Calendar No. 295

104TH CONGRESS
1ST SESSION

S. 1260

[Report No. 104–195]

A BILL

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

DECEMBER 20, 1995

Reported with an amendment

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U.S. GOVERNMENT
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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 19 (legislative day, SEPTEMBER 5), 1995

Mr. MACK (for himself, Mr. D'AMATO, Mr. BOND, and Mr. DOMENICI) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

DECEMBER 20, 1995

Reported by Mr. D'AMATO, with an amendment

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

A BILL

To reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

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

~~SECTION 1. SHORT TITLE; TABLE OF CONTENTS.~~

~~(a) SHORT TITLE.—This Act may be cited as the "Public Housing Reform and Empowerment Act of 1995".~~

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

~~Sec. 1. Short title; table of contents.~~
~~Sec. 2. Findings and purpose.~~
~~Sec. 3. Definitions.~~
~~Sec. 4. Effective date.~~
~~Sec. 5. Technical recommendations; elimination of obsolete documents.~~

~~TITLE I—PUBLIC AND INDIAN HOUSING~~

~~Sec. 101. Declaration of policy.~~
~~Sec. 102. Nondiscrimination.~~
~~Sec. 103. Authority of public housing agencies.~~
~~Sec. 104. Definitions.~~
~~Sec. 105. Contributions for lower income housing projects.~~
~~Sec. 106. Public housing agency plan.~~
~~Sec. 107. Contract provisions and requirements.~~
~~Sec. 108. Expansion of powers.~~
~~Sec. 109. Public housing designated for the elderly and the disabled.~~
~~Sec. 110. Public and Indian housing capital and operating funds.~~
~~Sec. 111. Labor standards.~~
~~Sec. 112. Repeal of energy conservation; consortia and joint ventures.~~
~~Sec. 113. Repeal of modernization fund.~~
~~Sec. 114. Income eligibility for assisted housing.~~
~~Sec. 115. Demolition and disposition of public housing.~~
~~Sec. 116. Repeal of family investment centers; vouchers for public housing.~~
~~Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.~~
~~Sec. 118. Conversion of distressed public housing to vouchers.~~
~~Sec. 119. Applicability to Indian housing.~~

~~TITLE II—SECTION 8 RENTAL ASSISTANCE~~

~~Sec. 201. Merger of the certificate and voucher programs.~~
~~Sec. 202. Repeal of Federal preferences.~~
~~Sec. 203. Portability.~~
~~Sec. 204. Leasing to voucher holders.~~
~~Sec. 205. Homeownership option.~~
~~Sec. 206. Technical and conforming amendments.~~
~~Sec. 207. Implementation.~~
~~Sec. 208. Effective date.~~

~~TITLE III—MISCELLANEOUS PROVISIONS~~

~~Sec. 301. Public housing flexibility in the CHAS.~~
~~Sec. 302. Public housing flexibility in the HOME program.~~

~~Sec. 303. Repeal of certain provisions.~~
~~Sec. 304. Determination of income limits.~~

~~SEC. 2. FINDINGS AND PURPOSE.~~

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

~~(1) there exists throughout the Nation a need for decent, safe, and affordable housing;~~

~~(2) as of the date of enactment of this Act, the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;~~

~~(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;~~

~~(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;~~

~~(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—~~

~~(A) consolidates many public housing programs into a single program for the operation and capital needs of public housing;~~

~~(B) streamlines program requirements; and~~

~~(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing residents and localities; and~~

~~(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing.~~

~~(b) PURPOSE.—The purpose of this Act is to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation, to redirect the responsibility for a consolidated program to States, localities, public housing agencies, and public housing residents, and to require Federal action to overcome~~

problems of public housing agencies with severe management deficiencies.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) PUBLIC HOUSING AGENCY.—The term "public housing agency" has the same meaning as in section 3 of the United States Housing Act of 1937.

(2) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

SEC. 5. TECHNICAL RECOMMENDATIONS; ELIMINATION OF OBSOLETE DOCUMENTS.

(a) TECHNICAL RECOMMENDATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming amendments to carry out the amendments made by this Act.

~~(b) ELIMINATION OF OBSOLETE DOCUMENTS.—~~

~~(1) IN GENERAL.—Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.~~

~~(2) PROPOSED REGULATIONS.—Not later than 6 months after the date of enactment of this Act, the Secretary shall submit to the Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.~~

~~TITLE I—PUBLIC AND INDIAN HOUSING~~

~~SEC. 101. DECLARATION OF POLICY.~~

~~Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:~~

~~"SEC. 2. DECLARATION OF POLICY.~~

~~"It is the policy of the United States to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this Act—~~

~~"(1) to assist States and political subdivisions of States to remedy the unsafe housing conditions~~

and the acute shortage of decent and safe dwellings for low-income families; and

"(2) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing residents and localities.".

SEC. 102. NONDISCRIMINATION.

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

"SEC. 27. NONDISCRIMINATION.

"(a) PUBLIC HOUSING RESIDENTS.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a low-income housing project.

"(b) NONDISCRIMINATION BASED ON RACE, COLOR, NATIONAL ORIGIN, RELIGION, OR SEX.—

"(1) IN GENERAL.—No person in the United States shall, based on the race, color, national origin, religion, or sex of that person be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activ-

~~ity funded in whole or in part with funds made available under this title.~~

~~"(2) APPLICABILITY OF OTHER LAWS.—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 apply to any such program or activity.".~~

~~SEC. 103. AUTHORITY OF PUBLIC HOUSING AGENCIES.~~

~~(a) AUTHORITY OF PUBLIC HOUSING AGENCIES.—~~

~~(1) IN GENERAL.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:~~

~~"(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—~~

~~"(A) CEILING RENTS.—Notwithstanding paragraph (1), a public housing agency may—~~

~~"(i) adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the actual monthly costs—~~

~~"(I) to operate such housing; and~~

~~"(II) to make a deposit to a replacement reserve (in the sole discre-~~

~~tion of the public housing agency); and~~

~~"(ii) allow families to pay ceiling rents referred to in clause (i), unless, with respect to any family, the ceiling rent established under this subparagraph would exceed the amount payable as rent by that family under paragraph (1).~~

~~"(B) MINIMUM RENT.—Notwithstanding paragraph (1), a public housing agency may provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed $30 per month.~~

~~"(C) MIXED-INCOME PROJECTS.—~~

~~"(i) IN GENERAL.—Notwithstanding paragraph (1), and subject to clause (ii), a public housing agency may own or operate one or more mixed-income projects, except as otherwise provided in the public housing agency plan of that public housing agency submitted in accordance with section 5A.~~

~~"(ii) RESTRICTION.—No assistance provided under section 9 shall be used by~~

~~a public housing agency in direct support of any unit rented to a household that is not a low-income household.~~

~~"(D) POLICE OFFICERS.—~~

~~"(i) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan of the public housing agency, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.~~

~~"(ii) DEFINITION.—As used in this subparagraph, the term 'police officer' means any person determined by a public housing agency to be, during the period of residence of such person in public housing, employed on a full-time basis by a Federal, State, or local government or any agency thereof (including a public housing agency~~

~~having an accredited police force) as a duly licensed professional police officer.~~

~~"(E) ENCOURAGEMENT OF SELF-SUFFICIENCY.—Public housing agencies shall develop rental policies that encourage and reward employment and upward economic mobility.".~~

~~(2) REGULATIONS.—~~

~~(A) IN GENERAL.—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by paragraph (1).~~

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

~~(i) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937, as such section existed on the day before effective date of this Act; or~~

~~(ii) 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) HIGH PERFORMING PUBLIC HOUSING AGENCIES.—~~

~~(1) IN GENERAL.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437(a)) is amended by adding at the end the following new paragraph:~~

~~"(3) HIGH PERFORMING PUBLIC HOUSING AGENCIES.—~~

~~"(A) IN GENERAL.—Notwithstanding the rent calculation formula in paragraph (1), subject to subparagraph (B), the Secretary shall permit a high performing public housing agency, as determined by the Secretary, to determine the amount that a family residing in public housing shall pay as rent.~~

~~"(B) LIMITATION.—With respect to a family whose income is equal to or less than 30 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, a public housing agency may not require a family to pay as rent under subparagraph (A) an amount that exceeds the greater of—~~

~~"(i) 30 percent of the monthly adjusted income of the family; and~~

~~"(ii) $30.".~~

~~(2) PHASE-IN PERIOD.—If a public housing agency charges rent pursuant to section 3(a)(3) of the United States Housing Act of 1937, as added by paragraph (1) of this subsection, the agency shall phase in any increase in the amount otherwise payable by the family over a 3-year period.~~

