistance; and

''(B) ensuring that individuals and families so identified receive appropriate housing and supportive services;

''(2) providing assistance to the extent necessary to avoid eviction (or foreclosure) and termination of utility services of low- and very low-income families to prevent such families from becoming homeless;

''(3) making emergency shelters with appropriate supportive services available to the extent necessary to ensure that homeless individuals and families for which such housing is appropriate receive adequate shelter, including during any period in which an assessment referred to in paragraph (1) is performed for such an individual or family;

''(4) making transitional housing with appropriate supportive services available to the extent necessary to ensure that homeless individuals and families for which such housing is appropriate are prepared for increased responsibility and permanent housing, or permanent supportive housing, after the transition period;

''(5) making permanent supportive housing, available to the extent necessary to meet the long-term housing needs of all homeless individuals and families;

''(6) providing assistance to meet specific needs of various subpopulations of the homeless, especially the unique needs of homeless veterans; and

''(7) providing for coordination of assistance provided under this subtitle and assistance provided under other Federal, State, and local programs that may be used to assist homeless individuals and families, including—

''(A) assistance under the programs for public and Indian housing and section 8 rental assistance under the United States Housing Act of 1937 (including the program for section 8 assistance for moderate rehabilitation under section 451 of this Act and the shelter plus care program for such assistance under section 452 of this Act), the HOME Investment Partnerships Act, the community development block grant program under title I of the Housing and Community Development Act of 1974, the program for supportive housing for the elderly under section 202 of the Housing Act of 1959, the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act, and the program for housing opportunities for

persons with AIDS under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act;

''(B) programs administered by the Director of the Federal Emergency Management Agency;

''(C) programs administered by the Secretary of Labor, including programs for employment and training;

''(D) programs administered by the Secretary of Health and Human Services, including programs for health care, mental health care, social services, income support services, runaway youth, and unfit transient facilities;

''(E) programs administered by the Secretary of Veterans Affairs (including programs for compensation benefits, health care, and mental health care, and other services and programs) that are specifically designed to assist homeless veterans;

''(F) programs administered by the Secretary of Education, including programs for adult education and education for homeless children and youth;

''(G) programs administered by the Corporation for National and Community Service, including programs for national service; and

''(H) such other assistance as the Secretary shall prescribe upon consultation with the Interagency Council on the Homeless.

"SEC. 406. MATCHING REQUIREMENTS.

''(a) IN GENERAL.—Except as provided in subsection (c), each recipient shall supplement the amount of grants provided under this subtitle to the recipient with an amount of funds from non-Federal sources equal to 50 percent of the Federal grant, which shall include funds from project sponsors receiving assistance from the recipient.

''(b) SUPPLEMENTAL FUNDS.—Supplemental funds may include (1) the value of any donated material or building, the value of any lease on a building, (2) any salary paid to staff to carry out the program of a project sponsor, (3) the value of the time and services contributed by volunteers to carry out the program of project sponsor at a rate determined by the Secretary, and (4) the proceeds from bond financing validly issued by a State or unit of general local government, agency, or instrumentality thereof, and repayable with revenues derived from a project assisted under this subtitle, except that not more

than 25 percent of the contribution required may be derived from the proceeds of such bond financings. Any State or local government funds used independently from the program under this title, or designated for such use, to assist the homeless by carrying out activities that would be eligible for assistance under this subtitle shall be considered supplemental funds under this section.

''(c) STATES.—

''In the case of a State administering grant amounts under section 410(b)(1)(A), in each fiscal year, the State shall supplement the amount of grants provided under this subtitle with an amount of funds from sources other than this subtitle equal to 50 percent of the amount received under this subtitle. Each grantee that is a State shall obtain any supplemental amounts from State recipients receiving amounts under the grant.

''(d) PROHIBITION OF SUBSTITUTION OF FUNDS.—Assistance provided under this subtitle may not be used to replace other public funds previously used, or designated for use, to assist persons who are homeless.

''(e) CERTIFICATION.—Each recipient shall certify, to the satisfaction of the Secretary, its compliance with the provisions of this section, which shall describe the sources

and amounts of supplemental funds provided pursuant to this section.

"SEC. 407. RESPONSIBILITIES OF RECIPIENTS AND PROJECT SPONSORS.

''(a) USE OF ASSISTANCE THROUGH PRIVATE NONPROFIT ORGANIZATIONS.—Each recipient shall make available more than 50 percent of the grant amounts it receives for any fiscal year to project sponsors that are private nonprofit organizations to carry out eligible activities under chapter 2, except that the Secretary may waive the applicability of this requirement if the recipient demonstrates to the Secretary that the requirement interferes with the ability of the recipient to provide assistance under this subtitle because of a paucity of qualified private nonprofit organizations in the jurisdiction of the recipient.

''(b) HOUSING QUALITY.—Each recipient shall ensure that housing assisted with grant amounts provided under this subtitle is decent, safe, and sanitary and, when appropriate, complies with all applicable State and local housing codes, building codes, and licensing requirements in the jurisdiction in which the housing is located.

''(c) PREVENTION OF UNDUE BENEFIT.—The Secretary may prescribe such terms and conditions as the Secretary considers necessary to prevent project sponsors from unduly benefiting from the sale or other disposition

of projects other than a sale or other disposition resulting in the use of the project for the direct benefit of very low-income families.

''(d) CONFIDENTIALITY.—Each recipient shall develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project and to ensure that the address or location or any family violence shelter project assisted with grant amounts under this subtitle will, except with written authorization of the person or person responsible for the operation of such shelter, not be made public.

''(e) EMPLOYMENT OF HOMELESS INDIVIDUALS.—To the maximum extent practicable, the Secretary shall ensure that recipients involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted with grant amounts under this subtitle, in providing services so assisted, and in providing services for occupants of facilities so assisted.

''(f) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, provide that each recipient shall require each project sponsor receiving assistance under this subtitle from the recipient to provide for the participation of not less than one homeless individual or

formerly homeless individual on the board of directors or other equivalent policy making entity of the project sponsor, to the extent that such entity considers and makes policies and decision regarding any project, facility, services, or other activities assisted with grant amounts under this subtitle. A recipient may grant waivers to project sponsors unable to meet the requirement under the preceding sentence if the project sponsor agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

"SEC. 408. APPLICATION.

''(a) REQUIREMENT.—Except as otherwise provided in section 404(c), the Secretary may make a grant under this subtitle only to an eligible grantee that submits an application under this section that is approved by the Secretary.

''(b) FORM AND PROCEDURE.—Applications shall be submitted in such form and in accordance with such procedures as the Secretary shall, by regulation, establish.

''(c) CONTENT.—An application under this section shall—

''(1) include a detailed description, based on information provided in the current comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing

Act for the appropriate jurisdiction or such other plan as the Secretary may prescribe, of—

''(A) the existing population of homeless individuals and families for the jurisdiction of the applicant; and

''(B) the existing facilities and services designed to assist such population;

''(2) include a detailed description of the comprehensive homeless assistance under section 405 to be established and maintained within the jurisdiction of the applicant;

''(3) provide an assessment of what is required to establish and maintain the provision of comprehensive homeless assistance required under section 405 for the jurisdiction of the applicant;

''(4) set forth a multiyear strategy for establishing and maintaining the provision of comprehensive homeless assistance for the jurisdiction, as described pursuant to paragraph (2), and include timetables, goals, and budget estimates for accomplishing each element of the strategy;

''(5) set forth a 1-year action plan that identifies all activities to be carried out with assistance under this subtitle and demonstrates how such ac-

tivities will further the strategy set forth pursuant to paragraph (4);

''(6) except in the case of an application by a State that elects under section 410(b)(1)(A) to administer grants under this subtitle, describe the means the applicant will use to distribute grant amounts to project sponsors and whether such amounts will be awarded on a competitive or non-competitive basis;

''(7) contain certifications or other such forms of proof of commitments of financial and other resources from each public agency or private nonprofit organization that has a role in establishing and maintaining the provision of comprehensive homeless assistance for the jurisdiction of the applicant, required under section 405;

''(8) contain assurances satisfactory to the Secretary that activities carried out under chapter 2 with grant amounts under this subtitle will comply with the requirements of this subtitle;

''(9) in the case of an application by a State that elects to under section 410(b)(1)(A) administer grants under this subtitle, describe the method of distribution of such amounts to State recipients;

"(10) except with respect to an application by a State that elects to under section 410(b)(1)(A) to administer grants under this subtitle, contain a certification from the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the State or unit of general local government within which a project is to be located (or such other plan as the Secretary may require) that the proposed project is consistent with the approved housing strategy of such State or unit of general local government;

"(11) contain a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing; and

"(12) contain a certification that the applicant will comply with the requirements of this subtitle and other applicable laws.

"(d) RELATIONSHIP TO CHAS AND CONSOLIDATED PLAN.—In establishing requirements for applications under this section, the Secretary shall provide that if an applicant includes in the application information also re-

quired under the comprehensive housing affordability strategy for the appropriate jurisdiction under section 105 of the Cranston-Gonzalez National Affordable Housing Act or such other plan as the Secretary may require, the requirements under such subsection regarding such information shall be considered to be fulfilled by the submission of the application.

"SEC. 409. ALLOCATION AND DISTRIBUTION OF FUNDS.

''(a) INSULAR AREAS.—In each fiscal year, from any amounts appropriated for such year to carry out this subtitle, the Secretary shall allocate amounts to insular areas in accordance with an allocation formula established by the Secretary.

''(b) STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

''(1) FORMULA ALLOCATION.—

''(A) IN GENERAL.—For each fiscal year, of the amounts that remain after amounts are reserved for insular areas under subsection (a), the Secretary shall allocate assistance according to this paragraph.

''(B) FORMULA.—The Secretary shall allocate amounts under this paragraph using a formula established by the Secretary that allocates amounts for allocation units of general local

government and States, and for Indian tribes, in a manner that provides that the percentage of the total amount referred to in subparagraph (A) for any fiscal year that is allocated for any State or allocation unit of general local government, or for Indian tribes, is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for the prior fiscal year that was allocated for such State or allocation unit of general local government, or for Indian tribes.

''(C) MINIMUM AMOUNT.—If, in any fiscal year, allocation under the provisions of subparagraphs (A) and (B) would result in any allocation unit of general local government receiving a grant of less than 0.05 percent of the amounts appropriated to carry out this subtitle for the fiscal year, such amount shall instead be reallocated to the State for use under section 410(b).

''(D) 70 PERCENT FOR UNITS OF GENERAL LOCAL GOVERNMENT.—In each fiscal year, the amount allocated under this paragraph for each allocation unit of general local government shall

be the amount that results from increasing all of the amounts determined pursuant to the preceding subparagraphs for allocation units of general local government on a pro rata basis so that the sum of such amounts is equal to 70 percent of the remainder of the amount appropriated for the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

''(E) 30 PERCENT FOR STATES.—In each fiscal year, the amount allocated under this paragraph for each State shall be the amount that results from decreasing all of the amounts determined pursuant to the preceding subparagraphs for States on a pro rata basis so that the sum of such amounts is equal to 30 percent of the remainder of the amount appropriated for the year to carry out this subtitle after amounts are allocated for insular areas under subsection (a).

''(2) GRANT AMOUNT FOR STATES AND ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT.—

''(A) IN GENERAL.—The amount allocated for a fiscal year under paragraph (1) for an allocation unit of general local government or a

State shall be the maximum amount that the allocation unit or State may receive under this subtitle for the fiscal year.

''(B) REDUCTION.—In any fiscal year, the Secretary may provide a grant under this subtitle for a State or for an allocation unit of general local government in an amount less than the amount allocated under paragraph (1), if the Secretary determines based upon review of the application of the jurisdiction under section 408 or as a result of the annual performance review and audit under section 413, that the jurisdiction has failed to comply fully with the requirements under section 408 or 411 or that such action is otherwise appropriate.

''(3) MINIMUM STATE ALLOCATION.—Notwithstanding paragraph (2), if, in allocating amounts for States under paragraph (1) for any fiscal year, the amount allocated for the year for a State is less than $2,000,000, the allocation for the State shall instead be $2,000,000 and the increase shall be deducted pro rata from the allocations of other States.

''(c) REALLOCATIONS.—Any amounts that a State or an allocation unit of general local government is eligible to receive for a fiscal year under subsection (b) that are

not received for use in the jurisdiction, as provided by subsections (a) and (b) of section 410, or that become available as a result of actions under section 413(b), shall be added to amounts available for allocation under this section for the succeeding fiscal year.

"SEC. 410. ADMINISTRATION OF PROGRAM.

''(a) GRANTS TO ALLOCATION UNITS OF GENERAL LOCAL GOVERNMENT, INDIAN TRIBES, AND INSULAR AREAS.—

''(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), an allocation unit of general local government, Indian tribe, or insular area shall administer grant amounts for any fiscal year received under section 409 by such grantees.

''(2) ADMINISTRATION BY DESIGNEES OF JURISDICTION.—

''(A) AUTHORITY TO ELECT.—An allocation unit of general local government, Indian tribe, or insular area may elect for any fiscal year to designate a public agency or a private nonprofit organization (or a consortium of such organizations) to administer grant amounts under section 409 for the jurisdiction.

''(B) ELECTION REQUIREMENTS.—The Secretary shall prescribe the manner and time

for making an election under subparagraph (A), and shall establish criteria for the approval of agencies and organizations designated, which shall require such agencies and organizations to demonstrate experience of the entity in providing assistance to homeless individuals and families in the jurisdiction.

''(C) DIRECT PROVISION OF ASSISTANCE.—The Secretary may, at the request of the jurisdiction, provide grant amounts directly to the agency or organization designated under this paragraph.

''(3) ADMINISTRATION BY DESIGNEES OF SECRETARY.—If an allocation unit of general local government, Indian tribe, or insular area, or (if appropriate) a public agency or private nonprofit organization designated by the jurisdiction under paragraph (2), does not receive a grant under section 409 for any fiscal year because of failure to meet the application requirements of section 408, the Secretary may designate an agency or organization meeting the criteria established under paragraph (2)(B) to receive the grant.

''(4) ADMINISTRATION BY SECRETARY.—If for any fiscal year the Secretary determines that the

grant amounts allocated under section 409 for an allocation unit of general local government, Indian tribe, or insular area will not be used in the jurisdiction as provided by the preceding provisions of this subsection, the Secretary may administer such amounts for the jurisdiction. The Secretary shall prescribe such procedures and requirements as the Secretary considers appropriate for administering grant amounts under this paragraph.

''(b) GRANTS TO STATES.—

''(1) IN GENERAL.—To receive an allocation under section 409, each State shall elect—

''(A) to administer grant amounts received under section 409, as provided in paragraphs (2) and (3); or

''(B) to have the Secretary administer such grant amounts for the State, as provided in paragraph (5).

If a State elects to administer grant amounts under subparagraph (A), the election shall be irrevocable.

''(2) STATE PROGRAM.—A State administering grant amounts as provided in paragraph (1)(A)—

''(A) shall distribute the amounts remaining after use in accordance with subparagraph

(B) to State recipients for use under this subtitle;

''(B) may use up to 15 percent of the grant amounts received under section 409 to carry out its own homeless assistance program under this subtitle, except that—

''(i) such amounts may only be used for eligible activities under chapter 2 for which States are eligible recipients under this subtitle; and

''(ii) the Secretary may increase the percentage limitation under this subparagraph in the case of any State homeless assistance program that is limited to providing assistance in areas of the State that are not allocation units of general local government; and

''(C) may retain not to exceed 5.0 percent of the amount to be distributed under subparagraph (A) to State recipients to defray the cost of carrying out its responsibilities under this subtitle.