~~(3) REPORTS TO CONGRESS.—~~

~~(A) INITIAL REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall report to the Congress on the impact of section 3(a)(3) of the United States Housing Act of 1937, as added by paragraph (1) of this subsection, on residents and on the economic viability of public housing agencies.~~

~~(B) FINAL REPORT.—Not later than 5 years after the date of enactment of this Act, the Secretary shall submit to the Congress a final report on the impact of section 3(a)(3) of the United States Housing Act of 1937, as added by paragraph (1) of this subsection, on residents and on the economic viability of public~~

~~housing agencies. The report shall include recommendations for any legislative changes to rent reform policies.~~

~~SEC. 104. DEFINITIONS.~~

~~(a) DEFINITIONS.—~~

~~(1) SINGLE PERSONS.—Section 3(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended—~~

~~(A) in subparagraph (A), in the third sentence, by striking "the Secretary shall" and all that follows before the period at the end and inserting the following: "the public housing agency may give preference to single persons who are elderly or disabled persons before single persons who are otherwise eligible"; and~~

~~(B) in subparagraph (B), in the second sentence, by striking "regulations of the Secretary" and inserting "public housing agency plan of the public housing agency".~~

~~(2) DEFINITION OF ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:~~

~~"(5) ADJUSTED INCOME.—The term 'adjusted income' means the income that remains after excluding—~~

~~"(A) $480 for each member of the family residing in the household (other than the head of the household or spouse)—~~

~~"(i) who is under 18 years of age; or~~

~~"(ii) who is—~~

~~"(I) 18 years of age or older; and~~

~~"(II) a person with disabilities or a full-time student;~~

~~"(B) $400 for an elderly or disabled family;~~

~~"(C) the amount by which the aggregate of—~~

~~"(i) medical expenses for an elderly or disabled family; and~~

~~"(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;~~

~~exceeds 3 percent of the annual income of the family;~~

~~"(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;~~

~~"(E) excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel, except that this subparagraph shall apply only to a family assisted by an Indian housing authority; and~~

~~"(F) any other income that the public housing agency determines to be appropriate, as provided in the public housing agency plan of the public housing agency.".~~

~~(b) DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.—~~

~~(1) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3817) is amended by inserting "in paragraph (3)," after "is amended".~~

~~(2) HOUSING ACT OF 1937.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended—~~

~~(A) in paragraph (1), by inserting "and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners" after "carrying charges";~~

~~(B) in paragraph (2), in the first sentence, by striking "security personnel)," and all that follows through the period and inserting the following: "security personnel), and all eligible activities under the Public and Assisted Housing Drug Elimination Act of 1990, or financing in connection with a low-income housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.";~~

~~(C) in the undesignated paragraph immediately following paragraph (3), by striking "The earnings of" and all that follows through the period at the end; and~~

~~(D) by adding at the end the following new paragraphs:~~

~~"(6) PUBLIC HOUSING AGENCY PLAN.—The term 'public housing agency plan' means the annual plan adopted by a public housing agency under section 5A.~~

~~"(7) DISABLED HOUSING.—The term 'disabled housing' means any project, building, or portion of a project or building that is designated by a public housing agency for occupancy exclusively by disabled persons or families.~~

~~"(8) ELDERLY HOUSING.—The term 'elderly housing' means any project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.~~

~~"(9) MIXED-INCOME PROJECT.—~~

~~"(A) IN GENERAL.—The term 'mixed-income project' means a project that is occupied both by one or more low-income households and by one or more households that are not low-income households.~~

~~"(B) TYPES OF PROJECTS.—The term 'mixed-income project' includes a project developed—~~

~~"(i) by a public housing agency or an entity controlled by a public housing agency; and~~

~~"(ii) by a partnership, a limited liability company, or other entity in which the~~

~~public housing agency (or an entity controlled by a public housing agency) is a general partner, managing member, or otherwise has significant participation in directing the activities of such entity, if—~~

~~"(I) units are made available in the project, by master contract or individual lease, for occupancy by low-income families identified by the public housing agency for a period of not less than 20 years; and~~

~~"(II) the number of public housing units are approximately in the same proportion to the total number of units in the mixed-income project that, in the sole determination of the public housing agency, the value of the financial assistance provided by the public housing agency bears to the value of the total equity investment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance.~~

"(C) TAXATION.—A mixed-income project may elect to have all units subject to the local real estate taxes, except that units designated as public housing units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).".

SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.

Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

SEC. 106. PUBLIC HOUSING AGENCY PLAN.

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following new section:

"SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

"(a) IN GENERAL.—

"(1) SUBMISSION.—Each public housing agency shall submit to the Secretary a written public housing agency plan developed in accordance with this section.

"(2) CONSISTENCY REQUIREMENT.—Each public housing agency plan submitted to the Secretary under paragraph (1) shall be—

~~"(A) made in consultation with the local advisory board established under subsection (c);~~

~~"(B) consistent with the Comprehensive Housing Affordability Strategy for the jurisdiction in which the public housing agency is located, as provided under title I of the Cranston-Gonzalez National Affordable Housing Act; and~~

~~"(C) accompanied by a certification by an appropriate State or local public official that the proposed public housing activities are consistent with the housing strategy of the jurisdiction to be served by the public housing agency, as required by subparagraph (B).~~

~~"(b) CONTENTS.—Each public housing agency plan shall contain, at a minimum, the following:~~

~~"(1) CERTIFICATION.—A written certification that the public housing agency is a governmental entity or public body (or agency or instrumentality thereof) that is authorized to engage in or assist in the development or operation of low-income housing. Any reference in any provision of law of the jurisdiction authorizing the creation of the public housing agency shall be identified and any legislative declaration of purpose in regard thereto shall be set forth in the certification with full text.~~

~~"(2) STATEMENT OF POLICY.—An annual statement of policy identifying the primary goals and objectives of the public housing agency for the year for which the statement is submitted, together with any major developments, projects, or programs, including all proposed costs and activities under the Capital and Operating Funds of the public housing agency established under section 9.~~

~~"(3) GENERAL POLICIES, RULES, AND REGULATIONS.—The policies, rules, and regulations of the public housing agency regarding—~~

~~"(A) the requirements for eligibility into each program administered by the public housing agency and the policies of the public housing agency concerning verification of eligibility, which verification shall be required upon initial commencement of residency and not less frequently than annually thereafter;~~

~~"(B) the requirements for the selection and admission of eligible families into the program or programs of the public housing agency, including the tenant screening policies, any preferences or priorities for selection and admission, and the requirements pertaining to the~~

~~administration of the waiting list or lists of the public housing agency;~~

~~"(C) the procedure for assignment of persons admitted into the program to dwelling units owned, leased, managed, or assisted by the public housing agency; and~~

~~"(D) the requirements for occupancy of dwelling units, including all standard lease provisions, and conditions for continued occupancy, termination, and eviction.~~

~~"(4) MANAGEMENT.—The policies, rules, and regulations relating to the management of the public housing agency, and the projects and programs of the public housing agency, including—~~

~~"(A) a description of how the public housing agency is organized and staffed to perform the duties and functions of the public housing agency;~~

~~"(B) policies relating to the marketing of dwelling units owned or operated by the public housing agency;~~

~~"(C) policies relating to rent collection;~~

~~"(D) policies relating to security;~~

~~"(E) policies relating to services and amenities provided or offered to families assisted, including all related charges or fees, if any;~~

~~"(F) any system of priorities in the management of the operations of the public housing agency; and~~

~~"(G) a list of activities to enhance tenant empowerment and management, including assistance to resident councils and resident management corporations.~~

~~"(5) RENTS AND CHARGES.—~~

~~"(A) IN GENERAL.—The policies of the public housing agency concerning rents or other charges, the manner in which such policies are determined, and the justification for the policies.~~

~~"(B) FACTORS FOR CONSIDERATION.—In determining and justifying the policies described in subparagraph (A), the public housing agency shall take into account—~~

~~"(i) the goals of the public housing agency to serve households with a broad range of incomes, to create incentives for families to obtain employment, and to serve primarily low-income families;~~

~~"(ii) the costs and other financial considerations of the public housing agency; and~~

~~"(iii) such other factors as the public housing agency determines to be relevant.~~

~~"(6) ECONOMIC AND SOCIAL SELF-SUFFICIENCY PROGRAMS.—A description of any programs, plans, and activities of the public housing agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the public housing agency. The description shall include a statement of any self-sufficiency requirements affecting residents assisted by the programs of the public housing agency.~~

~~"(7) USE OF FUNDS FOR EXISTING UNITS.—~~

~~"(A) IN GENERAL.—A statement describing the use of distributions from the Capital Fund and Operating Fund of the public housing agency, established in accordance with section 9, including a general description of the public housing agency policies or plans to keep the property of the public housing agency in a decent and safe condition.~~

~~"(B) ANNUAL AND 5-YEAR PLAN.—An annual plan and, if appropriate, a 5-year plan of~~

~~the public housing agency for modernization of the existing dwelling units of the public housing agency, a plan for preventative maintenance, a plan for routine maintenance, and a plan to handle emergencies and other disasters. Each annual and 5-year plan shall include a general statement identifying the long-term viability and physical condition of each of the projects and other property of the public housing agency, including cost estimates and demolition plans, if any.~~

~~"(8) USE OF FUNDS FOR NEW OR ADDITIONAL UNITS AND DEMOLITION OR DISPOSITION.—~~

~~"(A) IN GENERAL.—~~

~~"(i) CAPITAL AND OPERATING FUNDS.—If applicable, a description of the plans of the public housing agency for the Capital Fund and Operating Fund distributions of the public housing agency established under section 9, for the purpose of new construction, demolition, or disposition.~~

~~"(ii) ANNUAL AND 5-YEAR PLANS.—An annual plan and a 5-year plan describing any current and future plans for the~~

development or acquisition of new or additional dwelling units, or the demolition or disposition of any of the existing housing stock of the public housing agency, including—

"(I) any plans for the sale of existing dwelling units to low-income residents, other low-income persons or families, or organizations acting as conduits for sales to low-income residents, or other low-income persons or families, under a homeownership plan; and

"(II) the plans of the public housing agency, if any, for replacement of dwelling units to be demolished or disposed of, and any plans providing for the relocation of residents who will be displaced by a demolition or disposition of units.

"(B) DEMOLITIONS.—In the case of a demolition of any existing housing stock, each plan required under subparagraph (A)(ii) shall include—

~~"(i) identification of the property to be demolished;~~

~~"(ii) the estimated costs of the demolition and the sources of funds to pay for the demolition;~~

~~"(iii) the uses and explanation of the uses to which the property will be put after demolition; and~~

~~"(iv) the reasons for the demolition and for the conclusion of the public housing agency that the demolition is in the best interests of the programs of the public housing agency.~~

~~"(C) DISPOSITIONS.—In the case of a disposition of any existing housing stock, each plan required under subparagraph (A)(ii) shall include—~~

~~"(i) a description of the property to be disposed of;~~

~~"(ii) a description of the use or uses to which the property will be put after disposition, including findings with regard to—~~

~~"(I) whether the new use or uses are consistent and compatible with~~

~~any public housing agency dwelling units that will remain in the immediate vicinity of the property to be disposed of; and~~

~~"(II) whether the public housing agency plans to retain any control over or rights in the property after disposition;~~

~~"(iii) identification of any consideration, whether in money, property, or both, to be received by the public housing agency as part of the disposition, and the low-income uses that the public housing agency intends for the proceeds, pursuant to the requirements of section 18; and~~

~~"(iv) the reasons for disposition of the property by the public housing agency and for the conclusion of the public housing agency that the disposition is in the best interests of the tenants, programs, and activities of the public housing agency.~~

~~"(D) OTHER INFORMATION.—The public housing agency shall, with respect to any demolition or disposition plan required by subparagraph (A)(ii), comply with the requirements of~~

~~section 18, and the public housing agency plan shall expressly certify such compliance.~~

~~"(9) OPERATING FUND PLAN.—~~

~~"(A) IN GENERAL.—A plan for the Operating Fund of the public housing agency, including—~~

~~"(i) an identification of all sources and uses of funding and income of the public housing agency;~~

~~"(ii) a description for the establishment, maintenance, and use of reserves; and~~

~~"(iii) an operating budget, a budget for any modernization or development, and any plans that the public housing agency has for borrowing funds, including a description of any anticipated actions to mortgage or otherwise grant a security interest in any of the projects or other properties of the public housing agency in connection with public housing agency borrowings.~~

~~"(B) APPROVAL BY THE SECRETARY.—Each plan under subparagraph (A) involving mortgaging or granting a security interest in~~

the projects of the public housing agency shall—

"(i) be deemed to be approved by the Secretary, unless the Secretary provides a written disapproval to the public housing agency not later than 45 days after the date on which the plan is submitted under subparagraph (A); and

"(ii) include reasonable provisions for the relocation of low-income tenants in the event of displacement.

"(10) ADDITIONAL PERFORMANCE REQUIREMENTS.—A description of any additional performance standards established by the public housing agency.

"(11) ANNUAL AUDIT.—The results of an annual audit of the public housing agency, which shall be conducted by an independent certified public accounting firm pursuant to generally accepted accounting principles.

"(c) LOCAL ADVISORY BOARD.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—Each public housing agency shall establish one or more local advisory boards in accordance with this sub-

~~section, adequate to reflect and represent all of the residents of dwelling units owned, operated, or assisted by the public housing agency.~~

~~"(B) INCLUSION IN PUBLIC HOUSING AGENCY PLAN.—The rules governing each local advisory board shall be included in the public housing agency plan of the public housing agency.~~

~~"(2) MEMBERSHIP.—Each local board established under this subsection shall be composed of the following membership:~~

~~"(A) Not less than 60 percent of the board shall be residents of dwelling units owned, operated, or assisted by the public housing agency.~~

~~"(B) The remainder of the board shall be comprised of—~~

~~"(i) representatives of the community in which the public housing agency is located; and~~

~~"(ii) local government officials of the community in which the public housing agency is located.~~

~~"(3) PURPOSE.—Each local advisory board established under this subsection shall assist and make recommendations in the development of the public~~

~~housing agency plan for submission under this section. The public housing agency shall consider the recommendations of the local advisory board in preparing the final public housing agency plan, and shall include a copy of such recommendations in the public housing agency plan submitted to the Secretary under this section.~~

~~"(d) PUBLICATION OF NOTICE.—~~

~~"(1) IN GENERAL.—Not later than 45 days before adoption of any public housing agency plan by the governing body of the public housing agency, the public housing agency shall publish a notice informing the public that—~~

~~"(A) the proposed public housing agency plan is available for inspection at the principal office of the public housing agency during normal business hours; and~~

~~"(B) a public hearing will be held to discuss the public housing agency plan and to invite public comment thereon.~~

~~"(2) PUBLIC HEARING.—Each public housing agency shall conduct a public hearing, as provided in the notice published under paragraph (1), not earlier than 30 days nor later than 50 days after the date on which the notice was published. After such public~~

~~hearing, the public housing agency shall, after considering all public comments received and making any changes it deems appropriate, adopt the public housing agency plan and submit the plan to the Secretary in accordance with this section.~~

~~"(e) COORDINATED PROCEDURES.—Each public housing agency shall, in conjunction with the State or relevant unit of general local government, establish procedures to ensure that the public housing agency plan required by this section is consistent with the applicable Comprehensive Housing Affordability Strategy for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act.~~

~~"(f) AMENDMENTS AND MODIFICATIONS TO PLANS.—~~

~~"(1) IN GENERAL.—Nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be implemented—~~

~~"(A) other than at a duly called meeting of commissioners (or other comparable governing~~

~~body) of the public housing agency which is open to the public; and~~

~~"(B) until notification of such amendment or modification is sent to the Secretary and approved in accordance with subsection (g)(4).~~

~~"(2) CONSISTENCY.—Any significant amendment or modification to a plan submitted to the Secretary under this section shall—~~

~~"(A) comply with the requirements of subsection (a)(2); and~~

~~"(B) be considered by the local board, as provided in subsection (c).~~

~~"(g) TIMING OF PLANS.—~~

~~"(1) IN GENERAL.—~~

~~"(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or revision to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.~~

~~"(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each pub-~~

~~lic housing agency shall annually submit to the Secretary a plan update, including any amendments or reports containing information constituting changes or modifications to the public housing agency plan of the public housing agency.~~

~~"(2) REVIEW AND APPROVAL.—~~

~~"(A) REVIEW.—After submission of the public housing agency plan or any amendment or report of changes or modifications to the plan to the Secretary, the Secretary shall review the public housing agency plan, amendment, or report to determine—~~

~~"(i) in the case of a public housing agency plan, whether the contents of the plan—~~

~~"(I) set forth the information required by this section to be contained in a public housing agency plan; and~~

~~"(II) are consistent with information and data available to the Secretary; and~~

~~"(ii) in all cases, whether the activities proposed by the plan, amendment, or report are prohibited by or inconsistent~~

with any provision of this title or other applicable law.