Unless a State demonstrates to the satisfaction of the Secretary that the needs for assistance for activities under this subtitle in areas of the State that

are not allocation units of general local government have been fulfilled, grant amounts received by State may only be used to carry out activities in areas of the State that do not include allocation units of general local government.

''(3) DISTRIBUTION OF AMOUNTS TO STATE RECIPIENTS.—

''(A) CHOICE OF ADMINISTRATION.—A State administering grant amounts as provided in paragraph (1)(A) shall, for each fiscal year, afford each such recipient the options of—

''(i) administering the grant amounts on its own behalf;

''(ii) designating a public agency or a private nonprofit organization (as provided by subsection (a)(2)) to administer the grant amounts for the jurisdiction; or

''(iii) entering into an agreement with the State, in consultation with private nonprofit organizations providing assistance to homeless individuals and families in the jurisdiction, under which the State will administer the grant amounts for the jurisdiction.

A recipient may choose to exercise such options at such time and in accordance with such criteria as the Secretary may prescribe.

''(B) DIRECT PROVISION OF ASSISTANCE.—A State may, at the request of the State recipient, provide grant amounts directly to the agency or organization designated under subparagraph (A)(ii).

''(C) DISTRIBUTION OF AMOUNTS.—The State shall distribute amounts to State recipients (or to agencies or organizations designated under subparagraph (A)(ii), as appropriate) on the basis of an application containing such information as the State may prescribe. Each application shall evidence an intent to establish and maintain the provision of comprehensive homeless assistance in the jurisdiction of the recipient, except that the State may waive this requirement with respect to one or more proposed activities, where the State determines that—

''(i) the activities are necessary to meet the needs of homeless individuals and families within the jurisdiction; and

''(ii) comprehensive homeless assistance is not necessary, due to the nature

and extent of homelessness in the jurisdiction.

''(D) PREFERENCE FOR CERTAIN STATE RECIPIENTS.—In selecting State recipients and making awards under subparagraph (C), the State shall give preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

''(4) STATE OR HUD ADMINISTRATION OF GRANTS FOR INDIVIDUAL STATE RECIPIENTS.—If in any fiscal year a State distributes grant amounts to a State recipient, but the recipient fails to receive the amounts pursuant to paragraph (3)(A), the Secretary or the State, as the Secretary may provide, may distribute the amounts to private nonprofit organizations in the jurisdiction. If the Secretary distributes the amounts, the Secretary shall deduct the amounts distributed from the grant provided to the State for the fiscal year.

''(5) HUD ADMINISTRATION OF STATE PROGRAM.—If a State elects pursuant to paragraph (1)(B) to have the Secretary administer grant amounts for the State received under section 409, the Secretary may distribute grant amounts to State recipients for the State, in accordance with require-

ments and procedures prescribed by the Secretary. The Secretary shall establish criteria for selecting recipients and making awards under this paragraph, which shall include giving preference to applications that demonstrate higher relative levels of homeless need and fiscal distress.

"SEC. 411. CITIZEN PARTICIPATION.

''(a) IN GENERAL.—Each grantee who is not a State recipient shall ensure that citizens, and appropriate private nonprofit organizations and other interested groups and entities, participate fully in developing and carrying out the program for providing assistance under this subtitle in the jurisdiction of the recipient. The Secretary shall prescribe such requirements to carry out this section as the Secretary deems appropriate, which shall include requirements applicable to the homeless assistance planning boards referred to in subsection (b) and the citizen participation provisions of subsection (c), and the timing of, and sequence for, carrying out the requirements of such subsections.

''(b) HOMELESS ASSISTANCE PLANNING BOARDS.—

''(1) ESTABLISHMENT.—As a condition of a grantee who is not a State recipient receiving assistance under this subtitle, the chief executive officer of the appropriate unit government in the jurisdiction

of the grantee shall establish and provide support for the operation of a homeless assistance planning board under this subsection.

''(2) FUNCTIONS.—Each board under this subsection shall assist the recipient in—

''(A) determining whether grant amounts of the grantee should be administered by the grantee, a public agency or private nonprofit organization, or the State or the Secretary, under subsections (a) and (b) of section 410;

(B) developing the application under section 408;

(C) overseeing the activities carried out with assistance under this subtitle; and

(D) evaluating the performance of the grantee (and recipients of the grantee) in carrying out such activities.

''(3) MEMBERSHIP.—Each board under this subsection shall consist of members appointed by the chief executive officer referred to in paragraph (1) (subject to recommendations in accordance with paragraph (4)), and shall include—

''(A) not less than one member representing homeless individuals and families;

''(B) not less than one member representing homeless advocates;

''(C) not less than one member representing individuals and entities providing assistance to homeless individuals and families, including agencies of units of general local government providing Federal assistance;

''(D) not less than one member representing the business community;

''(E) not less than one member representing labor;

''(F) not less than one member who is a community representative;

''(G) not less than one member of the local board established for the jurisdiction for purposes of allocating amounts under the emergency food and shelter program of the Federal Emergency Management Agency;

''(H) not less than one member representing the grantee; and

''(I) in the case of a grantee that is a State—

''(i) one member representing the State agency or instrumentality dealing with mental health; and

"(ii) one member representing the State agency or instrumentality dealing with education.

"(4) DISTRIBUTION OF MEMBERSHIP.—Not less than 50 percent of the members of each board under this subsection (including the members required under subparagraphs (A), (B), (C), and (G) of paragraph (3)) shall be members of the board that represent homeless individuals and families, homeless advocates, or nongovernmental entities that provide assistance to homeless individuals and families. They shall be individuals who were recommended for membership by individuals and entities other than a unit of general local government or any agency thereof.

"(5) BOARD REVIEW.—

"(A) APPLICANTS.—No eligible grantee may submit an application to the Secretary under section 408, and no grantee may submit to the Secretary a performance report under subsection 413(a), unless the board under this subsection for the jurisdiction of the grantee has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(B) STATE RECIPIENTS.—No State recipient may submit an application under section 410(b)(3) or a performance report to a State, unless the board under this subsection for the jurisdiction has reviewed, and been provided an opportunity to include any comments of the board in, the application or report.

"(6) REVIEW BY SECRETARY.—A member or members of the board under this subsection for a jurisdiction or other members of the community may request the Secretary to review process for constituting or operating the board to determine whether the process is fair. If the Secretary finds that the process is unfair and submits a written justification to the board within 15 days of the request for review, the Secretary may disapprove the application under section 408 for the jurisdiction or refuse to accept a performance report under section 413(a).

"(7) CONFLICTS OF INTEREST.—The Secretary shall prescribe standards governing potential conflicts of interest under which members of boards under this subsection may participate in activities carried out under this subtitle.

"(c) INVOLVEMENT OF CITIZENS AND OTHERS.—

"(1) IN GENERAL.—Each recipient shall—

''(A) make available to its citizens, public agencies, and other interested parties information concerning the amount of assistance the jurisdiction expects to receive and the range of activities that may be undertaken with the assistance;

''(B) publish the proposed application in a manner that, in the determination of the Secretary, affords affected citizens, public agencies, and other interested parties a reasonable opportunity to examine its content and to submit comments on it;

''(C) hold one or more public hearings to obtain the views of citizens, public agencies, and other interested parties on the housing needs of the jurisdiction; and

''(D) provide citizens, public agencies, and other interested parties with reasonable access to records regarding any uses of any assistance the recipient may have received under this subtitle during the preceding 5 years.

''(2) NOTICE AND COMMENT.—Before submitting any performance report under section 413(a) or any substantial amendment to an application under section 408, a recipient shall provide citizens with

reasonable notice of, and opportunity to comment on, the performance report or application.

''(3) CONSIDERATION OF COMMENTS.—A recipient shall consider any comments or views of citizens in preparing a final application, amendment to an application, or performance report for submission. A summary of such comments or views shall be attached when an application, amendment to an application, or performance report is submitted. The submitted application, amendment, or report shall be made available to the public.

''(4) AUTHORITY OF SECRETARY.—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to applications or performance reports under this subtitle.

''(d) REQUIREMENTS FOR CITIZEN PARTICIPATION FOR STATE RECIPIENTS AND RECIPIENTS OF AMOUNTS FROM THE SECRETARY.—

''(1) STATE RECIPIENTS.—The State may prescribe citizen participation requirements comparable (to the extent appropriate) to the requirements under the preceding provisions of this section for cases in which a State distributes grant amounts to State recipients, as provided in section 410(b)(2).

"(2) RECIPIENTS FROM SECRETARY.—The Secretary may prescribe citizen participation requirements comparable (to the extent appropriate) to the requirements under the preceding provisions of this section for cases in which the Secretary—

"(A) administers the grant amounts of an allocation unit of general local government, as provided in section 410(a)(4); or

"(B) distributes grant amounts to recipients, as provided in paragraph (3), (4), or (5) of section 410(b).

"(3) INAPPLICABLE LAWS.—The Federal Advisory Committee Act and section 12 of the Department of Housing and Urban Development Act shall not apply with respect to the actions of the Secretary referred to in paragraph (2). The Secretary shall establish appropriate standards under this paragraph to ensure the integrity of the process for awarding assistance.

"SEC. 412. APPLICABILITY OF OTHER PROVISIONS.

"(a) FLOOD ELEVATION REQUIREMENTS.—Flood protection standards applicable to housing acquired, rehabilitated, or assisted under this subtitle shall be no more restrictive than the standards applicable to any other program administrated by the Secretary.

''(b) ENVIRONMENTAL PROTECTION.—The provisions of, and regulations and procedures applicable under, section 104(g) of the Housing and Community Development Act of 1974 shall apply to assistance and projects under this subtitle.

''(c) GAO AUDITS.—Insofar as they relate to funds provided under this subtitle, the financial transactions of grantees and project sponsors may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files and other papers, things, or property belonging to, or in use by such grantees, and project sponsors pertaining to the financial transactions and necessary to facilitate the audit.

"SEC. 413. REPORTS, REVIEWS, AND AUDITS.

''(a) GRANTEE PERFORMANCE REPORT.—Each grantee shall submit to the Secretary a performance and evaluation report concerning the use of funds made available under this subtitle. The report shall be submitted at such time and contain such information as the Secretary shall prescribe, and shall be made available to the relevant boards referred to in section 411(b) and to citizens, public agencies, and other interested parties in the jurisdiction

of the grantee in sufficient time to permit the board and the citizens, public agencies, and other interested parties to comment on the report before submission.

''(b) REVIEWS AND AUDITS.—The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

''(1) in the case of a grantee (other than a grantee referred to in paragraph (2)), whether the grantee—

''(A) has carried out its activities in a timely manner;

''(B) has made progress toward establishing and maintaining the comprehensive homeless assistance system in conformity with its application under this subtitle;

''(C) has carried out its activities and certifications in accordance with the requirements of this subtitle and other applicable laws; and

''(D) has a continuing capacity to carry out its activities in a timely manner; and

''(2) in the case of States distributing grant amounts to State recipients, whether the State—

''(A) has distributed amounts to State recipients in a timely manner and in conformance

with the method of distribution described in its application;

''(B) has carried out its activities and certifications in compliance with the requirements of this subtitle and other applicable laws; and

''(C) has made such reviews and audits of the State recipients as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria contained in paragraph (1).

The Secretary may make appropriate adjustments in the amount of grants in accordance with the Secretary's findings under this subsection. With respect to assistance made available for State recipients, the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary's reviews and audits under this subsection, except that amounts already properly expended on eligible activities under this subtitle shall not be recaptured or deducted from future assistance to such recipients.

"SEC. 414. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.

''(a) IN GENERAL.—No person in the United States shall on the ground of race, color, national origin, religion, or sex be excluded from participation in, be denied the

benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual, as provided in section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

''(b) LIMITATIONS.—

''(1) INDIAN TRIBES.—No grant may be made under this subtitle to an Indian tribe unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with title II of Public Law 90–284. The Secretary may waive, in connection with grants to Indian tribes, the provisions of subsection (a).

''(2) HAWAIIAN HOME LANDS.—The provisions of this subtitle relating to discrimination on the basis of race shall not apply to the provision of assistance under this subtitle to the Hawaiian Home Lands.

"SEC. 415. CONSULTATION.

''In carrying out the provisions of this subtitle, including the issuance of regulations, the Secretary shall consult with other Federal agencies administering pro-

grams affecting homeless individuals and families through the Interagency Council on the Homeless established under title II.

"SEC. 416. RECORDS, REPORTS, AND AUDITS.

''(a) KEEPING OF RECORDS.—Any recipient (including a State distributing grant amounts to State recipients as provided in section 410(b)(2)) shall keep such records as may be reasonably necessary—

''(1) to disclose the amounts and the disposition of the grant amounts; and

''(2) to ensure compliance with the requirements of this subtitle.

''(b) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records of any recipient specified in subsection (a) that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

''(c) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any recipient specified in subsection (a)

that are pertinent to grant amounts received in connection with, and the requirements of, this subtitle.

"SEC. 417. REPORTS TO CONGRESS.

''The Secretary shall submit a report to the Congress annually, summarizing the activities carried out under this subtitle and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. The report shall be submitted not later than 4 months after the end of each fiscal year (except that, in the case of fiscal year 1995, the report shall be submitted not later than 6 months after the end of the fiscal year).

"CHAPTER 2—ELIGIBLE ACTIVITIES

"SEC. 431. HOMELESSNESS PREVENTION.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for activities designed to help persons and families described in subsection (b) avoid becoming homeless, which shall include assistance for making mortgage payments, rental payments, and utility payments and any activities other than those found by the Secretary to be inconsistent with the purposes of this Act.

''(b) REQUIREMENTS FOR ASSISTANCE.—Assistance may be provided under this section only to very low-income persons and families who have received eviction (or mort-

gage delinquency or foreclosure) notices or notices of termination of utility services and who—

''(1) are unable to make the required payments due to a sudden reduction in income;

''(2) need such assistance to avoid the eviction or termination of services; and

''(3) have a reasonable prospect of being able to resume payments within a reasonable period of time.

"SEC. 432. EMERGENCY SHELTER.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

''(1) the renovation, major rehabilitation, or conversion of a building or buildings to be used as emergency shelters;

''(2) the provision of supportive services, if such services do not supplant any services provided by the local government during any part of the 12-month period ending on the date of the commencement of the operation of the emergency shelter; and

''(3) maintenance, operation, insurance, utilities, and furnishings for emergency shelters.

''(b) DEFINITION.—A project shall be considered emergency shelter for purposes of this section if the project is designed to provide overnight sleeping accommodations for homeless persons. An emergency shelter

may include appropriate eating and cooking accommodations.

''(c) PROGRAM REQUIREMENTS.—A recipient may use grant amounts under this subtitle for an emergency shelter project only if the project sponsor has agreed that it will—

''(1) in the case of assistance involving major rehabilitation or conversion of a building, maintain the building as a shelter for homeless individuals and families for not less than a 10-year period unless, within such 10-year period, the need for maintaining the building as a full-time shelter ceases to exist and the building is used for the remainder of such period to carry out other eligible activities under this subtitle;

''(2) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion of a building), maintain the building as a shelter for homeless individuals and families for not less than a 3-year period; or

''(3) in the case of assistance involving only activities described in paragraphs (2) and (3) of subsection (a), provide services or shelter to homeless individuals and families at the original site or structure or other sites or structures serving the same

general population for the period during which such assistance is provided;

''(4) comply with the standards of habitability prescribed under subsection (d) by the Secretary and (if applicable) the State or unit of general local government; and

''(5) assist homeless persons in obtaining—

''(A) appropriate supportive service, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

''(B) other Federal, State, local, and private assistance available for homeless persons.

''(d) MINIMUM STANDARDS OF HABITABILITY.—The Secretary shall prescribe such minimum standards of habitability as the Secretary determines to be appropriate to ensure that emergency shelters assisted under this section are environments that provide appropriate privacy, safety, and sanitary and other health-related conditions for homeless persons and families. Grantees may establish standards of habitability in addition to those prescribed by the Secretary.

"SEC. 433. SUPPORTIVE HOUSING FOR THE HOMELESS.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide assistance to a project sponsor of supportive housing in the following manners:

''(1) ACQUISITION AND REHABILITATION.—Assistance may be provided in the form of an advance in an amount not exceeding cost of acquisition, substantial rehabilitation, or acquisition and rehabilitation of an existing structure for use as supportive housing. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for an advance under this paragraph if the structure was not used as supportive housing before the receipt of assistance.

''(2) MODERATE REHABILITATION.—Assistance may be provided in the form of a grant for moderate rehabilitation of an existing structure for use as supportive housing. Assistance under this paragraph shall not preclude assistance under paragraph (1).

''(3) OPERATING COSTS.—Assistance may be provided in the form of annual payments for operating costs of supportive housing (including supportive housing that is newly constructed with assistance provided from sources other than this subtitle) in an

amount not exceeding 75 percent of the annual operating costs of such housing.

''(4) TECHNICAL ASSISTANCE.—Technical assistance may be provided in—

''(A) establishing supportive housing in an existing structure;

''(B) operating supportive housing in existing structures and in structures that are newly constructed with assistance provided from sources other than this subtitle; and

''(C) providing supportive services to the residents of supportive housing (including supportive housing that is newly constructed with assistance provided from sources other than this subtitle).

''(5) EMPLOYMENT ASSISTANCE PROGRAM.—Assistance may be provided in the form of a grant for establishing and operating an employment assistance program for the residents of supportive housing, which shall include—

''(A) employment of residents in the operation and maintenance of the housing; and

''(B) the payment of the transportation costs of residents to places of employment.

"(6) SUPPORTIVE SERVICES.—Assistance may be provided in the form of a grant for costs of supportive services provided to homeless individuals. Any project sponsor, including program recipients under title IV of this Act before the date of the enactment of the Housing and Community Development Act of 1994, may reapply for such assistance or for the renewal of such assistance to continue services funded under prior grants or to provide other services.

"(7) CHILD CARE SERVICES.—Assistance may be provided in the form of a grant to establish and operate a child care services program for homeless families, which shall—

"(A) include—

"(i) establishing, licensing, and operating an onsite child care facility for the residents of transitional housing;

"(ii) making contributions for the child care costs of residents of transitional housing to existing community child care programs and facilities; and

"(iii) counseling designed to inform the residents of transitional housing of

public and private child care services for which they are eligible; and

''(B) provide only child care services that comply with any applicable State and local laws and regulations.

A grant under this paragraph for any child care services program may not exceed the amount equal to 75 percent of the cost of operating the program for a period not exceeding 5 years.

''(b) SUPPORTIVE HOUSING.—Housing for homeless individuals shall be considered to be supportive housing for purposes of this section if—

''(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located;

''(2) the housing is—

''(A) transitional housing;

''(B) permanent housing for homeless persons with disabilities; or

''(C) a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families (or is part of such a project); and

"(3) supportive services are provided in connection with the housing to address the special needs of homeless individuals intended to be served by the housing.

"(c) TRANSITIONAL HOUSING.—For purposes of this section, the term 'transitional housing' means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary.

"(d) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.—For purposes of this section, the term 'permanent housing for homeless persons with disabilities' means community-based housing for homeless persons with disabilities that—

"(1) is a home designed solely for housing homeless persons with disabilities or dwelling units in a multifamily housing project, condominium project, or cooperative project;

"(2) in the case of a home, is located on a site that does not contain another home used for the same purposes and that is not contiguous to another site containing a home used for the same purposes; and

''(3) provides long-term housing and supportive services for not more than—

''(A) 8 such persons in a single structure or contiguous structures;

''(B) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or

''(C) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integration objectives of the program within the context of the affected community.

''(e) PROGRAM REQUIREMENTS.—

''(1) REQUIRED AGREEMENTS.—A recipient may use grant amounts under this subtitle for a supportive housing project under this section only if the project sponsor for the project has agreed—

''(A) to operate the proposed project as supportive housing for not less than 10 years;

''(B) to conduct an ongoing assessment of the supportive services required by the residents of the project;

''(C) to provide such residential supervision as the Secretary determines is necessary to fa-

cilitate the adequate provision of supportive services to the residents of the project; and

''(D) to comply with such other terms and conditions as the Secretary or recipient may establish for purposes of carrying out this program in an effective and efficient manner.

''(2) OCCUPANT CHARGE.—Each homeless individual or family residing in a project assisted under this section that provides supportive housing may be required to pay an occupancy charge in an amount determined by the project sponsor, which may not exceed the amount determined under section 3(a) of the United States Housing Act of 1937. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

''(f) SINGLE ROOM OCCUPANCY DWELLINGS.—A project assisted under this section may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.

''SEC. 434. SAFE HAVENS FOR HOMELESS INDIVIDUALS.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) the construction of a structure for use in providing a safe haven or the acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in providing a safe haven;

"(2) the leasing of an existing structure for use in providing a safe haven;

"(3) operating costs of a safe haven;

"(4) costs of administering a safe haven program, in an amount not exceeding 10 percent of the amounts made available for activities under paragraphs (1) through (3);

"(5) conducting outreach activities designed to inform eligible persons about and attract them to a safe haven program;

"(6) the provision of low-demand services and referrals for residents of a safe haven; and

"(7) conducting other activities that further the purposes of this section, including the modification of an existing facility to use a portion of a facility to provide a safe haven.

"(b) DEFINITION.—For purposes of this section, the term 'safe haven' means housing for homeless persons who, at the time, are unwilling or unable to participate in mental health treatment programs or to receive other supportive services. Such a facility may provide—

''(1) 24-hour residence for eligible persons who may reside for an unspecified duration;

''(2) private or semiprivate accommodations;

''(3) common use of kitchen facilities, dining rooms, and bathrooms;

''(4) supportive services to eligible persons who are not residents on a drop-in basis; and

''(5) overnight occupancy limited to no more than 25 persons.

"SEC. 435. SHELTER PLUS CARE.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle to provide shelter plus care for homeless persons with disabilities (primarily persons who have severe and persistent mental or emotional impairments that seriously limit a person's ability to live independently, have chronic programs with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

''(b) DEFINITION.—For purposes of this section, the term 'shelter plus care' means rental housing assistance, in connection with supportive services funded from sources other than under this section. Such rental housing assistance may be tenant-based, project-based, or sponsor-based.

"SEC. 436. ADMINISTRATIVE AND CAPACITY-BUILDING EXPENSES.

''(a) AVAILABILITY OF GRANT AMOUNTS.—A recipient may use grant amounts under this subtitle for the following expenses:

''(1) ADMINISTRATIVE EXPENSES.—During—

''(A) the first year in which a recipient receives grant amounts under this subtitle, for administrative expenses in connection with planning the development of, and establishing, its program under this subtitle;

''(B) subsequent years, to defray the cost of administering the program; and

''(C) any year in which a recipient receives grant amounts under this subtitle, to defray the cost of establishing and operating the board referred to in section 411(b).

Not more than 5 percent of any amounts provided to a recipient under this subtitle for a fiscal year may be used for activities under this paragraph.

''(2) CAPACITY BUILDING FOR NONPROFIT ORGANIZATIONS.—For building the capacity of private nonprofit organizations to participate in the comprehensive homeless assistance system of the recipient, except that not more than 2 percent of any amounts provided to a recipient under this subtitle

for a fiscal year may be used for activities under this paragraph.

''(b) PROVISION OF ADMINISTRATIVE EXPENSES FOR CERTAIN ENTITIES.—

''(1) PROVISION OF AMOUNTS.—Any recipient under paragraph (2) shall make available, to defray the administrative expenses of the designee or the State, not more than 5 percent from amounts eligible for this purpose under subsection (a)(1).

''(2) RECIPIENTS COVERED.—The recipients under this paragraph shall be—

''(A) any allocation unit of general local government, Indian Tribe, or insular area, that designates a public agency or a private nonprofit organization under section 410(a)(2);

''(B) any State recipient that designates a public agency or a private nonprofit organization under section 410(b)(3)(A)(ii); and

''(C) any State recipient that enters into an agreement under section 410(b)(3)(A)(iii) with a State.

"SEC. 437. INNOVATIVE HOMELESS INITIATIVES.

''(a) ELIGIBLE ACTIVITIES.—A recipient may use grant amounts under this subtitle for—

"(1) establishing innovative programs to demonstrate methods of undertaking comprehensive strategies for assisting homeless individuals and families (including homeless individuals who have the disease of acquired immunodeficiency syndrome or who are infected with HIV), through cooperative efforts in partnership with other levels of government and the private sector (including nonprofit organizations, foundations, and communities) and through a variety of activities, including the coordination of efforts and the filling of gaps in available services and resources; and

"(2) to obtain technical assistance in establishing a program for providing homeless assistance in accordance with the provisions of this subtitle, except that not more than 10 percent of the amount provided to a recipient under this subtitle for a fiscal year may be used under this paragraph.

"(b) REQUIREMENTS.—A recipient may use grant amounts to establish an innovative program under subsection (a)(1) only if—

"(1) the existing public and private systems for homelessness prevention, outreach, assessment, shelter, services, transitional services, transitional housing, and permanent housing available within the ju-

risdiction of the recipient would benefit from additional resources to achieve a comprehensive approach to meeting the needs of individuals and families who are homeless, or who are very low-income and at risk of homelessness;

''(2) the recipient works cooperatively with the Department of Housing and Urban Development, nonprofit organizations, foundations, other private entities, and the community, to the extent feasible, to design and implement the program; and

''(3) the recipient obtains a commitment from the jurisdiction to make necessary changes in policy and procedure to provide sufficient flexibility and resources as necessary to implement and sustain the program.

"SEC. 438. OTHER APPROVED ACTIVITIES.

''The Secretary, in cooperation with grantees, recipients, and other appropriate parties, shall develop additional activities to carry out the purposes of this subtitle. A recipient may use grants amounts under this subtitle to carry out any such activities developed and approved by the Secretary.

"Subtitle B—Other Permanent Housing Assistance Programs for the Homeless".

SEC. 312. REGULATIONS AND TRANSITION PROVISIONS.

(a) IN GENERAL.—Not later than April 1, 1995, the Secretary of Housing and Urban Development (in this section referred to as the ''Secretary'') shall publish final regulations to implement the amendments made by this subtitle. The final rule shall be published after notice and opportunity for public comment in accordance with section 553 of title 5, United States Code.

(b) TRANSITION PROVISIONS.—

(1) EMERGENCY SHELTER GRANTS PROGRAM.—Notwithstanding any other provision of law, during fiscal year 1995, the Secretary shall allocate grants from amounts available for such year under subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this Act) in accordance with the provisions of subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (Emergency Shelter Grants), as such provisions existed immediately before the enactment of this Act.

(2) FAILURE TO PUBLISH REGULATIONS.—

(A) IN GENERAL.—If the Secretary fails to publish final regulations as provided by subsection (a), the Secretary shall distribute the

amounts available for fiscal year 1995 under subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this Act) (excluding amounts allocated under paragraph (1)) in accordance with the following provisions of title IV of the Stewart B. McKinney Homeless Assistance Act, as such provisions existed immediately before the enactment of this Act:

(i) Subtitle C (Supportive Housing).

(ii) Subtitle D (Safe Havens).

(iii) Subtitle F (Shelter Plus Care).

(B) PROCEDURE.—For purposes of awarding assistance under this paragraph, the Secretary may, as appropriate—

(i) provide for use of a single application; and

(ii) publish a single notice of funding availability.

(3) MINIMUM AMOUNTS.—The Secretary shall determine the amount to be allocated for each of the programs referred to in this subsection, but the amount so allocated for each such program shall not be less than the amount appropriated for the program for fiscal year 1994.

(c) TECHNICAL ASSISTANCE.—Of any amounts appropriated to carry out section 2 of the HUD Demonstration Act of 1993 in fiscal year 1995, the Secretary may use not more than 10 percent for providing technical assistance to assist recipients under subtitle A of title IV of the Stewart B. McKinney Homeless Assistance Act (as amended by this subtitle) to establish a program for providing homeless assistance in accordance with the provisions of such subtitle A.

SEC. 313. REPORT ON SINGLE ROOM OCCUPANCY ASSISTANCE.

Not later than July 1, 1995, the Secretary shall submit a report to the Congress evaluating the effectiveness of combining the programs for assistance for single room occupancy dwellings under sections 451 and 452 of the Stewart B. McKinney Homeless Assistance Act (as so redesignated and amended by this Act) into the program for assistance under subtitle A of title IV of such Act and, if effective, describing how to provide such assistance under the program under such subtitle A.

Subtitle B—Other Housing Assistance Programs for the Homeless Under McKinney Act

SEC. 321. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

Section 451 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 311(3) of this Act, is amended—

(1) in the second sentence of subsection (c), in the matter preceding paragraph (1), by striking ''containing'' and inserting the following: ''for the provision of assistance under this section that is specifically provided for in the comprehensive homeless assistance described in the application under section 408 of the relevant eligible grantee and that contains''; and

(2) in subsection (j)(1), by inserting ''recipient under subtitle A,'' after ''authority,''.

SEC. 322. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended by inserting after section 451, as so redesignated by section 311(3) of this Act, the following new section:

"SEC. 452. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

''(a) PURPOSE.—The purpose of the program under this section is to provide assistance for the moderate rehabilitation of single room occupancy housing to be made available for rental, in connection with supportive services funded from sources other than this section, to homeless persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

''(b) MODERATE REHABILITATION ASSISTANCE.—The Secretary may use amounts made available to carry out this section for moderate rehabilitation of single room occupancy housing described in section 8(l) of the United States Housing Act of 1937 for occupancy by eligible persons in accordance with this section. Such amounts may be used in connection with the moderate rehabilitation of efficiency units if the building owner agrees to pay the additional cost of rehabilitating and operating the efficiency units.

''(c) FUNDING LIMITATIONS.—

''(1) TARGETED POPULATIONS.—To the maximum extent practicable, the Secretary shall reserve

not less than 50 percent of all amounts made available to carry out this section for homeless individuals who are seriously mentally ill or have chronic problems with alcohol, drugs, or both.