"(B) APPROVAL.—

"(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 45 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

"(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 45-day period described in clause (i), the public housing agency plan of the public housing agency shall be deemed to be approved by the Secretary.

"(3) SECRETARIAL DISCRETION.—

"(A) IN GENERAL.—The Secretary shall have sole discretion to require such additional information and performance requirements as deemed appropriate for each public housing

~~agency that is designated by the Secretary as a troubled public housing agency under section 6(j).~~

~~"(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).~~

~~"(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—~~

~~"(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies; and~~

~~"(B) public housing agencies with less than 250 units.".~~

~~(b) INTERIM RULE.—~~

~~(1) IN GENERAL.—Not later than January 1, 1996, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing~~

~~Act of 1937 (as added by subsection (a) of this section).~~

~~(2) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937, as added by subsection (a) of this section. Such regulations shall be subject to negotiated rulemaking.~~

~~SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.~~

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

~~(1) in the first sentence, by inserting "~~, ~~in a manner consistent with the public housing agency plan submitted under section 5A" before the period; and~~

~~(2) by striking the second sentence.~~

~~(b) REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:~~

~~"(c) [Reserved.]".~~

~~(c) EXCESS FUNDS.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:~~

~~"(e) [Reserved.]".~~

~~(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—~~

~~(1) in paragraph (1)—~~

~~(A) in subparagraph (B)—~~

~~(i) by striking "obligated" and inserting "provided"; and~~

~~(ii) by striking "unexpended" and inserting "unobligated by the public housing agency";~~

~~(B) in subparagraph (D), by striking "energy" and inserting "utility";~~

~~(C) by redesignating subparagraph (H) as subparagraph (J); and~~

~~(D) by adding at the end the following new paragraphs:~~

~~"(H) The extent to which the agency provides effective programs and activities to promote the economic self-sufficiency of tenants.~~

~~"(I) The extent to which the agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A)."; and~~

~~(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: ''The Secretary may use a simplified set of indicators for public housing agencies with less than 250 units.''.~~

~~(e) LEASES.—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—~~

~~(1) in paragraph (3), by striking ''not be less than'' and all that follows before the semicolon at the end and inserting ''be the period of time required under State law''; and~~

~~(2) in paragraph (5), by striking ''on or near such premises''.~~

~~(f) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking ''Subject'' and all that follows through '', in'' and inserting ''In''.~~

~~(g) PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:~~

~~''(p) [Reserved.]''.~~

~~(h) AVAILABILITY OF CRIMINAL RECORDS FOR SCREENING AND EVICTION; EVICTION FOR DRUG-RELATED ACTIVITY.—Section 6 of the United States Housing~~

~~Act of 1937 (42 U.S.C. 1437d) is amended by adding at the end the following new subsections:~~

~~"(q) AVAILABILITY OF RECORDS.—~~

~~"(1) IN GENERAL.—~~

~~"(A) PROVISION OF INFORMATION.—Notwithstanding any other provision of law, except as provided in subparagraph (B), the National Crime Information Center, a police department, and any other law enforcement agency shall, upon request, provide information to public housing agencies regarding the criminal conviction records of adult applicants for, or residents of, public housing for purposes of applicant screening, lease enforcement, and eviction.~~

~~"(B) EXCEPTION.—Except as provided under any provision of State or local law, no law enforcement agency described in subparagraph (A) shall provide information under this paragraph relating to any criminal conviction if the date of that conviction occurred 5 or more years prior to the date on which the request for the information is made.~~

~~"(2) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken on the basis of a criminal record, the public housing agency shall provide the~~

~~resident or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.~~

~~"(3) FEE.—A public housing agency may be charged a reasonable fee for information provided under paragraph (1).~~

~~"(4) RECORDS MANAGEMENT.—Each public housing agency shall establish and implement a system of records management that ensures that any criminal record received by the public housing agency is—~~

~~"(A) maintained confidentially;~~

~~"(B) not misused or improperly disseminated; and~~

~~"(C) destroyed, once the purpose for which the record was requested has been accomplished.~~

~~"(5) DEFINITION.—For purposes of this subsection, the term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal or State law.~~

~~"(r) EVICTION FOR DRUG-RELATED ACTIVITY.—Any resident evicted from housing assisted under this title by reason of drug-related criminal activity (as such term is defined in section 8(f)(5)) shall not be eligible for housing~~

~~assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted resident successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).''.~~

~~SEC. 108. EXPANSION OF POWERS.~~

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

~~(1) in subparagraph (A)—~~

~~(A) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and~~

~~(B) by inserting after clause (ii) the following new clause:~~

~~''(iii) take possession of the public housing agency, including any project or function of the agency, including any project or function under any other provision of this Act;'';~~

~~(2) by redesignating subparagraphs (B) through (D) as subparagraphs (E) through (G), respectively;~~

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

~~"(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.~~

~~"(ii) The Secretary may give a public housing agency a 1-year period, beginning on the date on which the agency receives notification from the Secretary of the troubled status of the agency under clause (i), within which to demonstrate improvement satisfactory to the Secretary. Nothing in this clause shall preclude the Secretary from taking any action the Secretary considers necessary before the commencement or the expiration of the 1-year period described in this clause.~~

~~"(iii) Upon the expiration of the 1-year period described in clause (ii), or in the case of a public housing agency identified as troubled before the effective date of this Act, upon the expiration of the 1-year period commencing on that date, if the troubled agency has not demonstrated improvement satisfactory to the Secretary and the Secretary has not yet declared the agency to be in breach of its contract with the Federal Government under this Act, the~~

~~Secretary shall declare the public housing agency to be in substantial default, as described in subparagraph (A).~~

~~"(iv) Upon declaration of a substantial default under clause (iii), the Secretary—~~

~~"(I) shall either—~~

~~"(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii); or~~

~~"(bb) take possession of the public housing agency or any development or developments of the public housing agency pursuant to subparagraph (A)(iii); and~~

~~"(II) may, in addition, take other appropriate action.~~

~~"(C)(i) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—~~

~~"(I) may abrogate any contract that substantially impedes correction of the substantial default;~~

~~"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18;~~

~~"(III) if determined to be appropriate by the Secretary, may require the establishment, as permitted by applicable State and local law, of one or more new public housing agencies; and~~

~~"(IV) shall not be subject to any State or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impedes correction of the substantial default.~~

~~"(ii) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this Act.~~

~~"(D)(i) If the Secretary takes possession of a public housing agency, or any project or function of the agency, pursuant to subparagraph (A)(iii), the Secretary—~~

~~"(I) may abrogate any contract that substantially impedes correction of the substantial default;~~

~~"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18;~~

~~"(III) may require the establishment, as permitted by applicable State and local law, of one or more new public housing agencies;~~

~~"(IV) shall not be subject to any State or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impedes correction of the substantial default; and~~

~~"(V) shall have such additional authority as a district court of the United States could confer under like circumstances on a receiver to fulfill the purposes of the receivership.~~

~~"(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to as-~~

~~sume the responsibilities of the Secretary under this subparagraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.~~

~~"(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to clause (i)(III), unless the Secretary first approves an application by the administrative receiver to authorize such establishment.~~

~~"(iv) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this Act."; and~~

~~(4) by adding at the end the following new subparagraph:~~

~~"(II) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including~~

any project or function of the agency) pursuant to subparagraph (A)(iii), or if a receiver is appointed by a court pursuant to subparagraph (A)(ii), the Secretary or receiver shall be deemed to be acting not in that person's or entity's official capacity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to such liability occurred while the Secretary or receiver was in possession of the public housing agency (including any project or function of the agency), shall be the liability of the public housing agency.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a public housing agency that is found to be in substantial default, on or after the date of enactment of this Act, with respect to the covenants or conditions to which the agency is subject (as such substantial default is defined in the contract for contributions of the agency) or with respect to an agreement entered into under section 6(j)(2)(C) of the United States Housing Act of 1937.