''(2) GEOGRAPHICAL LIMITATION.—Of the assistance made available under this section for any fiscal year, not more than 10 percent may be used for programs located within any one unit of general local government.

''(d) SUPPORTIVE SERVICES REQUIREMENTS.—

''(1) REQUIREMENT OF MATCHING AMOUNTS.—Each recipient of assistance under this section shall supplement the assistance provided under this section with an equal amount of funds for supportive services from sources other than this section. Each recipient shall certify to the Secretary its compliance with this paragraph, and shall include with the certification a description of the sources and amounts of such supplemental funds.

''(2) DETERMINATION OF MATCHING AMOUNTS.—In calculating the amount of supplemental funds provided under this section, a recipient may include the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services con-

tributed by volunteers to carry out the program of the recipient at a rate determined by the Secretary.

''(3) RECAPTURE.—If the supportive services and funding for the supportive services required by this subsection are not provided by a recipient, the Secretary may recapture any unexpended housing assistance provided under this section to the recipient.

''(e) CONTRACT REQUIREMENTS.—Each contract for annual contributions entered into by the Secretary with a public housing agency to obligate budget authority made available to carry out this section shall—

''(1) commit the Secretary to make the authority available to the public housing agency for an aggregate period of 10 years, and require that any amendments increasing the authority shall be available for the remainder of such 10-year period;

''(2) provide the Secretary with the option to renew the contract for an additional period of 10 years, subject to the availability of authority;

''(3) provide that, notwithstanding any other provision of law, first priority for occupancy of housing rehabilitated under this section shall be given to homeless persons; and

''(4) require installation in the housing assisted of a sprinkler system that protects all major spaces, hard-wired smoke detectors, and any other fire safety improvements as may be required by State or local law.

For purposes of this subsection, the term 'major spaces' means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

''(f) APPLICATIONS.—

''(1) IN GENERAL.—An application for rental housing assistance under this section shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

''(2) MINIMUM CONTENTS.—The Secretary shall require that an application identify the need for the assistance in the community to be served and shall contain at a minimum—

''(A) a request for housing assistance under this section specifying the number of units requested and the amount of necessary budget authority;

''(B) a description of the size and characteristics of the population of eligible persons;

''(C) an identification of the need for the program in the community to be served;

''(D) the identity of the proposed service provider or providers (which may be, or include, the applicant) and a statement of the qualifications of the provider or providers;

''(E) a description of the supportive services that the applicant proposes to assure will be available for eligible persons;

''(F) a description of the resources that are expected to be made available to provide the supportive services required by subsection (d);

''(G) a description of the mechanisms for developing a housing and supportive services plan for each person and for monitoring each person's progress in meeting that plan;

''(H) reasonable assurances satisfactory to the Secretary that the supportive services will be provided for the full term of the housing assistance under this section and a certification from the applicant that it will fund the supportive services itself if the planned resources do not become available for any reason;

''(I) a certification by the public official responsible for submitting the comprehensive

housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the unit of general local government within which housing assistance under this section will be provided; and

''(J) identification of the specific structures that the recipient is proposing for assistance.

''(g) SELECTION CRITERIA.—The Secretary shall establish selection criteria for a national competition for assistance under this section which shall include—

''(1) the ability of the applicant to develop and operate the proposed assisted housing and supportive services program, taking into account the quality of any ongoing program of the applicant;

''(2) geographic diversity among the projects to be assisted;

''(3) the need for a program providing housing assistance and supportive services for eligible persons in the area to be served;

''(4) the quality of the proposed program for providing supportive services and housing assistance;

''(5) the extent to which the proposed funding for the supportive services is or will be available;

''(6) the extent to which the project would meet the needs of the homeless persons proposed to be served by the program;

''(7) the extent to which the program integrates program recipients into the community served by the program;

''(8) the cost-effectiveness of the proposed program; and

''(9) such other factors as the Secretary specifies in regulations to be appropriate for purposes of carrying out the program established by this section in an effective and efficient manner.

''(h) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient of assistance under this section to provide for the consultation and participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any housing assisted under this section or services for such housing. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient

agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

''(i) REQUIRED AGREEMENTS.—The Secretary may not approve assistance under this section for an applicant unless the applicant agrees—

''(1) to operate the proposed program in accordance with the provisions of this section;

''(2) to conduct an ongoing assessment of the housing assistance and supportive services required by the participants in the program;

''(3) to ensure the adequate provision of supportive services to the participants in the program;

''(4) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the program in an effective and efficient manner; and

''(5) to the maximum extent practicable, to involve homeless individuals and families, through employment volunteer services, or otherwise, in constructing or rehabilitating housing assisted under this section and in providing services required under this section.

''(j) HOUSING STANDARDS AND RENT REASONABLENESS.—

"(1) STANDARDS REQUIRED.—The Secretary shall require that—

"(A) before any assistance may be provided to or on behalf of a person, each unit assisted under this section shall be inspected by the applicant directly or by another entity, including the local public housing agency, to determine that the unit meets the housing quality standards under section 8 of the United States Housing Act of 1937 and that the occupancy charge for the dwelling unit is reasonable; and

"(B) the recipient shall make at least annual inspections of each unit assisted under this section during the term of the contract for such assistance.

"(2) PROHIBITION.—No assistance may be provided under this section for a dwelling unit (A) for which the occupancy charge is not reasonable, or (B) which fails to meet the housing standards, unless the owner promptly corrects the deficiency and the recipient verifies the correction.

"(k) TENANT RENT.—Each tenant of a dwelling unit assisted under this section shall pay as rent an amount determined in accordance with the provisions of section 3(a)(1) of the United States Housing Act of 1937.

"(l) ADMINISTRATIVE FEES.—From amounts made available to carry out this section, the Secretary shall make amounts available to pay the entity administering the housing assistance an administrative fee in an amount determined appropriate by the Secretary for the costs of administering the housing assistance.

"(m) OCCUPANCY.—

"(1) OCCUPANCY AGREEMENT.—The occupancy agreement between a tenant and an owner of a dwelling unit assisted under this section shall be for at least 1 month.

"(2) VACANCY PAYMENTS.—If an eligible person vacates a dwelling unit assisted under this section before the expiration of the occupancy agreement, no assistance payment may be made with respect to the unit after the month that follows the month during which the unit was vacated, unless it is occupied by another eligible person.

"(n) TERMINATION OF ASSISTANCE.—

"(1) AUTHORITY.—If an eligible individual who receives assistance under this section violates program requirements, the recipient may terminate assistance in accordance with the process established pursuant to paragraph (2).

"(2) PROCEDURE.—In terminating assistance under this paragraph, the recipient shall provide a formal process that recognizes the rights of individuals receiving such assistance to due process of law.

"(o) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

"(1) The term 'acquired immunodeficiency syndrome and related diseases' has the meaning given such term in section 853 of the Cranston-Gonzalez National Affordable Housing Act.

"(2) The term 'applicant' means a State, unit of general local government, Indian tribe, or public housing agency.

"(3) The term 'eligible person' means a homeless person with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the family of such a person.

"(4) The term 'Indian tribe' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

"(5) The term 'nonprofit organization' has the meaning given such term by section 104 of the Cranston-Gonzalez National Affordable Housing

Act, and includes community mental health centers established as public nonprofit organizations.

''(6) The term 'person with disabilities' has the meaning given such term in section 811 of the Cranston-Gonzalez National Affordable Housing Act.

''(7) The term 'public housing agency' has the meaning given such term in section 3(b) of the United States Housing Act of 1937.

''(8) The term 'recipient' means an applicant approved for participation in the program to provide assistance under this section.

''(9) The term 'Secretary' means the Secretary of Housing and Urban Development.

''(10) The term 'seriously mentally ill' means having a severe and persistent mental or emotional impairment that seriously limits a person's ability to live independently.

''(11) The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any other territory or possession of the United States.

''(12) The term 'supportive services' means assistance that the Secretary determines (A) addresses

the special needs of eligible persons; and (B) provides appropriate services or assists such persons in obtaining appropriate services, including health care, mental health services, substance and alcohol abuse services, child care services, case management services, counseling, supervision, education, job training, and other services essential for achieving and maintaining independent living. Inpatient acute hospital care shall not qualify as a supportive service.

''(13) The term 'unit of general local government' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

''(p) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing assistance under this section, there are authorized to be appropriated $75,000,000 for fiscal year 1995 and $75,000,000 for fiscal year 1996.''.

SEC. 323. RURAL HOMELESSNESS GRANT PROGRAM.

Section 453 of the Stewart B. McKinney Homeless Assistance Act, as so redesignated by section 311(3) of this Act, is amended—

(1) in subsection (a), by striking ''Secretary of Housing and Urban Development'' and inserting ''Secretary of Agriculture''; and

(2) in subsection (k), by striking paragraph (3) and inserting the following new paragraph:

''(3) The term 'Secretary' means the Secretary of Agriculture.''.

SEC. 324. CLERICAL AMENDMENT.

The table of contents in section 101(b) of the Stewart B. McKinney Homeless Assistance Act is amended by striking the items relating to title IV and inserting the following new items:

''TITLE IV—HOUSING ASSISTANCE

''Subtitle A—Flexible Grant Program

''CHAPTER 1—GENERAL PROVISIONS

''Sec. 401. Purposes.
''Sec. 402. Authorization of appropriations.
''Sec. 403. Definitions.
''Sec. 404. Provision of grants.
''Sec. 405. Comprehensive homeless assistance.
''Sec. 406. Matching requirements.
''Sec. 407. Responsibilities of grantees and project sponsors.
''Sec. 408. Application.
''Sec. 409. Allocation and distribution of funds.
''Sec. 410. Administration of program.
''Sec. 411. Citizen participation.
''Sec. 412. Applicability of other provisions.
''Sec. 413. Reports, reviews, and audits.
''Sec. 414. Nondiscrimination in programs and activities.
''Sec. 415. Consultation.
''Sec. 416. Records, reports, and audits.
''Sec. 417. Reports to Congress.

''CHAPTER 2—ELIGIBLE ACTIVITIES

''Sec. 431. Homelessness prevention.
''Sec. 432. Emergency shelter.
''Sec. 433. Supportive housing for the homeless.
''Sec. 434. Safe havens for homeless individuals.
''Sec. 435. Shelter plus care.
''Sec. 436. Administrative and capacity-building expenses.
''Sec. 437. Innovative homeless initiatives.
''Sec. 438. Other approved activities.

''Subtitle B—Other Permanent Housing Assistance Programs for the Homeless

''Sec. 451. Section 8 assistance for single room occupancy dwellings.
''Sec. 452. Section 8 assistance for shelter plus care single room occupancy dwellings.
''Sec. 453. Rural homelessness grant program.
''Sec. 454. Use of FMHA inventory for transitional housing for homeless persons and for turnkey housing.''.

Subtitle C—Miscellaneous Homeless Housing Provisions

SEC. 331. STRATEGY TO ELIMINATE UNFIT TRANSIENT FACILITIES.

Section 825(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11301 note) is amended—

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(4) that States and units of general local government shall eliminate the use of unfit transient facilities as housing for homeless families with children not later than July 1, 1997, in the manner provided under the strategy.''.

TITLE IV—RURAL HOUSING

SEC. 401. PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a) of the Housing Act of 1949 (42 U.S.C. 1483(a)) is amended to read as follows:

''(a) INSURANCE AND GUARANTEE AUTHORITY.—

''(1) IN GENERAL.—The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal years 1995 and 1996, in aggregate amounts not to exceed $3,231,103,950 and $3,360,037,069, respectively, as follows:

''(A) For insured or guaranteed loans under section 502 on behalf of low-income borrowers receiving assistance under section 521(a)(1), $1,802,500,000 for fiscal year 1995 and $1,856,575,000 for fiscal year 1996.

''(B) For guaranteed loans under section 502(h) on behalf of low- and moderate-income borrowers, $772,500,000 for fiscal year 1995 and $795,675,000 for fiscal year 1996.

''(C) For loans under section 504, $36,050,000 for fiscal year 1995 and $37,131,500 for fiscal year 1996.

"(D) For insured loans under section 514, $18,053,950 for fiscal year 1995 and $18,595,569 for fiscal year 1996.

"(E) For insured loans under section 515, $600,000,000 for fiscal year 1995 and $650,000,000 for fiscal year 1996.

"(F) For loans under section 523(b)(1)(B), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(G) For site loans under section 524, $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(2) LIMITATION ON USE.—Notwithstanding any other provision of law, insured or guaranteed loan authority in this title for any fiscal year shall not be transferred or used for any purpose not specified in this title.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b)) is amended to read as follows:

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996, and to remain available until expended, the following amounts:

"(1) For grants under section 502(c)(5)(C)(i), $10,000,000 for fiscal year 1995, and $10,000,000 for fiscal year 1996.

"(2) For grants under section 504, $31,000,000 for fiscal year 1995 and $31,930,000 for fiscal year 1996.

"(3) For purposes of section 509(c), $1,000,000 for fiscal year 1995 and $1,030,000 for fiscal year 1996.

"(4) For project preparation grants under section 509(f)(6), $5,688,278 for fiscal year 1995 and $5,858,926 for fiscal year 1996.

"(5) In fiscal years 1995 and 1996, such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to—

"(A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503; and

"(B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary.

"(6) For grants for service coordinators under section 515(y), $1,073,260 for fiscal year 1995 and $1,105,458 for fiscal year 1996.

"(7) For financial assistance under section 516—

"(A) for low-rent housing and related facilities for domestic farm labor under subsections (a) through (j) of such section, $15,000,000 for fiscal year 1995 and $18,000,000 for fiscal year 1996; and

"(B) for housing for rural homeless and migrant farmworkers under subsection (k) of such section, $10,269,230 for fiscal year 1995 and $11,407,307 for fiscal year 1996.

"(8) For grants under section 523(f), $14,918,314 for fiscal year 1995 and $15,365,863 for fiscal year 1996.

"(9) For grants under section 533, $33,056,408 for fiscal year 1993 and $34,048,100 for fiscal year 1994.".

(c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 (42 U.S.C. 1483(c)(1)) is amended by striking "(c)" and all that follows through the end of paragraph (1) and inserting the following:

"(c) RENTAL AND OPERATING ASSISTANCE.—(1) The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into rental assistance payment contracts under section 521(a)(2)(A) and contracts for operating assistance under section 521(a)(5), aggregating $454,079,620 for fiscal year 1995 and $467,702,009 for fiscal year 1996.".

(d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(d) of the Housing Act of 1949 (42 U.S.C. 1483(d)) is amended to read as follows:

"(d) SUPPLEMENTAL RENTAL ASSISTANCE CONTRACTS.—The Secretary, to the extent approved in appropriations Acts for fiscal years 1995 and 1996, may enter into 5-year supplemental rental assistance contracts under section 502(c)(5)(D) aggregating $13,070,160 for fiscal year 1995 and $13,462,265 for fiscal year 1996.".

(e) RURAL HOUSING VOUCHER AUTHORITY.—Section 513(e) of the Housing Act of 1949 (42 U.S.C. 1483(e)) is amended to read as follows:

"(e) RURAL HOUSING VOUCHERS.—There are authorized to be appropriated for rural housing vouchers under section 542, $30,000,000 for fiscal year 1995 and $40,000,000 for fiscal year 1996.".

(f) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b) of the Housing Act of 1949 (42 U.S.C. 1485(b)) is amended—

(1) by striking paragraph (4); and

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

SEC. 402. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL HOUSING PROGRAMS.

Section 501(b)(6) of the Housing Act of 1949 (42 U.S.C. 1471(b)(6)) is amended by adding at the end the following new sentence: ''In any case in which assistance made available under this title may be provided to a State or State agency or in which a State or State agency is eligible to participate in a program or activity under this title, such assistance may also be provided to Indian tribes and tribal agencies and Indian tribes and tribal agencies shall be eligible to participate, respectively.''.

SEC. 403. ESCROW FUND.

Section 501(e) of the Housing Act of 1949 (42 U.S.C. 1471(e)) is amended by striking the third and fourth sentences and inserting the following: ''The Secretary may establish in the Treasury of the United States an escrow fund for the deposit of such periodic payments. The Secretary may direct the Secretary of the Treasury to invest and reinvest amounts in the escrow fund in pub-

lic debt securities with maturities suitable for the needs of the escrow fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. Any interest earned shall be credited to the escrow fund. The Secretary shall disburse amounts at the appropriate time or times for the purposes for which the amounts were escrowed in the fund. The Secretary shall pay a uniform rate of interest on escrowed amounts. The interest rate to be paid on such amounts shall be determined by the Secretary based on the interest earned less an amount not to exceed 1 percent to be used to offset expenses in carrying out the provisions of this title.''.

SEC. 404. SECTION 502 HOMEOWNERSHIP LOANS.

(a) REMOTE RURAL AREAS.—Section 502(f) of the Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

(1) by striking paragraph (1);

(2) by redesignating paragraph (2) as paragraph (1); and

(3) by adding at the end the following new paragraph:

''(2) SECURITY.—In making a loan under this section for housing located in a rural area that is a remote rural area (which shall include tribal allotted

or Indian trust land) where the borrower resides or is employed, the Secretary shall consider the actual replacement cost of the property and structure for which the loan is made as adequate security for the loan required under subsection (b).''.

(b) PERMANENT DEFERRED MORTGAGE PROGRAM.—Section 502(g) of the Housing Act of 1949 (42 U.S.C. 1472(g)) is amended to read as follows:

''(g) DEFERRED MORTGAGE PROGRAM.—With respect to families or persons otherwise eligible for assistance under subsection (d) but having incomes below the amount determined to qualify for a loan under this section, the Secretary may defer mortgage payments beyond the amount affordable at 1 percent interest, taking into consideration income, taxes and insurance. Deferred amounts shall not exceed 25 percent of the amount of the payment due at 1 percent interest and shall be subject to recapture.''.

(c) REAMORTIZATION.—Section 505 of the Housing Act of 1949 (42 U.S.C. 1475) is amended—

(1) in the section heading, by inserting '', REAMORTIZATION,'' after ''MORATORIUM'';

(2) in subsection (a), by inserting before the last sentence the following: ''The Secretary may not foreclose such a mortgage securing such a loan upon

which a moratorium has been granted solely because the borrower does not have the ability to repay the loan. Upon the expiration of a moratorium, the Secretary shall, subject to the availability of amounts for assistance under this title, enter into an agreement with the borrower providing to the borrower such assistance as the Secretary is authorized to provide under this title and may foreclose with respect to the loan only if the borrower fails to make 3 monthly payments required under such agreement.''';

(3) by redesignating subsection (b) as subsection (c); and

(4) by inserting after subsection (a) the following new subsection:

''(b) REAMORTIZATION.—

''(1) AUTHORITY.—With respect to a loan made under section 502, after a moratorium under subsection (a) of this section for the loan or at any other time the Secretary considers appropriate, the Secretary may reamortize the outstanding indebtedness, including principal and interest, under the loan for a period not to exceed 38 years from the date of the making of the loan, subject to the provisions of paragraph (2). The authority of the Secretary

under this subsection to modify loans shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided for such costs in appropriation Acts for such fiscal year.

''(2) GRADUATED REPAYMENT AGREEMENT.—In reamortizing a loan pursuant to paragraph (1), the Secretary may lower the interest rate to the existing lending rate for loans under section 502 or establish a schedule of payments under the loan that provides, after the application of interest credit, for payments in an amount less than the amount of the payments originally provided for under the loan agreement for a period not exceeding that required to amortize the loan over its term, except that such period may not exceed 3 years.''.

(d) ELIGIBILITY OF AREA.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended by adding at the end the following new subsection:

''(i) Notwithstanding section 520, the Secretary may make loans under this section for properties in the Pine View West Subdivision, located in Gibsonville, North Carolina, in the same manner as provided under this section for properties in rural areas.''.

SEC. 405. LOAN GUARANTEES.

Section 502(h)(11) of the Housing Act of 1949 (42 U.S.C. 1472(h)(11)) is amended by adding at the end the following new sentence: ''The Secretary may not pool or reallocate any authority to guarantee loans under this section that was allocated for use in any State before August 1 of the fiscal year in which such authority was allocated.''.

SEC. 406. PREPAYMENT OF RURAL RENTAL HOUSING LOANS.

(a) EQUITY TAKEOUT LOANS.—

(1) AUTHORITY AND LIMITATION.—Section 502(c)(4)(B)(iv) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(iv)) is amended by inserting before the period at the end the following: ''or under paragraphs (1) and (2) of section 514(j), except that an equity loan referred to in this clause may not be made available after the date of the enactment of the Housing and Community Development Act of 1994 unless the Secretary determines that the other incentives available under this subparagraph are not adequate to provide a fair return on the investment of the borrower, to prevent prepayment of the loan insured under section 514 or 515, or to prevent the displacement of tenants of the housing for which the loan was made''.

(2) APPROVAL OF ASSISTANCE.—Subparagraph (C) of section 502(c)(4) of the Housing Act of 1949 is amended by striking the matter preceding clause (i) and inserting the following:

''(C) APPROVAL OF ASSISTANCE.—The Secretary may approve assistance under subparagraph (B) for assisted housing only if the restrictive period has expired for any loan for the housing made or insured under section 514 or 515 pursuant to a contract entered into after December 21, 1979, but before the date of the enactment of the Department of Housing and Urban Development Reform Act of 1989, and the Secretary determines that the combination of assistance provided—''.

(3) LOAN TERMS.—Section 514 of the Housing Act of 1949 (42 U.S.C. 1484) is amended by adding at the end the following new subsection:

''(j) EQUITY TAKEOUT LOANS FOR PRESERVATION OF LOW-INCOME HOUSING.—With respect to a loan insured under subsection (a), the Secretary may—

''(1) make or insure an equity loan in the form of a supplemental loan for the purpose of equity takeout to the owner of housing financed with a loan insured under this section pursuant to a contract entered into before December 15, 1989, for the purpose of extending the affordability of the housing for

low-income families or persons and very low-income families or persons for not less than 20 years, except that such loan may not exceed 90 percent of the value of the equity in the project as determined by the Secretary;

''(2) transfer and reamortize an existing loan in connection with assistance provided under paragraph (1); and

''(3) make or insure a loan to enable a non-profit organization or public agency to make a purchase described in section 502(c)(5).''.

(4) TECHNICAL CORRECTION RELATING TO SECTION 515 HOUSING.—Section 515(c)(1) of the Housing Act of 1949 (42 U.S.C. 1485(c)(1)) is amended by striking ''December 21, 1979'' and inserting ''December 15, 1989''.

(b) PHASE-IN OF RENT INCREASES.—Section 502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C. 1472(c)(4)(B)(vi)) is amended by inserting before the period at the end the following: '', except that any such increase in rents for current tenants (except for increases made necessary by increases in operating costs) shall (I) be phased in equally over a period of not less than 3 years, if such increase is 30 percent or more, and (II) be limited

to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent''.

(c) TREATMENT OF ACCELERATION UPON DEFAULT.—Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended—

(1) in subsection (b)(2), by inserting ''or any payment in the case of acceleration of the amount due under such a loan pursuant to any default,'' after ''515''; and

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting before the 1st comma the following: '', accept any payment tendered in the case of acceleration of the amount due pursuant to any default on'';

(B) in paragraph (1)(B), by inserting before the 1st comma the following: '', accept any payment tendered in the case of acceleration of the amount due pursuant to any default on'';

(C) in paragraph (2)—

(i) by inserting after ''prepaid'' the following: '', paid in full pursuant to acceleration of the amount due resulting from default,''; and

(ii) by inserting '', payment,'' after ''prepayment'';

(D) in paragraph (4)(A), by inserting after ''prepay,'' the following: ''accepting any payment tendered in the case of acceleration of the amount due pursuant to any default on,''; and

(E) in paragraph (5)—

(i) in subparagraph (A)(ii), by inserting after ''prepay,'' the following: ''accept the payment tendered in the case of acceleration of the amount due pursuant to default on,'';

(ii) in the 1st sentence of subparagraph (F), by inserting after ''prepay,'' the following: ''accept payment tendered in the case of acceleration of the amount due pursuant to default on,'';

(iii) in the 2d sentence of subparagraph (F), by inserting after ''prepay,'' the following: ''payment tendered in the case of acceleration of the amount due pursuant to default,'';

(iv) in the last sentence of subparagraph (F), by striking ''offers to prepay,'' and inserting the following: ''such offers to prepay, payments in the case of accelera-

tion of the amount due pursuant to default,''; and

(v) in the matter in subparagraph (G) that precedes clause (i), by inserting after ''prepay,'' the following: ''any payment tendered in the case of acceleration of the amount due pursuant to default on,''.

(d) TEST FOR ALLOWABLE PREPAYMENT.—Section 502(c)(5)(G)(ii) of the Housing Act of 1949 (42 U.S.C. 1472(c)(5)(G)(ii)) is amended to read as follows:

''(ii) the Secretary makes a written finding that—

''(I) prepayment, payment in the case of acceleration, or refinancing will not (a) materially increase economic hardship for current tenants, and (b) involuntarily displace current tenants (except for good cause), where comparable and affordable housing is not readily available at the time of displacement, determined without regard to the availability of Federal housing assistance that would address any such hardship or involuntary displacement; and

''(II) the supply of vacant, comparable housing is sufficient to ensure that such prepayment will not materially affect (a) the avail-

ability of decent, safe, and sanitary housing affordable to low-income and very low-income families or persons in the area that the housing could reasonably be expected to serve, (b) the ability of low-income and very low-income families or persons to find affordable, decent, safe, and sanitary housing near employment opportunities, or (c) the housing opportunities of minorities in the community within which the housing is located.''.

SEC. 407. DESIGNATION OF UNDERSERVED AREAS AND RESERVATION OF ASSISTANCE.

(a) REAUTHORIZATION AND SET-ASIDE.—Section 509(f)(4) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)) is amended—

(1) in subparagraph (A)—

(A) in the first sentence—

(i) by striking ''5.0 percent in fiscal years 1993 and 1994'' and inserting ''not less than 5 percent or more than 10 percent for each of fiscal years 1995 and 1996''; and

(ii) by striking ''514, 515, and 524'' and inserting ''and 515''; and

(B) in the second sentence, by striking ''sections 514 and 515'' and inserting ''section 515''; and

(2) in subparagraph (B)(ii), by striking ''5 percent'' and inserting ''10 percent''.

(b) POVERTY LEVEL FOR DESIGNATION.—Section 509(f)(1) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking ''20 percent'' and inserting ''15 percent''; and

(2) in subparagraph (B), by striking ''10 percent'' and inserting ''5 percent''.

(c) POVERTY LEVEL FOR PREFERENCE.—Section 509(f)(2) of the Housing Act of 1949 is amended—

(1) in subparagraph (A), by striking ''28 percent'' and inserting ''20 percent''; and

(2) in subparagraph (B), by striking ''13 percent'' and inserting ''7 percent''.

(d) ADDITIONAL QUALIFICATION AS UNDERSERVED AREA.—Section 509(f)(1) of the Housing Act of 1949 is amended by inserting after subparagraph (B) the following new flush sentence:

''The Secretary may also designate a county or community as a targeted underserved area if the Secretary determines that the county or community has severe unmet housing needs, including needs caused

by severe economic and social dislocation such as natural disasters, structural employment changes, or persistent poverty, or has experienced long-term population and job losses.''.

(e) GEOGRAPHICAL DIVERSITY.—Section 509(f)(1) of the Housing Act of 1949 is amended by adding at the end the following: ''In designating targeted underserved areas under this paragraph for any fiscal year, the Secretary may not designate more than 10 counties and communities located in any single State or in the Commonwealth of Puerto Rico. If more than 10 counties and communities in any single State or the Commonwealth of Puerto Rico qualify under this paragraph for designation as an underserved area, the Secretary shall designate the counties and communities for which the sum of the percentages under subparagraphs (A) and (B) are the greatest.''.

(f) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f)) is amended—

(1) in paragraph (1)—

(A) in the 1st sentence, by striking ''in each fiscal year''; and

(B) in the 2d sentence, by striking ''year in'' and inserting ''first year for'';

(2) in paragraph (2)—

(A) in the first sentence, by striking ''paragraph (4)'' and inserting ''paragraph (5)''; and

(B) by striking the last sentence;

(3) in paragraph (3)(B), by striking ''paragraph (2)'' and inserting ''paragraph (3)'';

(4) in paragraph (4)(A), by striking ''paragraph (7)'' and inserting ''paragraph (8)'';

(5) by redesignating paragraphs (2) through (8) as paragraphs (3) through (9), respectively; and

(6) by inserting after paragraph (1) the following new paragraph:

''(2) TIMING AND DURATION OF DESIGNATIONS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall redesignate the targeted underserved areas under this subsection once every 2 fiscal years and such designations shall remain in effect for a period of 2 fiscal years. The first such 2-year designation shall be made for fiscal years 1995 and 1996.

''(B) DESIGNATIONS FOR INDIAN AREAS.—The Secretary shall ensure that, at all times,

not less than 5 counties or communities that contain tribal allotted or Indian trust land are included among the 100 counties and communities designated as targeted underserved areas. The Secretary shall redesignate the counties or communities designated as a targeted underserved area in compliance with this subparagraph once every 3 fiscal years and such designations shall remain in effect for 3 fiscal years. The first such 3-year designation shall be made for fiscal years 1995 through 1997. Upon designation, the Secretary shall specify any targeted underserved area designated in compliance with this subparagraph.''.

SEC. 408. ADMINISTRATIVE APPEALS.

(a) APPEALS.—Section 510(g) of the Housing Act of 1949 (42 U.S.C. 1480(g)) is amended—

(1) by inserting after ''termination and'' the following: '', in the case of any eviction not related to any drug-related or criminal activity, nonpayment of rent, or activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents,''; and

(2) by inserting after ''reverse the decision'' the following: ''and is mutually selected within a reason-

able period of time by the person adversely affected by the reduction or termination of assistance and the person reducing or terminating assistance''.

(b) ATTORNEYS.—Section 510(d)(1) of the Housing Act of 1949 is amended—

(1) in the matter preceding subparagraph (A), by inserting ''or 515'' after ''502''; and

(2) in subparagraph (C)(ii), by inserting ''with respect to litigation under section 502,'' before ''representation''.

SEC. 409. SECTION 515 RURAL RENTAL HOUSING.