~~SEC. 109. PUBLIC HOUSING DESIGNATED FOR THE ELDERLY AND THE DISABLED.~~

~~Section 7 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended to read as follows:~~

~~"SEC. 7. AUTHORITY TO PROVIDE DESIGNATED HOUSING.~~

~~"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in its discretion and without approval by the Secretary, designate public housing projects or mixed-income projects (or portions of projects) for occupancy as elderly housing, disabled housing, or elderly and disabled housing. The public housing agency shall establish requirements for this section in the public housing agency plan of the public housing agency.~~

~~"(b) RELOCATION ASSISTANCE.—A public housing agency that converts any existing project or building, or portion thereof, to elderly housing or disabled housing shall provide to all persons or families who are to be relocated in connection with the conversion—~~

~~"(1) notice of the conversion and relocation not less than 6 months before the date of such action;~~

~~"(2) comparable housing (including appropriate services and design features) at a rental rate that is comparable to that applicable to the unit from which the person or family has vacated; and~~

"(3) payment of actual, reasonable moving expenses.

"(e) COMPARABLE HOUSING.—For purposes of this section, tenant-based assistance under section 8(o) shall be deemed to be comparable housing, if the person or family who is relocated may obtain with such assistance housing that is generally comparable to the housing that was vacated at a cost to the relocated person or family that is not in excess of the amount previously paid for the housing vacated.

"(d) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under this section.".

SEC. 110. PUBLIC AND INDIAN HOUSING CAPITAL AND OPERATING FUNDS.

Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

"SEC. 9. PUBLIC AND INDIAN HOUSING CAPITAL AND OPERATING FUNDS.

"(a) IN GENERAL.—Except for assistance provided under section 8, all programs under which assistance is provided for public housing on the day before the effective date of the Public Housing Reform and Empowerment Act of 1995 shall be merged, as appropriate, into either—

~~"(1) the Capital Fund established under subsection (c); or~~

~~"(2) the Operating Fund established under subsection (d).~~

~~"(b) USE OF EXISTING FUNDS.—With the exception of funds made available pursuant to section 20(f) and funds appropriated for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—~~

~~"(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency before the effective date of the Public Housing Reform and Empowerment Act of 1995 shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund established under this section, as appropriate; and~~

~~"(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of the effective date of the Public Housing Reform and Empowerment Act of 1995, have not been obligated by the public housing agency, may be made available by that public housing agency, for~~

~~the period originally provided in law, for use in either the Capital Fund or the Operating Fund established under this section, as appropriate.~~

~~"(c) CAPITAL FUND.—~~

~~"(1) IN GENERAL.—The Secretary shall establish a Capital Fund for the purpose of making grants to public housing agencies principally—~~

~~"(A) to make physical improvements to, to replace, or demolish public housing projects, or portions of projects; and~~

~~"(B) for associated management improvements.~~

~~"(2) GRANTS.—The Secretary shall make grants to public housing agencies to carry out capital and management activities, including—~~

~~"(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings;~~

~~"(B) vacancy reduction;~~

~~"(C) addressing deferred maintenance needs and the replacement of dwelling equipment;~~

~~"(D) planned code compliance;~~

~~"(E) management improvements;~~

"(F) community services;

"(G) demolition and replacement;

"(H) tenant relocation; and

"(I) activities to improve the economic empowerment and self-sufficiency of public housing tenants.

"(3) LIMIT ON USE OF FUNDS.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities under the Operating Fund of the public housing agency pursuant to subsection (d), provided that the public housing agency plan provides for such use.

"(d) OPERATING FUND.—

"(1) IN GENERAL.—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing.

"(2) GRANTS.—The Secretary shall make grants to public housing agencies to carry out activities that relate to the operation and management of public housing, including—

"(A) anti-crime and anti-drug activities (including those activities eligible for assistance under the Public and Assisted Housing Drug

~~Elimination Act of 1990 and the Drug-Free Public Housing Act of 1988); and~~

~~"(B) activities related to the provision of service coordinators for elderly persons or persons with disabilities pursuant to section 673 of the Housing and Community Development Act of 1992.~~

~~"(c) ESTABLISHMENT OF FORMULAE.—~~

~~"(1) IN GENERAL.—The Secretary shall establish formulae for providing assistance under the Capital Fund and the Operating Fund under this subsection.~~

~~"(2) FORMULAE REQUIREMENTS.—The formulae established under paragraph (1) shall include the following:~~

~~"(A) The needs of public housing agencies as identified through their public housing agency plans submitted under section 5A.~~

~~"(B) The number of public housing dwelling units owned and operated by a housing management agency and occupied by low-income families (including the costs of conversion to tenant-based assistance under section 22).~~

~~"(C) The extent to which public housing agencies provide programs and activities de-~~

signed to promote the economic self-sufficiency of tenants.

"(D) The age, condition, and density of the low-income housing owned or operated by the agency.

"(E) The number of dwelling units owned and operated by the housing management agency that are chronically vacant and the amount of assistance appropriate for such units.

"(F) The amount of assistance necessary to provide rehabilitation and operating expenses for public housing dwelling units including the amount of assistance to provide a safe environment.

"(3) TRANSITION FORMULA.—The transition formula shall provide that each public housing agency shall receive that percentage of funds which represents the percentage of funds that the public housing agency received, on average, for modernization costs and operating expenses during the 3 fiscal years of that public housing agency preceding implementation of a formula established under paragraph (1).

"(4) PROCEDURES.—The Secretary shall establish formulae under paragraph (1) through nego-

~~tiated rulemaking, and shall submit the formulae to the Congress for review not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995.~~

~~"(5) APPROVAL.—Unless the Congress acts to disapprove a formula submitted under this subsection, the formula shall be presumed to be approved until a revised formula is adopted.~~

~~"(6) OPERATING AND CAPITAL ASSISTANCE.—A resident management corporation managing a public housing development pursuant to a contract under this section shall be provided directly by the Secretary with operating and capital assistance under this title for purposes of operating the development and performing such other eligible activities with respect to the development as may be provided under the contract.~~

~~"(f) NATIVE AMERICAN HOUSING PROGRAMS.—Notwithstanding any other provision of law, from amounts appropriated for the Capital Fund or the Operating Fund, the Secretary shall establish such formulae and programs as may be necessary to provide such sums as may be necessary to carry out housing programs for Indians.~~

~~"(g) TECHNICAL ASSISTANCE.—To the extent approved in appropriations Acts for grants, the Secretary may provide—~~

~~"(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including monitoring, inspections, training for public housing agency employees and residents, and data collection and analysis; and~~

~~"(2) remedial activities associated with troubled public housing agencies, as such agencies are so designated under section 6(j).~~

~~"(h) FUNDING FOR RESIDENT COUNCILS.—Of any amounts made available in any fiscal year to carry out this section, $25,000,000 shall be made available to resident councils, resident organizations, or resident management corporations, on a competitive basis, to carry out resident management activities, and other activities designed to improve the economic self-sufficiency of public housing residents.~~

~~"(i) EMERGENCY RESERVE.—~~

~~"(1) IN GENERAL.—~~

~~"(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside an amount not to exceed 2 percent of the amount appropriated to~~

~~carry out this section for that fiscal year for use in accordance with this subsection.~~

~~"(B) USE OF FUNDS.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with emergencies, and to fund the cost of demolitions, modernization, and other activities if the Capital Fund and Operating Fund distributions of any public housing agency are not adequate to carry out activities relating to the goal of the public housing agency of providing decent, safe, and affordable housing in viable communities.~~

~~"(2) ALLOCATION.—Amounts set aside under this paragraph shall be allocated pursuant to a competition based upon relative need to such public housing agencies, in such manner, and in such amounts as the Secretary shall determine.".~~

~~SEC. 111. LABOR STANDARDS.~~

~~Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended by adding at the end the following new subsection:~~

~~"(c) WORK REQUIREMENT.—~~

~~"(1) IN GENERAL.—Notwithstanding any other provision of law, each adult member of each household assisted under this Act shall contribute not less~~

than 8 hours of volunteer work per month within the community of that adult.

"(2) INCLUSION IN PLAN.—Each public housing agency shall include in the plan submitted to the Secretary under section 5A, a detailed description of how the public housing agency intends to implement and administer the requirements of paragraph (1).

"(3) EXEMPTIONS.—The Secretary may provide an exemption from the requirements of paragraph (1) for any individual who is—

"(A) not less than 62 years of age;

"(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this section; or

"(C) working full-time, a student, receiving vocational training, or otherwise meeting work requirements of a public assistance program.".

SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

~~"SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.~~

~~"(a) CONSORTIA.—~~

~~"(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.~~

~~"(2) EFFECT.—With respect to any consortium described in paragraph (1)—~~

~~"(A) any assistance made available under this title to each of the public housing agencies participating in the consortium shall be paid to the consortium; and~~

~~"(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.~~

~~"(3) RESTRICTIONS.—~~

~~"(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan,~~

which shall be submitted by the consortium in accordance with section 5A.

"(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

"(b) JOINT VENTURES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with its public housing agency plan submitted under section 5A, may—

"(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

"(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public hous-

~~ing agency, including any program that is subject to this title.~~

~~"(2) USE OF INCOME.—Any income generated under paragraph (1) shall be used for low-income housing or to benefit the tenants of the public housing agency.~~

~~"(3) AUDITS.—The Secretary may conduct an audit of any activity undertaken under paragraph (1) at any time.".~~

~~SEC. 113. REPEAL OF MODERNIZATION FUND.~~

~~Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437*l*) is repealed.~~

~~SEC. 114. INCOME ELIGIBILITY FOR ASSISTED HOUSING.~~

~~Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:~~

~~"SEC. 16. INCOME ELIGIBILITY FOR ASSISTED HOUSING.~~

~~"(a) IN GENERAL.—~~

~~"(1) INITIAL OCCUPANCY BY CERTAIN HOUSEHOLDS.—Of the dwelling units of a public housing agency, including public housing units in a designated mixed-income project, made available for initial occupancy—~~

~~"(A) not less than 40 percent shall be occupied by households whose incomes do not ex-~~

~~ceed 30 percent of the area median income for such households; and~~

~~"(B) any remaining dwelling units may be made available for households whose incomes do not exceed 80 percent of the area median income for such households.~~

~~"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).~~

~~"(b) APPLICABILITY TO INDIAN HOUSING.—Subsection (a) shall not apply to any dwelling unit assisted by an Indian housing agency.".~~

~~SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.~~

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

~~"SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.~~

~~"(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Not later than 60 days after receiving an application by a public housing agency for authorization, with~~

~~or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project, the Secretary shall approve the application, if the public housing agency certifies—~~

~~"(1) in the case of—~~

~~"(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—~~

~~"(i) the project or portion of the project is obsolete as to physical condition, location, or other factors, making it unsuitable for housing purposes; and~~

~~"(ii) no reasonable program of modifications is cost-effective to return the project or portion of the project to useful life; and~~

~~"(B) an application proposing the demolition of only a portion of a project, that the demolition will help to assure the useful life of the remaining portion of the project;~~

~~"(2) in the case of an application proposing disposition of public housing project or other real property subject to this title by sale or other transfer, that—~~

~~"(A) the retention of the property is not in the best interests of the residents or the public housing agency because—~~

~~"(i) conditions in the area surrounding the project adversely affect the health or safety of the residents or the feasible operation of the project by the public housing agency; or~~

~~"(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;~~

~~"(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—~~

~~"(i) in the best interests of the residents and the public housing agency;~~

~~"(ii) consistent with the goals of the public housing agency and the public housing agency plan of the public housing agency; and~~

~~"(iii) otherwise consistent with this title; or~~

~~"(C) for property other than dwelling units, the property is excess to the needs of a~~

~~public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;~~

~~"(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan of the public housing agency submitted under section 5A, and has certified that the actions contemplated in the public housing agency plan comply with the requirements of this section;~~

~~"(4) that the public housing agency—~~

~~"(A) will provide for the payment of the relocation expenses of each resident to be displaced;~~

~~"(B) will ensure that the amount of rent paid by the tenant following relocation will not exceed the amount permitted under this Act; and~~

~~"(C) will not commence demolition or disposition until all tenants residing in the unit are relocated;~~

~~"(5) that the net proceeds of any disposition will be used—~~

~~"(A) unless waived by the Secretary, for the retirement of outstanding obligations issued~~

~~to finance the original public housing project or modernization of the project; and~~

~~"(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the tenants of the public housing agency; and~~

~~"(6) that the public housing agency has complied with subsection (b).~~

~~"(b) TENANT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—~~

~~"(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization for resale to low-income families, if such entity—~~

~~"(A) is operating only at the public housing project that is the subject of the disposition; and~~

~~"(B) has expressed an interest, in writing, to the public housing agency in a timely man-~~

~~ner, in purchasing the property for continued use as low-income housing.~~

~~"(2) TIMING.—~~

~~"(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.~~

~~"(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of such written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.~~

~~"(c) HOMEOWNERSHIP ACTIVITIES.—This section does not apply to the disposition of a public housing project, or any portion thereof, in accordance with a homeownership program under which the property is sold or conveyed to low-income persons or families or to an orga-~~

~~nization acting as a conduit for sales or conveyances to such persons or families.~~

~~"(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of such replacement units is fewer than the number of units demolished.".~~

~~(b) HOMEOWNERSHIP REPLACEMENT PLAN.—~~

~~(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa–3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred At Oklahoma City, and Rescissions Act, 1995, is amended to read as follows:~~

~~"(g) [Reserved.]".~~

~~(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective for plans for the demolition, disposition, or conversion to homeownership of public housing approved by the Secretary after September 30, 1995.~~

~~(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.~~

~~SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHERS FOR PUBLIC HOUSING.~~

~~(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:~~

~~"SEC. 22. VOUCHERS FOR PUBLIC HOUSING.~~

~~"(a) IN GENERAL.—~~

~~"(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.~~

~~"(2) REQUIREMENTS.—In making a conversion under this section, the public housing agency shall develop a conversion plan and an assessment under subsection (b) in consultation with the appropriate public housing officials and residents, which plan and assessment shall be consistent with and part of the public housing agency plan submitted under section 5A, and shall describe the conversion and future~~

~~use or disposition of the public housing project, including an impact analysis on the affected community.~~

~~"(b) CONVERSION ASSESSMENT.—~~

~~"(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency and shall submit to the Secretary a report that includes—~~

~~"(A) a cost analysis of the public housing project, including costs attributable to the physical condition, modernization needs, operating costs, and market value (both before and after rehabilitation) of the project;~~

~~"(B) a market analysis of the public housing project, including an evaluation of the availability of rental dwelling units at or below the fair market rent in the market area in which the public housing project is located; and~~

~~"(C) the impact of the conversion on the neighborhood in which the public housing project is located.~~

~~"(2) STREAMLINED ASSESSMENT.—The Secretary may waive or otherwise require a streamlined assessment at the request of the public housing agency.~~

~~"(c) COST OF CONVERSION.—The cost of any conversion under this section shall be payable from funds made available from the Capital Fund and the Operating Fund established under section 9 attributable to the converted public housing and any additional funds made available by the Secretary or in an appropriations Act.".~~

~~(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.~~

~~SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.~~

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

~~"SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.~~

~~"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may sell low-income dwelling units, to the low-income residents of the public~~

~~housing agency, to other low-income persons or families, or to organizations serving as conduits for sales to such persons.~~

~~"(b) SALE PRICES, TERMS AND CONDITIONS.—Any sales under subsection (a) may involve such sales prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan of the public housing agency submitted under section 5A.~~

~~"(c) PROTECTION OF NONPURCHASING FAMILIES.—If a tenant decides not to purchase a unit, or is not qualified to do so, the public housing agency shall—~~

~~"(1) ensure that rental assistance under section 8 is made available to the tenant; and~~

~~"(2) provide for the payment of the reasonable relocation expenses of the tenant.~~

~~"(d) NET PROCEEDS.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan of the public housing agency submitted under section 5A.".~~

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 118. CONVERSION OF DISTRESSED PUBLIC HOUSING TO VOUCHERS.

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

"SEC. 28. CONVERSION OF DISTRESSED PUBLIC HOUSING TO VOUCHERS.