(a) LOAN TERM.—Section 515(a)(2) of the Housing Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by inserting before the semicolon the following: '', except that the Secretary may also make loans for a period of up to 30 years from the making of the loan''.

(b) DEVELOPMENT COST.—Section 515(e)(4) of the Housing Act of 1949 is amended by inserting ''franchise fees,'' after ''impact fees,''.

(c) LIMITATION ON PROJECT TRANSFERS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by inserting after subsection (g) the following new subsection:

''(h) PROJECT TRANSFERS.—After the date of the enactment of the Housing and Community Development

Act of 1994, any interest in the ownership of a project for which a loan is made or insured under this section may be transferred only if the Secretary determines that such transfer would be in the best interests of the tenants of the housing for which the loan was made or insured and of the Federal Government.''.

(d) EQUITY LOANS.—Section 515(t) of the Housing Act of 1949 is amended—

(1) by striking paragraphs (4) and (5); and

(2) by redesignating paragraphs (6) through (8) as paragraphs (4) through (6), respectively.

(e) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

(f) AUTHORITY FOR STREAMLINED MORTGAGE MODIFICATIONS.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by adding at the end the following new subsection:

''(aa) MORTGAGE MODIFICATIONS.—

''(1) PURPOSE AND AUTHORITY.—In order to reduce the amount of debt service payments and operating costs of borrowers under loans made or insured under this section, reduce rents paid by resi-

dents of housing financed with such loans, and reduce the amount of rental assistance necessary for such housing, the Secretary may refinance the outstanding principal obligation of a loan made under this subsection in accordance with the provisions applicable (at the time of such refinancing) to loans made under this section that the Secretary determines are appropriate for purposes of this subsection and the terms and conditions of the original loan. The authority of the Secretary under this subsection to modify loans shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided for such costs in appropriation Acts for such fiscal year.

''(2) USE OF HOUSING.—Any terms of the original loan relating to use of the housing and related facilities for the purposes specified in this section shall continue to apply to the housing in the same manner as if the loan were not modified under this subsection.

''(3) TREATMENT OF MODIFIED MORTGAGE UNDER PREPAYMENT RESTRICTIONS.—Any loan modified under this subsection shall be considered a loan originally made under this section, for purposes of the limitations under subsection (c) on prepay-

ment and refinancing under subsection (b)(3). For purposes of determining the financial status of the loan or the housing securing the loan, the Secretary may consider the terms of the refinancing.

''(4) TERMS.—The Secretary shall, by regulation, establish any requirements and conditions the Secretary considers appropriate to provide for refinancing under this subsection, including any limitations on term of the refinancing loan.

''(5) EXPEDITED PROCEDURE.—The Secretary shall establish an expedited procedure for providing refinancing under this subsection, which—

''(A) shall not require application under the same procedures applicable to loans made under subsection (a); and

''(B) shall take into consideration any information obtained by the Secretary in making and servicing the loan under subsection (a) for which refinancing under this subsection is requested.''.

(g) REPEAL OF PROHIBITIONS.—Section 515 of the Housing Act of 1949 is amended by striking subsection (z).

(h) LOCATION OF PROJECTS.—Section 532 of the Housing Act of 1949 (42 U.S.C. 1490l) is amended—

(1) in subsection (a), by inserting ''other than assistance under section 515'' after ''in making assistance''; and

(2) by adding at the end the following new subsection:

''(c) ALLOCATION OF SECTION 515 LOANS.—

''(1) PROCEDURE.—The Secretary shall make assistance under section 515 available pursuant to an objective procedure established by the Secretary, under which the Secretary shall identify counties and communities having the greatest need for such assistance and designate such counties and communities to receive such assistance. Under such procedure, the Secretary shall use objective measures to determine the need for rental housing assistance, which may include the incidence of poverty, substandard housing, lack of mortgage credit, lack or insufficient amount of affordable housing, and other factors demonstrating a need for affordable housing.

''(2) INFORMATION.—The Secretary shall use information from the decennial censuses of the United States, relevant comprehensive affordable housing strategies under section 105 of the Cranston-Gonzalez National Affordable Housing Act, and other reliable sources obtained by the Secretary which

demonstrate the need for affordable rental housing in rural areas.

''(3) DESIGNATION.—A designation under paragraph (1) shall not be effective for a period of more than 3 years, but may be renewed by the Secretary under the procedure under paragraph (1). The Secretary shall cause to be published in the Federal Register a list of areas designated under paragraph (1) and a reasonable timetable for submission of preapplications. The Secretary shall take such other reasonable actions as the Secretary considers appropriate to notify the public of such designations.''.

SEC. 410. OPTIONAL CONVERSION OF RENTAL ASSISTANCE PAYMENTS TO OPERATING SUBSIDY FOR MIGRANT FARMWORKER PROJECTS.

(a) IN GENERAL.—Section 521(a) of the Housing Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding at the end the following new paragraph:

''(5) OPERATING ASSISTANCE FOR MIGRANT FARMWORKER PROJECTS.—

''(A) AUTHORITY.—In the case of housing (and related facilities) for migrant farmworkers provided or assisted with a loan under section 514 or a grant under section 516, the Secretary may, at the request of the owner of the project, use amounts provided

for rental assistance payments under paragraph (2) to provide assistance for the costs of operating the project. Any project assisted under this paragraph may not receive rental assistance under paragraph (2).

''(B) AMOUNT.—In any fiscal year, the assistance provided under this paragraph for any project shall not exceed an amount equal to 90 percent of the operating costs for the project for the year, as determined by the Secretary. The amount of assistance to be provided for a project under this paragraph shall be an amount that makes units in the project available to migrant farmworkers in the area of the project at rates generally not exceeding 30 percent of the monthly adjusted incomes of such farmworkers, based on the prevailing incomes of such farmworkers in the area.

''(C) SUBMISSION OF INFORMATION.—The owner of a project assisted under this paragraph shall be required to provide to the Secretary, at least annually, a budget of operating expenses and estimated rental income, which the Secretary shall use to determine the amount of assistance for the project.

''(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) The term 'migrant farmworker' shall have the same meaning given the term in section 516(k)(7).

''(ii) The term 'operating cost' means expenses incurred in operating a project, including expenses for—

''(I) administration, maintenance, repair, and security of the project;

''(II) utilities, fuel, furnishings, and equipment for the project; and

''(III) maintaining adequate reserve funds for the project.''.

(b) CONFORMING AMENDMENTS.—Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended—

(1) in section 502—

(A) in subsection (c)(1)(A)(i), by striking ''or (a)(2)'' and inserting '', (a)(2), or (5)'';

(B) in subsection (c)(4)(B)(ii), by inserting before the period at the end the following: '', or additional assistance or an increase in assistance provided under section 521(a)(5)'';

(C) in subsection (c)(4)(B)(iii), by inserting before the period at the end the following: ‘‘, or current tenants of projects not assisted under section 521(a)(5)’’;

(D) in subsection (c)(5)(C)(iii)—

(i) by striking the 2d comma; and

(ii) by inserting ‘‘or any assistance payments received under section 521(a)(5),’’ before ‘‘with respect’’; and

(E) in subsection (c)(5)(D), by inserting before the period at the end the following: ‘‘or, in the case of housing assisted under section 521(a)(5), does not exceed the rents established for the project under such section’’;

(2) in the second sentence of section 509(f)(5) (as redesignated by the preceding provisions of this title), by striking ‘‘an amount of section 521 rental assistance’’ and inserting ‘‘, from amounts available for assistance under paragraphs (2) and (5) of section 521(a), an amount’’;

(3) in section 513(c)(2)—

(A) in the matter preceding subparagraph (A), by inserting ‘‘or contracts for operating assistance under section 521(a)(5)’’ after ‘‘521(a)(2)(A)’’;

(B) in subparagraph (A), by inserting ''or operating assistance contracts'' after ''contracts'';

(C) in subparagraph (B), by striking ''rental'' each place it appears; and

(D) in subparagraph (C), by inserting ''or operating assistance contracts'' after ''contracts'';

(4) in section 521(a)(2)(B)—

(A) by inserting ''or paragraph (5)'' after ''this paragraph''; and

(B) by striking ''which shall'' and all that follows through the period at the end and inserting the following: ''. The budget (and the income, in the case of a project assisted under this paragraph) shall be used to determine the amount of the assistance for each project.'';

(5) in section 521(c), by striking ''subsection (a)(2)'' and inserting ''subsections (a)(2) and (a)(5)'';

(6) in section 521(e), by inserting after ''recipient'' the following: ''or any tenant in a project assisted under subsection (a)(5)''; and

(7) in section 530, by striking ''rental assistance payments with respect to such project under

section 521(a)(2)(A)'' and inserting ''assistance payments with respect to such project under section 521(a)(2)(A) or 521(a)(5)''.

SEC. 411. DEFINITION OF RURAL AREA.

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by striking ''city of'' and inserting ''cities of South Tucson, Arizona, and''.

SEC. 412. PRIORITY FOR RURAL HOUSING VOUCHER ASSISTANCE.

Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended by adding at the end the following new subsection:

''(c) PRIORITY.—

''(1) REQUIREMENT.—In providing assistance under this section, the Secretary shall give preference to providing assistance for rental housing that—

''(A) is financed or assisted with a loan, guarantee, insurance, or other assistance provided under this title; and

''(B)(i) has a significant number of units, as determined by the Secretary, that have been vacant for extended periods; or

''(ii) is occupied by a significant number of families, as determined by the Secretary, who

pay as rent for a unit in the housing an amount exceeding 30 percent of the family's monthly adjusted income.

''(2) PROJECT-BASED ASSISTANCE.—To provide assistance according to the preference under paragraph (1), the Secretary may enter into contracts with owners of housing described in paragraph (1) to provide voucher assistance payments that are attached to such housing on behalf of very low-income families who reside in such housing.''.

SEC. 413. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by inserting after section 537 the following new section:

''SEC. 538. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

''(a) AUTHORITY.—The Secretary may make commitments to guarantee eligible loans for the development costs of eligible housing and related facilities, and may guarantee such eligible loans, in accordance with this section.

''(b) EXTENT OF GUARANTEE.—A guarantee made under this section shall guarantee repayment of an amount not exceeding the total of the amount of the unpaid principal and interest of the loan for which the guar-

antee is made. The liability of the United States under any guarantee under this section shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

''(c) ELIGIBLE BORROWERS.—A loan guaranteed under this section may be made to a nonprofit organization, an agency or body of any State government or political subdivision thereof, or a private entity.

''(d) ELIGIBLE HOUSING.—A loan may be guaranteed under this section only if the loan is used for the development costs of housing and related facilities (as such terms are defined in section 515(e)) that—

''(1) consists of 5 or more adequate dwellings;

''(2) is available for occupancy only by low or moderate income families or persons, whose incomes at the time of initial occupancy do not exceed 115 percent of the median income of the area, as determined by the Secretary;

''(3) will remain available as provided in paragraph (2), according to such binding commitments as the Secretary may require, for the period of the original term of the loan guaranteed, unless the housing is acquired by foreclosure (or instrument in lieu of foreclosure) or the Secretary waives the appli-

cability of such requirement for the loan only after determining, based on objective information, that—

''(A) there is no longer a need for low- and moderate-income housing in the market area in which the housing is located;

''(B) housing opportunities for low-income households and minorities will not be reduced as a result of the waiver; and

''(C) additional Federal assistance will not be necessary as a result of the waiver; and

''(4) is located in a rural area.

''(e) ELIGIBLE LENDERS.—

''(1) REQUIREMENT.—A loan may be guaranteed under this subsection only if the loan is made by a lender that the Secretary determines—

''(A) meets the qualifications, and has been approved by the Secretary of Housing and Urban Development, to make loans for multifamily housing that are to be insured under the National Housing Act;

''(B) meets the qualifications, and has been approved by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, to make loans for multi-

family housing that are to be sold to such corporations; or

''(C) meets any qualifications that the Secretary may, by regulation, establish for participation of lenders in the loan guarantee program under this section.

''(2) ELIGIBILITY LIST AND ANNUAL AUDIT.—The Secretary shall establish a list of eligible lenders and shall annually conduct an audit of each lender included in the list for purposes of determining whether such lender continues to be an eligible lender.

''(f) LOAN TERMS.—Each loan guaranteed pursuant to this subsection shall—

''(1) provide for complete amortization by periodic payments to be made for a term not to exceed 40 years;

''(2) involve a rate of interest agreed upon by the borrower and the lender that does not exceed the maximum allowable rate established by the Secretary for purposes of this section and is fixed over the term of the loan;

''(3) involve a principal obligation (including initial service charges, appraisal, inspection, and

other fees as the Secretary may approve) not to exceed—

''(A) in the case of a borrower that is a nonprofit organization or an agency or body of any State or local government, 97 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less;

''(B) in the case of a borrower that is a for-profit entity not referred to in subparagraph (A), 90 percent of the development costs of the housing and related facilities or the value of the housing and facilities, whichever is less; and

''(C) in the case of any borrower, for such part of the property as may be attributable to dwelling use, the applicable maximum per unit dollar amount limitations under section 207(c) of the National Housing Act;

''(4) be secured by a first mortgage on the housing and related facilities for which the loan is made, or otherwise, as the Secretary may determine necessary to ensure repayment of the obligation; and

''(5) for at least 20 percent of the loans made under this section, the Secretary shall provide the borrower with assistance in the form of credits pur-

suant to section 521(a)(1)(B) to the extent necessary to reduce the rate of interest under paragraph (2) to the applicable Federal rate, as such term is used in section 42(i)(2)(D) of the Internal Revenue Code of 1986.

''(g) GUARANTEE FEE.—At the time of issuance of a loan guaranteed under this section, the Secretary may collect from the lender a fee equal to not more than 1 percent of the principal obligation of the loan.

''(h) AUTHORITY FOR LENDERS TO ISSUE CERTIFICATES OF GUARANTEE.—The Secretary may authorize certain eligible lenders to determine whether a loan meets the requirements for guarantee under this section and, subject to the availability of authority to enter into guarantees under this section, execute a firm commitment for a guarantee binding upon the Secretary and issue a certificate of guarantee evidencing a guarantee, without review and approval by the Secretary of the specific loan. The Secretary may establish standards for approving eligible lenders for a delegation of authority under this subsection.

''(i) PAYMENT UNDER GUARANTEE.—

''(1) NOTICE OF DEFAULT.—In the event of default by the borrower on a loan guaranteed under this section, the holder of the guarantee certificate

for the loan shall provide written notice of the default to the Secretary.

''(2) FORECLOSURE.—After receiving notice under paragraph (1) and providing written notice of action under this paragraph to the Secretary, the holder of the guarantee certificate for the loan may initiate foreclosure proceedings for the loan in a court of competent jurisdiction, in accordance with regulations issued by the Secretary, to obtain possession of the security property. After the court issues a final order authorizing foreclosure on the property, the holder of the certificate shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)) upon (A) conveyance to the Secretary of title to the security property, (B) submission to the Secretary of a claim for payment under the guarantee, and (C) assignment to the Secretary of all the claims of the holder of the guarantee against the borrower or others arising out of the loan transaction or foreclosure proceedings, except claims released with the consent of the Secretary.

''(3) ASSIGNMENT BY SECRETARY.—After receiving notice under paragraph (1), the Secretary may accept assignment of the loan if the Secretary

determines that the assignment is in the best interests of the United States. Assignment of a loan under this paragraph shall include conveyance to the Secretary of title to the security property, assignment to the Secretary of all rights and interests arising under the loan, and assignment to the Secretary of all claims against the borrower or others arising out of the loan transaction. Upon assignment of a loan under this paragraph, the holder of a guarantee certificate for the loan shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)).

''(4) REQUIREMENTS.—Before any payment under a guarantee is made under paragraph (2) or (3), the holder of the guarantee certificate shall exhaust all reasonable possibilities of collection on the loan guaranteed. Upon payment, in whole or in part, to the holder, the note or judgment evidencing the debt shall be assigned to the United States and the holder shall have no further claim against the borrower or the United States. The Secretary shall then take such action to collect as the Secretary determines appropriate.

''(j) VIOLATION OF GUARANTEE REQUIREMENTS BY LENDERS ISSUING GUARANTEES.—

"(1) INDEMNIFICATION.—If the Secretary determines that a loan guaranteed by an eligible lender pursuant to delegation of authority under subsection (h) was not originated in accordance with the requirements under this section and the Secretary pays a claim under the guarantee for the loan, the Secretary may require the eligible lender authorized under subsection (h) to issue the guarantee certificate for the loan—

"(A) to indemnify the Secretary for the loss, if the payment under the guarantee was made within a reasonable period specified by the Secretary; or

"(B) to indemnify the Secretary for the loss regardless of when payment under the guarantee was made, if the Secretary determines that fraud or misrepresentation was involved in connection with the origination of the loan.

"(2) TERMINATION OF AUTHORITY TO ISSUE GUARANTEES.—The Secretary may cancel a delegation of authority under subsection (h) to an eligible lender if the Secretary determines that the lender has violated the requirements and procedures for guaranteed loans under this section or for other

good cause. Any such cancellation shall be made by giving notice to the eligible lender and shall take effect upon receipt of the notice by the mortgagee or at a later date, as the Secretary may provide. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

''(k) REFINANCING.—Any loan guaranteed under this section may be refinanced and extended in accordance with terms and conditions that the Secretary shall prescribe, but in no event for an additional amount or term that exceeds the limitations under subsection (f).

''(l) NONASSUMPTION.—The borrower under a loan that is guaranteed under this section and under which any portion of the principal obligation or interest remains outstanding may not be relieved of liability with respect to the loan, notwithstanding the transfer of property for which the loan was made.

''(m) GEOGRAPHICAL TARGETING.—

''(1) STUDY.—The Secretary shall provide for an independent entity to conduct a study to determine the extent to which borrowers in the United States will utilize loan guarantees under this section, the rural areas in the United States in which borrowers can best utilize and most need loans guaran-

teed under this section, and the rural areas in the United States in which housing of the type eligible for a loan guarantee under this section is most needed by low- and moderate-income families. The Secretary shall require the independent entity conducting the study to submit a report to the Secretary and to the Congress describing the results of the study not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing and Community Development Act of 1994.

''(2) TARGETING.—In providing loan guarantees under this section, the Secretary shall establish standards to target and give priority to rural areas in which borrowers can best utilize and most need loans guaranteed under this section, as determined by the Secretary based on the results of the study under paragraph (1) and any other information the Secretary considers appropriate.

''(n) INAPPLICABILITY OF CREDIT-ELSEWHERE TEST.—Section 501(c) shall not apply to guarantees, or loans guaranteed, under this section.

''(o) TENANT PROTECTIONS.—The Secretary shall establish standards for the treatment of tenants of housing developed using amounts from a loan guaranteed under this section, which shall incorporate, to the extent

applicable, existing standards applicable to tenants of housing developed with loans made under section 515. Such standards shall include standards for fair housing and equal opportunity, lease and grievance procedures, and tenant appeals of adverse actions.

''(p) HOUSING STANDARDS.—The standards established under section 515(m) for housing and related facilities assisted under section 515 shall apply to housing and related facilities the development costs of which are financed in whole or in part with a loan guaranteed under this section.

''(q) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS.—

''(1) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section, and to guarantee loans, shall be effective for any fiscal year only to the extent or in such amounts as are or have been provided in appropriations Acts for such fiscal year.

''(2) LIMITATION ON PROJECTS AND OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitation in paragraph (1), the Secretary may enter into commitments to guarantee loans under this section for not more than 25 housing

projects in each of fiscal years 1995 and 1996, having an aggregate outstanding principal amount not exceeding $50,000,000 in each of such fiscal years.

''(r) REPORT.—

''(1) IN GENERAL.—The Secretary shall submit a report to the Congress, not later than the expiration of the 2-year period beginning on the date of the enactment of the Housing and Community Development Act of 1994, describing the program under this section for guaranteeing loans.

''(2) CONTENTS.—The report shall—

''(A) describe the types of borrowers providing housing with loans guaranteed under this section, the areas served by the housing provided and the geographical distribution of the housing, the levels of income of the residents of the housing, the number of dwelling units provided, the extent to which borrowers under such loans have obtained other financial assistance for development costs of housing provided with the loans, and the extent to which borrowers under such loans have used low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986 in connection with the housing provided with the loans;

''(B) analyze the financial viability of the housing provided with loans guaranteed under this section and the need for project-based rental assistance for such housing;

''(C) include any recommendations of the Secretary for expanding or improving the program under this section for guaranteeing loans; and

''(D) include any other information regarding the program for guaranteeing loans under this section that the Secretary considers appropriate.

''(s) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

''(1) The term 'development cost' has the meaning given the term in section 515(e).

''(2) The term 'eligible lender' means a lender determined by the Secretary to meet the requirements of subparagraph (A), (B), (C), or (D) of subsection (e)(1).

''(3) The terms 'housing' and 'related facilities' have the meanings given such terms in section 515(e).

''(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995

and 1996 such sums as may be necessary for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section.

''(u) TERMINATION DATE.—A loan may not be guaranteed under this section after September 30, 1996.''.

TITLE V—AUTHORIZATIONS OF APPROPRIATIONS

SEC. 501. LOW-INCOME HOUSING AUTHORIZATION.

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

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

''(7)(A) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1995, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

''(i) for public housing grants under subsection (a)(2), not more than $861,000,000, of which amount not more than $263,000,000 shall be available for Indian housing;

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

''(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $114,000,000;

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

''(v) for assistance under section 8 for property disposition, not more than $691,000,000;

''(vi) for assistance under section 8 for loan management, not more than $150,000,000;

''(vii) for extensions of contracts expiring under section 8, $5,092,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of this Act) and for loan management assistance under such section;

''(viii) for amendments to contracts under section 8, such sums as may be necessary;

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

''(x) for assistance under section 18 for replacement housing for units demolished or disposed of under section 18, not more than $333,450,000;

''(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

''(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $500,000,000.

''(B) Using the additional budget authority provided under paragraph (6) and the balances of budget authority that become available during fiscal year 1996, the Secretary shall, to the extent approved in appropriation Acts, reserve authority to enter into obligations aggregating—

''(i) for public housing grants under subsection (a)(2), not more than $862,000,000, of which amount not more than $264,000,000 shall be available for Indian housing;

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

''(iii) for assistance under section 5(j)(2) for substantial redesign, reconstruction, and redevelopment of existing obsolete public housing projects and buildings, not more than $120,000,000;

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

''(v) for assistance under section 8 for property disposition, not more than $800,000,000;

''(vi) for assistance under section 8 for loan management, not more than $155,000,000;

''(vii) for extensions of contracts expiring under section 8, $6,000,000,000 which shall be for 5-year contracts for assistance under section 8 and vouchers under section 8(o) (as in effect before the date of the enactment of the Housing and Community Development Act of 1994) and for loan management assistance under such section;

''(viii) for amendments to contracts under section 8, such sums as may be necessary;

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

''(x) for assistance under section 18(g) for replacement housing for units demolished or disposed of under section 18, not more than $273,600,000;

''(xi) for conversions from leased housing contracts under section 23 of this Act (as in effect immediately before the enactment of the Housing and Community Development Act of 1974) to assistance under section 8, such sums as may be necessary; and

''(xii) for grants under section 24 for revitalization of severely distressed public housing, not more than $550,000,000.''.

SEC. 502. PUBLIC HOUSING OPERATING SUBSIDIES.

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

(1) in paragraph (1), by striking ''There'' and all that follows and inserting the following new sentence: ''There are authorized to be appropriated for purposes of providing annual contributions under this section $3,146,000,000 for fiscal year 1995 and $3,208,000,000 for fiscal year 1996.'';

(2) in paragraph (2), by striking ''1993 and 1994'' and inserting ''1995 and 1996''; and

(3) in paragraph (3), by striking ''1993 and 1994'' and inserting ''1995 and 1996''.

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

(1) by striking ''one'' and inserting ''that is (A)''; and

(2) by inserting after ''section 8,'' the following: ''or (B) assisted under section 24 or the program authorized under (i) the third paragraph of the head, HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE GRANTS (HOPE GRANTS), of title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent

Agencies Appropriations Act, 1993, or (ii) the head, SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS, of title II of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994;''.

SEC. 503. INDIAN HOUSING LOAN GUARANTEES.

(a) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(5)(C)) is amended by striking ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

(b) AUTHORIZATION OF APPROPRIATIONS FOR GUARANTEE FUND.—Section 184(i)(7) of the Housing and Community Development Act of 1992 (12 U.S.C. 1515z–13a(i)(7)) is amended to read as follows:

''(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Guarantee Fund to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.''.

SEC. 504. NEW CONSTRUCTION OF PROJECTS FOR DISABLED FAMILIES.

Section 5(j)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437c(j)(3)(A)) is amended by strik-

ing ''fiscal years 1993 and 1994'' and inserting ''fiscal years 1995 and 1996''.

SEC. 505. EMERGENCY MODERNIZATION FUNDS.

Section 14(k)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(k)(1)) is amended in the first sentence, by striking ''$75,000,000'' and inserting ''$50,000,000''.

SEC. 506. FAMILY INVESTMENT CENTERS.

Section 22(k) of the United States Housing Act of 1937 (42 U.S.C. 1437t(k)) is amended to read as follows:

''(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996.''.

SEC. 507. SERVICE COORDINATORS.

(a) PUBLIC HOUSING.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended in subsection (a)(1)(B)(ii)—

(1) in the 1st sentence, by striking ''Annual'' and all that follows through ''such project,'' and inserting ''To the extent amounts are made available pursuant to section 5(c) for carrying out this clause, the Secretary may increase the annual contributions provided under this section to any public housing agency for any project to provide''; and

(2) by striking the last 2 sentences.

(b) OTHER FEDERALLY ASSISTED MULTIFAMILY HOUSING.—Section 676(c) of the Housing and Community Development Act of 1992 (42 U.S.C. 13632(c)) is amended to read as follows:

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 1995 and 1996.''.

SEC. 508. COMMUNITY PARTNERSHIPS AGAINST CRIME.

There are authorized to be appropriated to carry out chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) $300,000,000 for fiscal year 1995 and $325,000,0000 for fiscal year 1996. Any amount appropriated under this section shall remain available until expended.

SEC. 509. EARLY CHILDHOOD DEVELOPMENT PROGRAM.

Section 222(g) of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note) is amended by striking the first two sentences and inserting the following new sentence: ''There are authorized to be appropriated to carry out this section $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.''.

SEC. 510. SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION CONTRACT RENEWALS.

There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle for which amounts are not provided under section 5(c) of the United States Housing Act of 1937.

SEC. 511. HOUSING COUNSELING.

(a) EXTENSIONS OF PROGRAMS.—

(1) EMERGENCY HOMEOWNERSHIP COUNSELING.—Section 106(c)(9) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9)) is amended by striking ''September 30, 1994'' and inserting ''September 30, 1996''.

(2) PREPURCHASE AND FORECLOSURE-PREVENTION COUNSELING DEMONSTRATION.—Section 106(d)(13) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(d)(13)) is amended by striking ''fiscal year 1994'' and inserting ''fiscal year 1996''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x) is amended—

(1) in subsection (a), by striking paragraph (3);

(2) in subsection (c)—

(A) by striking paragraph (8); and

(B) by redesignating paragraph (9) (as amended by subsection (a)) as paragraph (8);

(3) in subsection (d)—

(A) by striking paragraph (12); and

(B) by redesignating paragraph (13) (as amended by subsection (a)) as paragraph (12);

(4) in subsection (f), by striking paragraph (7); and

(5) by adding at the end the following new subsection:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $62,000,000 for fiscal year 1995 and $65,000,000 for fiscal year 1996, of which amounts $30,000,000 shall be available in each such fiscal year to carry out subsection (c). Any amounts appropriated pursuant to this subsection shall remain available until expended.''.

SEC. 512. HEADQUARTERS RESERVE.

Section 213(d)(4)(A) of the Housing and Community Development Act of 1974 (42 U.S.C. 1439(d)(4)(A)) is amended—

(1) in clause (iii), by striking ''and'' at the end;

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

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

''(v) cash payments, in connection with the settlement of civil rights litigation (excluding litigation brought by an employee or former employee of the Secretary); and

''(vi) in the case of financial assistance under the rental housing assistance program under section 8 of the United States Housing Act of 1937, providing assistance pursuant to section 8(q)(4) of such Act.''.

(b) AVAILABILITY OF PUBLIC HOUSING AND SECTION 8 AMOUNTS.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by adding at the end the following new subsection:

''(m) USE OF AMOUNTS UNDER HEADQUARTERS RESERVE.—Any amounts appropriated for public housing development or assistance under section 8, that are retained by the Secretary in accordance with section 213(d)(4)(A) of the Housing and Community Development Act of 1974, may be used for any of the activities specified in clauses (i) through (v) of such section.''.

(c) USE OF SECTION 8 ASSISTANCE FOR PORTABILITY.—Section 213(d)(4) of the Housing and Commu-

nity Development Act of 1974 is amended by adding at the end the following new subparagraph:

''(C) Of any financial assistance for the rental housing assistance program under section 8 of the United States Housing Act of 1937 that is reserved pursuant to subparagraph (A), 5 percent shall be reserved for use only for the purposes of providing assistance pursuant to section 8(o)(6) of such Act.

SEC. 513. SUPPORTIVE HOUSING FOR THE ELDERLY AND FOR PERSONS WITH DISABILITIES.

Section 601 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3802) is amended by striking subsection (a) and inserting the following new subsection:

''(a) AGGREGATE FUNDING.—There are authorized to be appropriated for the purpose of providing assistance in accordance with section 202 of the Housing Act of 1959 and section 811 of the Cranston-Gonzalez National Affordable Housing Act, $1,948,000,000 for fiscal year 1995 and $1,954,000,000 for fiscal year 1996.''.

SEC. 514. CONGREGATE SERVICES.

Section 802(n)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(n)(1)) is amend-

ed by striking the matter preceding subparagraph (A) and inserting the following:

"(1) AUTHORIZATION AND USE.—There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1995, and $26,000,000 for fiscal year 1996, of which not more than—".

SEC. 515. SUPPORTIVE HOUSING ASSISTANCE FOR ELDERLY INDEPENDENCE.

(a) SECTION 8 ASSISTANCE.—The first sentence of section 803(j) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(j)) is amended to read as follows: "The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8 of such Act is authorized to be increased by $25,000,000 on or after October 1, 1994, and by $25,000,000 on or after October 1, 1995.".