"(a) IDENTIFICATION OF UNITS.—Each public housing agency shall identify any public housing developments—

"(1) that are on the same or contiguous sites;

"(2) that total more than—

"(A) 600 dwelling units; or

"(B) in the case of high-rise family buildings or substantially vacant buildings, 300 dwelling units;

"(3) that have a vacancy rate of at least 10 percent for dwelling units not in funded, on-schedule modernization programs;

~~"(4) identified as distressed housing that the public housing agency cannot assure the long-term viability as public housing through density reduction, achievement of a broader range of household income, or other measures; and~~

~~"(5) for which the estimated cost of continued operation and modernization of the developments as public housing exceeds the cost of providing tenant-based assistance under section 8 for all families in occupancy.~~

~~"(b) CONSULTATION.—Each public housing agency shall consult with the applicable public housing tenants and the unit of general local government in identifying any public housing under subsection (a).~~

~~"(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—~~

~~"(1) IN GENERAL.—Each public housing agency shall develop a plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a), over a period of not more than 5 years, from the inventory of the public housing agency and the annual contributions contract. The plan shall be approved as part of the public housing agency plan under section 5A and by the relevant local official as consistent with the Com-~~

~~prehensive Housing Affordability Strategy under title I of the Housing and Community Development Act of 1992, including a description of any disposition and demolition plan for the public housing units.~~

~~"(2) EXTENSIONS.—The Secretary may extend the deadline in paragraph (1) by not more than 5 years if the Secretary makes a determination that the deadline is impracticable.~~

~~"(3) DEMOLITION AND DISPOSITION.—To the extent approved in advance in an appropriations Act, the Secretary may establish requirements and provide funding under the Urban Revitalization Demonstration program for demolition and disposition of public housing under this section.~~

~~"(d) CONVERSION TO TENANT-BASED ASSISTANCE.—~~

~~"(1) IN GENERAL.—The Secretary shall make authority available to a public housing agency to provide tenant-based assistance pursuant to section 8 to families residing in any development that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to subsection (b).~~

~~"(2) CONVERSION PLANS.—Each conversion plan under subsection (c) shall—~~

~~"(A) require the agency to notify families residing in the development, consistent with any guidelines issued by the Secretary governing such notifications, that the development shall be removed from the inventory of the public housing agency and the families shall receive tenant-based or project-based assistance, and to provide any necessary counseling for families; and~~

~~"(B) ensure that all tenants affected by a determination under this section that a development shall be removed from the inventory of a public housing agency shall be offered tenant-based or project-based assistance and shall be relocated to other decent, safe, and affordable housing that is, to the maximum extent practicable, housing of their choice.~~

~~"(e) ADMINISTRATION.—~~

~~"(1) IN GENERAL.—The Secretary may require a public housing agency to provide such information as the Secretary considers necessary for the administration of this section.~~

~~"(2) APPLICABILITY OF SECTION 18.—Section 18 does not apply to the demolition of developments~~

removed from the inventory of the public housing agency under this section.''.

SEC. 119. APPLICABILITY TO INDIAN HOUSING.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, except as otherwise provided in this Act, this title and the amendments made by this title shall apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, as such term is defined in section 3(b) of the United States Housing Act of 1937.

TITLE II—SECTION 8 RENTAL ASSISTANCE

SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.

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

''(o) VOUCHER PROGRAM.—

''(1) PAYMENT STANDARD.—

''(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that

~~may be paid for any family, as provided in paragraph (2).~~

~~"(B) ESTABLISHMENT OF PAYMENT STANDARD.—The payment standard shall not exceed 120 percent of the fair market rental established under subsection (c) and shall be not less than 80 percent of that fair market rental.~~

~~"(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget authority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.~~

~~"(D) APPROVAL.—The public housing agency shall submit the payment standard of the public housing agency as part of the public housing agency plan submitted under section 5A.~~

~~"(E) REVIEW.—The Secretary shall monitor rent burdens and review any payment~~

~~standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent. The Secretary shall require each public housing agency to modify the payment standard based on the results of such review.~~

~~"(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—~~

~~"(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:~~

~~"(i) Thirty percent of the monthly adjusted income of the family.~~

~~"(ii) Ten percent of the monthly income of the family.~~

~~"(iii) If the family is receiving payments for welfare assistance from a public~~

agency and a part of such payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by such agency to meet the housing costs of the family, the portion of such payments that is so designated.

"(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the actual hous-

~~ing costs of the family, is specifically designated by such agency to meet the housing costs of the family, the portion of such payments that is so designated.~~

~~"(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.~~

~~"(3) FORTY PERCENT LIMIT.—At the time at which a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.~~

~~"(4) ELIGIBLE FAMILIES.—At the time at which a family initially receives assistance under this subsection, a family shall qualify as—~~

~~"(A) a very low-income family;~~

~~"(B) a family previously assisted under this title;~~

~~"(C) a low-income family that meets eligibility criteria specified by the public housing agency;~~

~~"(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or~~

~~"(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.~~

~~"(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.~~

~~"(6) SELECTION OF FAMILIES.—~~

~~"(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with its public housing agency plan submitted under section 5A.~~

~~"(B) EVICTION FOR DRUG-RELATED ACTIVITY.—Any individual or family evicted from housing assisted under this subsection by rea-~~

~~son of drug-related criminal activity (as defined in subsection (f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include waiver for any member of the family of an individual prohibited from receiving assistance under this title whom the public housing agency determines clearly did not participate in and had no knowledge of such criminal activity, or if the circumstances leading to the eviction no longer exist).~~

~~"(C) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.~~

~~"(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit shall provide that—~~

~~"(A) the screening and selection of households for such units shall be the function of the owner;~~

~~"(B) the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant;~~

~~"(C) except as otherwise provided by the public housing agency, may provide for a termination of the tenancy of a resident assisted under this subsection after 1 year;~~

~~"(D) the dwelling unit owner shall offer leases to tenants assisted under this subsection that are—~~

~~"(i) in a standard form used in the locality by the dwelling unit owner; and~~

~~"(ii) contain terms and conditions that—~~

~~"(I) are consistent with State and local law; and~~

~~"(II) apply generally to tenants in the property who are not assisted under this section;~~

~~"(E) the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—~~

~~"(i) the tenant has committed a serious violation of the terms and conditions of the lease;~~

~~"(ii) the tenant has violated applicable Federal, State, or local law; or~~

~~"(iii) other good cause for termination of the tenancy exists; and~~

~~"(F) any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for such action, and any relief shall be consistent with applicable State and local law.~~

"(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall—

"(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent and safe housing established—

"(I) by the Secretary for purposes of this subsection; or

"(II) by local housing codes that exceed housing quality standards or by housing agency-designed codes that exceed housing quality standards; and

"(ii) make periodic inspections during the contract term.

"(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible household assisted under this subsection leases a dwelling unit that is owned by a public housing agency administering assistance under this subsection,

the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

"(9) EXPEDITED INSPECTION PROCEDURES.—The Secretary shall establish a demonstration project to identify efficient procedures to determine whether units meet housing quality standards for decent and safe housing established by the Secretary. The demonstration project shall include the development of procedures to be followed in any case in which a family receiving tenant-based assistance under this subsection is moving into a dwelling unit, or in which a family notifies the Secretary that a dwelling unit in which they no longer live fails to meet housing quality standards. The Secretary shall also establish procedures for the expedited repair and inspection of units that do not meet housing quality standards.

"(10) VACATED UNITS.—If a family vacates a dwelling unit, no assistance payment may be made under this subsection for the dwelling unit after the month during which the unit was vacated.

"(11) RENT.—

~~"(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market.~~

~~"(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist such family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to such unit.~~

~~"(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent~~

control provisions during the term of such contract, the rent for such unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

"(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

"(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency.

"(12) MANUFACTURED HOUSING.—

"(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as its principal place of residence. Such payments

~~may be made for the rental of the real property on which the manufactured home owned by any such family is located.~~

~~"(B) RENT CALCULATION.—~~

~~"(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.~~

~~"(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.~~

~~"(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).~~

~~"(13) CONTRACT FOR ASSISTANCE PAYMENTS.—~~

~~"(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection, the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with the requirements of this section. The public housing agency may approve a housing assistance payment contract for such structures for not more than 15 percent of the funding available for tenant-based assistance administered by the public housing agency under this section.~~

~~"(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency shall enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for~~

~~assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the owner's successors in interest.~~

~~"(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).~~

~~"(14) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.~~

~~"(15) HOMEOWNERSHIP OPTION.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).".~~

~~SEC. 202. REPEAL OF FEDERAL PREFERENCES.~~

~~(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Hous-~~

~~ing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:~~

~~"(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish, after public notice and an opportunity for public comment, a written system of preferences for selection that are not inconsistent with the comprehensive housing affordability strategy under title I of the Cranston-Gonzalez National Affordable Housing Act,".~~

~~(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—~~

~~(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows:~~

~~"(c) [Reserved.]".~~

~~(2) PROHIBITION.—Notwithstanding any other provision of law, no Federal tenant selection preferences shall apply with respect to—~~

~~(A) housing 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 on the day before October 1, 1983); or~~

~~(B) projects financed under section 202 of the Housing Act of 1959 (as such section existed on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act).~~