(b) SUPPORTIVE SERVICES AUTHORIZATION.—The first sentence of section 803(k) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8012(k)) is amended to read as follows: "There are authorized to be appropriated for the Secretary to carry out the responsibilities for supportive services under the demonstrations under this section $7,000,000 to become available in fiscal year 1995, and $7,000,000 to become available in fiscal year 1996.".

SEC. 516. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 863 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12912) is amended to read as follows:

"SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this subtitle $212,000,000 for fiscal year 1995 and $225,000,000 for fiscal year 1996.''.

SEC. 517. NATIONAL HOMEOWNERSHIP FUND.

Subtitle A of title III of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note) is amended by inserting after section 308 the following new section:

"SEC. 309. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated for assistance under the National Homeownership Fund $115,000,000 for fiscal year 1995 and $215,000,000 for fiscal year 1996. Any amount appropriated under this section shall remain available until expended.

SEC. 518. LOW-INCOME HOUSING PRESERVATION.

(a) ASSISTANCE AND INCENTIVES.—Section 234 of the Housing and Community Development Act of 1987 (12 U.S.C. 4124) is amended to read as follows:

"SEC. 234. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated for assistance and incentives authorized under this subtitle $358,000,000 for fiscal year 1995 and $450,000,000 for fiscal year 1996.

''(b) GRANTS.—Subject to approval in appropriation Acts, not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1995, and not more than $40,000,000 of the amounts made available under subsection (a) for fiscal year 1996, shall be available for grants under section 221(d)(2).''.

(b) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—The first sentence of section 257 of the Housing and Community Development Act of 1987 (12 U.S.C. 4147) is amended to read as follows: ''The Secretary shall use not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1995, and not more than $20,000,000 of the amounts made available under section 234(a) for fiscal year 1996, to carry out this subtitle.''.

SEC. 519. FLEXIBLE SUBSIDY PROGRAM.

Section 201(j)(5) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(j)(5)) is amended to read as follows:

''(5) There are authorized to be appropriated for assistance under the flexible subsidy fund not to exceed

$50,000,000 for fiscal year 1995 and $55,000,000 for fiscal year 1996.''.

SEC. 520. HOME INVESTMENT PARTNERSHIPS.

Section 205 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12724) is amended to read as follows:

''SEC. 205. AUTHORIZATION.

''There are authorized to be appropriated to carry out this title $1,700,000,000 for fiscal year 1995, and $2,000,000,000 for fiscal year 1996, of which—

''(1) not more than $25,000,000 for fiscal year 1995, and $25,000,000 for fiscal year 1996, shall be for community housing partnership activities authorized under section 233; and

''(2) not more than $22,000,000 for fiscal year 1995, and $22,000,000 for fiscal year 1996, shall be for activities in support of State and local housing strategies authorized under subtitle C.''.

SEC. 521. COMMUNITY INVESTMENT DEMONSTRATION PROGRAM.

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

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

Secretary may use not more than $150,000,000 in fiscal year 1995 and $200,000,000 in fiscal year 1996 to carry out this section.''.

SEC. 522. YOUTHBUILD PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870) is amended by inserting after subsection (c) the following new subsection:

''(d) YOUTHBUILD PROGRAM.—There are authorized to be appropriated for activities under subtitle D $50,000,000 for fiscal year 1995 and $50,000,000 for fiscal year 1996. Any amounts appropriated pursuant to this subsection shall remain available until expended.''.

SEC. 523. COMMUNITY DEVELOPMENT BLOCK GRANTS AND SECTION 108 LOAN GUARANTEES.

(a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—The second sentence of section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303) is amended to read as follows: ''For purposes of assistance under section 106, there are authorized to be appropriated $4,400,000,000 for fiscal year 1995 and $4,500,000,000 for fiscal year 1996.''.

(b) LIMITATION ON LOAN GUARANTEES.—The fifth sentence of section 108(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(a)) is amended

to read as follows: ''Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this section, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this section with an aggregate principal amount of $2,054,000,000 for fiscal year 1995 and $2,054,000,000 for fiscal year 1996.''.

(c) SPECIAL PURPOSE GRANTS.—Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307) is amended by striking ''SEC. 107'' and all that follows through the end of paragraph (1) of subsection (a) and inserting the following:

''SEC. 107. (a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated for each of fiscal years 1995 and 1996, $60,000,000, for grants under subsection (b). Of such amounts—

''(A) $7,000,000 shall be available in each such year for grants under subsection (b)(1);

''(B) such sums as may be necessary shall be available in each such year for grants under subsection (b)(2);

''(C) $7,000,000 shall be available in each such year for grants under subsection (b)(3);

''(D) $28,000,000 shall be available in each such year for grants under subsection (b)(4);

''(E) $6,000,000 shall be available in each such year for grants under subsection (b)(5);

''(F) $2,000,000 shall be available in each such year for grants under subsection (b)(6);

''(G) $8,000,000 shall be available in each such year for grants under subsection (b)(7);

''(H) such sums as may be necessary shall be available in each such year for grants under subsection (b)(8); and

''(I) $3,000,000 shall be available in each such year for grants under subsection (c).''.

SEC. 524. ECONOMIC DEVELOPMENT GRANTS.

Section 108(q) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) is amended by adding at the end the following new paragraph:

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this subsection $100,000,000 for fiscal year 1995 and $100,000,000 for fiscal year 1996.''.

SEC. 525. NEIGHBORHOOD REINVESTMENT CORPORATION.

The first sentence of section 608(a)(1) of the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8107(a)) is amended to read as follows: ''There are authorized to be appropriated to the corporation to carry out this title $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996.''.

SEC. 526. JOHN HEINZ NEIGHBORHOOD DEVELOPMENT PROGRAM.

Section 123(g) of the Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 5318 note) is amended to read as follows:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1995 and $10,000,000 for fiscal year 1996.''.

SEC. 527. COLONIAS ASSISTANCE PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under section 205 of this Act $100,000,000 for each of fiscal years 1995 and 1996. Any amount appropriated to carry out this section shall remain available until expended.

(b) ALLOCATION OF FUNDS.—Of the amounts appropriated under subsection (a) for any fiscal year—

(1) 80 percent shall be available for grants to establish model programs under subsection (c) of section 205; and

(2) 20 percent shall be available for competitive grants under subsection (e) of section 205.

SEC. 528. NEW TOWNS DEMONSTRATION PROGRAM FOR EMERGENCY RELIEF OF LOS ANGELES.

(a) INSURANCE AUTHORITY.—The first sentence of section 1104(d) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows: ''To the extent provided in appropriation Acts, the Secretary shall use any authority provided pursuant to section 531(b) of the National Housing Act to enter into commitments to insure loans and mortgages under this section in fiscal years 1995 and 1996 with an aggregate principal amount not exceeding such sums as may be necessary to carry out the demonstration under this title.''.

(b) SECOND MORTGAGE ASSISTANCE.—Section 1105(e) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995

and 1996 such sums as may be necessary for providing assistance under this section.''.

(c) COMMUNITY DEVELOPMENT ASSISTANCE.—Section 1106(h) of the Housing and Community Development Act of 1992 (42 U.S.C. 5318 note) is amended to read as follows:

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 1995 and 1996 such sums as may be necessary for assistance under this section.''.

SEC. 529. FHA MORTGAGE INSURANCE AGGREGATE LIMIT.

Section 531(b) of the National Housing Act (12 U.S.C. 1735f–9(b)) is amended to read as follows:

''(b) Notwithstanding any other provision of law and subject only to the absence of qualified requests for insurance, to the authority provided in this Act, and to the limitation in subsection (a), the Secretary shall enter into commitments to insure mortgages under this Act with an aggregate principal amount of $105,000,000,000 during fiscal year 1995 and $91,000,000,000 during fiscal year 1996.''.

SEC. 530. GNMA MORTGAGE-BACKED SECURITIES GUARANTEE LIMIT.

Section 306(g)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(2)) is amended to read as follows:

''(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of $130,000,000,000 during fiscal year 1995 and $130,000,000,000 during fiscal year 1996. There are authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association such sums as may be necessary for each of fiscal years 1995 and 1996.''.

SEC. 531. EXCLUSION OF GNMA FROM HUD PERSONNEL CEILINGS.

Section 502(a) of the Housing Act of 1948 (12 U.S.C. 1701c(a)) is amended by adding at the end the following new sentence: ''Notwithstanding any other provision of law, employees of the Government National Mortgage Association Department in the Department of Housing and Urban Development shall not be considered em-

ployees of the Department for purposes of any limitation on the number of employees of the Department.''.

SEC. 532. HUD RESEARCH AND DEVELOPMENT.

The second sentence of section 501 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1) is amended to read as follows: ''There are authorized to be appropriated to carry out this title $40,000,000 for fiscal year 1995 and $42,000,000 for fiscal year 1996.''.

SEC. 533. RESIDENTIAL LEAD-BASED PAINT HAZARD REDUCTION.

(a) TARGET HOUSING HAZARD REDUCTION.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 1011(p) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(p)) is amended to read as follows:

''(p) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of carrying out this Act, there are authorized to be appropriated $100,000,000 for fiscal year 1995 and $110,000,000 for fiscal year 1996.''.

(2) TECHNICAL ASSISTANCE AND CAPACITY BUILDING.—Section 1011(g) of the Housing and Community Development Act of 1992 (42 U.S.C. 4852(g)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by inserting before the period at the end the following: ‘‘, by providing technical assistance, either directly, or indirectly under contracts or otherwise’’; and

(ii) by striking the second sentence; and

(B) by striking paragraph (2) and inserting the following new paragraph:

‘‘(2) SET-ASIDE.—Of the total amount approved in appropriation Acts under subsection (p), there shall be set aside to carry out this subsection $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996.’’.

(b) HUD RESEARCH.—Section 1053 of the Housing and Community Development Act of 1992 (42 U.S.C. 4854b) is amended to read as follows:

“SEC. 1054. FUNDING.

‘‘Of the total amount approved in appropriation Acts under section 1011(p), there shall be set aside to carry out this part $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996.’’.

SEC. 534. FAIR HOUSING INITIATIVES PROGRAM.

Section 561(g) of the Housing and Community Development Act of 1987 (42 U.S.C. 3616 note) is amended to read as follows:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section $26,000,000 for fiscal year 1995 and $27,000,000 for fiscal year 1996, of which—

''(1) not less than $9,000,000 for fiscal year 1995 and $9,000,000 for fiscal year 1996 shall be for private enforcement initiatives authorized under subsection (b), divided equally between activities specified under subsection (b)(1) and those specified under subsection (b)(2);

''(2) not less than $3,000,000 for fiscal year 1995 and $3,000,000 for fiscal year 1996 shall be for qualified fair housing enforcement organizations authorized under subsection (c)(1);

''(3) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for the creation of new fair housing enforcement organizations authorized under subsection (c)(2); and

''(4) not less than $7,000,000 for fiscal year 1995 and $7,000,000 for fiscal year 1996 shall be for education and outreach programs authorized under subsection (d), to be divided equally between

activities specified under subsection (d)(1) and those specified under subsections (d)(2) and (d)(3).

Any amount appropriated under this section shall remain available until expended.''.

SEC. 535. NATIONAL AMERICAN INDIAN HOUSING COUNCIL.

There is authorized to be appropriated for assistance for the National American Indian Housing Council $1,000,000 for fiscal year 1995 and $1,000,000 for fiscal year 1996, for providing training and technical assistance to Indian Housing Authorities.

SEC. 536. HOUSING ASSISTANCE COUNCIL.

There is authorized to be appropriated for assistance for the Housing Assistance Council $5,000,000 for fiscal year 1995 and $5,000,000 for fiscal year 1996, for providing training, technical assistance, and financial assistance to develop affordable housing in rural areas.

SEC. 537. FLEXIBLE BLOCK GRANT ASSISTANCE UNDER STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.

Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 1111361 et seq.) is amended by inserting after section 401 the following new section:

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated—

"(1) $735,000,000 for fiscal year 1995 for grants in accordance with section 312(b) of the Housing and Community Development Act of 1995; and

"(2) $925,000,000 for fiscal year 1996 for grants under this subtitle.

Any amounts appropriated pursuant to this section shall remain available until expended.".

SEC. 538. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

Section 451(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11401(a)), as so redesignated by section 311(3) of this Act, is amended to read as follows:

"(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act (as in effect immediately before October 1, 1991) is authorized to be increased by $200,000,000 on or after October 1, 1994, and by $200,000,000 on or after October 1, 1995.".

SEC. 539. SECTION 8 ASSISTANCE FOR SHELTER PLUS CARE SINGLE ROOM OCCUPANCY DWELLINGS.

Section 452 of the Stewart B. McKinney Homeless Assistance Act, as amended by section 322 of this Act,

is further amended by adding at the end the following new subsection:

''(p) AUTHORIZATION OF APPROPRIATIONS.—For purposes of providing assistance under this section, there are authorized to be appropriated $75,000,000 for fiscal year 1995 and $75,000,000 for fiscal year 1996.''.

SEC. 540. RURAL HOMELESSNESS PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 453(l)(1) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11408(l)(1)), as so redesignated by section 811(3) of this Act, is amended to read as follows:

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $30,000,000 for fiscal year 1995 and $30,000,000 for fiscal year 1996.''.

SEC. 541. INTERAGENCY COUNCIL ON THE HOMELESS.

Section 208 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11318) is amended to read as follows:

''SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title $1,609,890 for fiscal year 1995 and $1,658,187 for fiscal year 1996.''.

SEC. 542. CHAIRPERSON OF INTERAGENCY COUNCIL ON THE HOMELESS.

Section 202(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11312(b) is amended to read as follows:

''(b) CHAIRPERSON AND VICE CHAIRPERSON.—

''(1) CHAIRPERSON.—The Council shall elect a Chairperson from among its members, who shall have a term of 2 years. A member of the Council by reason of any of paragraphs (1) through (16) of subsection (a) who serves as Chairperson for a term may not be elected to serve as Chairperson for the succeeding term. The preceding sentence shall not apply to any member serving as Chairperson on the date of the enactment of the Housing and Community Development Act of 1994.

''(2) VICE CHAIRPERSON.—The Vice Chairperson of the Council shall have a term of 2 years and shall be—

''(A) the Secretary of Housing and Urban Development, if such Secretary is not elected as the Chairperson of the Council; or

''(B) elected by the Council from among its members, if the Secretary of Housing and Urban Development is elected as the Chairperson of the Council.''.

SEC. 543. EXTENSION OF INTERAGENCY COUNCIL ON THE HOMELESS.

Section 209 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11319) is amended by striking ''October 1, 1994'' and inserting ''October 1, 1996''.

SEC. 544. FEDERAL EMERGENCY MANAGEMENT AGENCY FOOD AND SHELTER PROGRAM.

Section 322 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11352) is amended to read as follows:

''SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title $130,000,000 for fiscal year 1995 and $130,000,000 for fiscal year 1996.''.

○

HR 30 IH——13

HR 30 IH——14

HR 30 IH——15

HR 30 IH——16

HR 30 IH——17

HR 30 IH——18

HR 30 IH——19

HR 30 IH——20

HR 30 IH——21

HR 30 IH——22

HR 30 IH——23

HR 30 IH——24

HR 30 IH——25

HR 30 IH——26