~~(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows:~~

~~"(k) [Reserved.]".~~

~~(d) CONFORMING AMENDMENTS.—~~

~~(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—~~

~~(A) in section 6(o), by striking "preference rules specified in" and inserting "written selection criteria established pursuant to";~~

~~(B) in section 7(a)(2), by striking "according to the preferences for occupancy under" and inserting "in accordance with the written selection criteria established pursuant to";~~

~~(C) in section 7(a)(3), by striking "who qualify for preferences for occupancy under" and inserting "who meet the written selection criteria established pursuant to";~~

~~(D) in section 8(d)(2)(A), by striking the last sentence;~~

~~(E) in section 8(d)(2)(H), by striking "notwithstanding subsection (d)(1)(A)(i), an" and inserting "An";~~

~~(F) in section 16(c), in the second sentence, by striking "the system of preferences established by the agency pursuant to section 6(c)(4)(A)(ii)" and inserting "the written selection criteria established by the public housing agency pursuant to section 6(c)(4)(A)"; and~~

~~(G) in section 24(e)—~~

~~(i) by striking "(e) EXCEPTIONS.—" and all that follows through "The Secretary may" and inserting the following:~~

~~"(e) EXCEPTION TO GENERAL PROGRAM REQUIREMENTS.—The Secretary may"; and~~

~~(ii) by striking paragraph (2).~~

~~(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez Na-~~

~~tional Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—~~

~~(A) in section 455(a)(2)(D)(iii), by striking "would qualify for a preference under" and inserting "meet the written selection criteria established pursuant to";~~

~~(B) in section 522(f)(6)(B), by striking "any preferences for such assistance under section 8(d)(1)(A)(i)" and inserting "the written selection criteria established pursuant to section 8(d)(1)(A)"; and~~

~~(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking "requirement for giving preferences to certain categories of eligible families under" and inserting "written selection criteria established pursuant to".~~

~~(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "preferences for occupancy" and all that follows before the period at the end and~~

~~inserting "selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively".~~

~~(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 6(c)(4)(A)(i), 8(d)(1)(A)(i), or 8(o)(3)(B) of the United States Housing Act of 1937 (as such sections existed on the day before the date of enactment of this Act) shall be considered to refer to the written selection criteria established pursuant to section 6(c)(4)(A), 8(d)(1)(A), or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.~~

~~SEC. 203. PORTABILITY.~~

~~Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—~~

~~(1) in paragraph (1), by striking "assisted under subsection (b) or (o)" and inserting "receiving tenant-based assistance under subsection (o)";~~

~~(2) in paragraph (3)—~~

~~(A) by striking "(b) or"; and~~

~~(B) by adding at the end the following new sentence: "The Secretary may reserve amounts available for assistance under subsection (o) to compensate public housing agencies that issue vouchers to families that move into the jurisdiction of the public housing agency under portability procedures."; and~~

~~(3) by adding at the end the following new paragraph:~~

~~"(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.".~~

~~SEC. 204. LEASING TO VOUCHER HOLDERS.~~

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

~~"(t) [Reserved.]".~~

~~SEC. 205. HOMEOWNERSHIP OPTION.~~

~~Section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—~~

~~(1) in paragraph (1)(A), by inserting before the semicolon ", or owns or is acquiring shares in a cooperative";~~

~~(2) in paragraph (1)(B)(i), by inserting before the semicolon "and demonstrates to the public housing agency that it has sufficient resources for homeownership";~~

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

~~"(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—~~

~~"(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:~~

~~"(i) Thirty percent of the monthly adjusted income of the family.~~

~~"(ii) Ten percent of the monthly income of the family.~~

~~"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the actual hous-~~

~~ing costs of the family, is specifically designated by such agency to meet the housing costs of the family, the portion of such payments that is so designated.~~

~~"(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:~~

~~"(i) Thirty percent of the monthly adjusted income of the family.~~

~~"(ii) Ten percent of the monthly income of the family.~~

~~"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by such agency to meet the housing costs of the family, the portion of such payments that is so designated.";~~

~~(4) by striking paragraphs (3) and (4); and~~

~~(5) by redesignating paragraphs (5) through (8) as paragraphs (3) through (6), respectively.~~

~~SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.~~

~~(a) CONTRACT PROVISIONS AND REQUIREMENTS.—Section 6(p)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)(1)(B)) is amended by striking "holding certificates and vouchers" and inserting "receiving tenant-based assistance".~~

~~(b) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—~~

~~(1) in subsection (a), by striking the second and third sentences;~~

~~(2) in subsection (b)—~~

~~(A) in the section heading, by striking "RENTAL CERTIFICATES AND"; and~~

~~(B) in the first undesignated paragraph—~~

~~(i) by striking "The Secretary" and inserting the following:~~

~~"(1) IN GENERAL.—The Secretary"; and~~

~~(ii) by striking the second sentence;~~

~~(3) in subsection (c)—~~

~~(A) in paragraph (3)—~~

~~(i) by striking "(A)"; and~~

~~(ii) by striking subparagraph (B);~~

~~(B) in the first sentence of paragraph (4), by striking "or by a family that qualifies to receive" and all that follows through "1990";~~

~~(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);~~

~~(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;~~

~~(E) in paragraph (6), as redesignated, by inserting "(other than a contract under section 8(o))" after "section";~~

~~(F) in paragraph (7), as redesignated, by striking "(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))" and inserting ", other than a contract for tenant-based assistance under this section"; and~~

~~(G) in paragraph (8), as redesignated, by striking "Secretary" and inserting "contract administrator";~~

~~(4) in subsection (d)—~~

~~(A) in paragraph (1)(B)(iii), by striking "on or near such premises"; and~~

~~(B) in paragraph (2)—~~

~~(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and~~

~~(ii) by striking subparagraph (B) and inserting the following:~~

~~''(B) [Reserved.]'';~~

~~(5) in subsection (f)—~~

~~(A) in paragraph (6), by striking ''(d)(2)'' and inserting ''(o)(11)''; and~~

~~(B) in paragraph (7)—~~

~~(i) by striking ''(b) or''; and~~

~~(ii) by inserting before the period the following: ''and that provides for the eligible family to select suitable housing and to move to other suitable housing'';~~

~~(6) by striking subsection (j) and inserting the following:~~

~~''(j) [Reserved.]'';~~

~~(7) by striking subsection (n) and inserting the following:~~

~~''(n) [Reserved.]'';~~

~~(8) in subsection (q)—~~

~~(A) in the first sentence of paragraph (1), by striking ''and housing voucher programs~~

~~under subsections (b) and (o)'' and inserting ''program under this section'';~~

~~(B) in paragraph (2)(A)(i), by striking ''and housing voucher programs under subsections (b) and (o)'' and inserting ''program under this section''; and~~

~~(C) in paragraph (2)(B), by striking ''and housing voucher programs under subsections (b) and (o)'' and inserting ''program under this section'';~~

~~(9) in subsection (u), by striking ''certificates or'' each place such term appears; and~~

~~(10) in subsection (x)(2), by striking ''housing certificate assistance'' and inserting ''tenant-based assistance''.~~

~~(c) RENTAL REHABILITATION AND DEVELOPMENT GRANTS.—Section 17(d)(6)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437o(d)(6)(B)) is amended by striking ''holding certificates under'' and inserting ''receiving tenant-based assistance''.~~

~~(d) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437f(b)) is amended—~~

~~(1) in the first sentence, by striking "(at the option of the family) a certificate under section 8(b)(1) or a housing voucher under section 8(o)" and inserting "tenant-based assistance under section 8"; and~~

~~(2) by striking the second sentence.~~

~~(c) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—~~

~~(1) in paragraph (1), by striking "assisted under the certificate and voucher programs established" and inserting "receiving tenant-based assistance";~~

~~(2) in the first sentence of paragraph (2)—~~

~~(A) by striking ", for each of the certificate program and the voucher program" and inserting "for the tenant-based assistance under section 8"; and~~

~~(B) by striking "participating in the program" and inserting "receiving tenant-based assistance"; and~~

~~(3) in paragraph (3), by striking "assistance under the certificate or voucher program" and in-~~

~~serting "tenant-based assistance under section 8 of the United States Housing Act of 1937".~~

~~(f) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D)) is amended by striking "certificates or vouchers" and inserting "assistance".~~

~~(g) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437e note) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".~~

~~(h) ASSISTANCE FOR DISPLACED TENANTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and 8(o)" and inserting "tenant-based assistance under section 8".~~

~~(i) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking "assistance payments as provided by section 8(o)" and in-~~

~~serting "tenant-based assistance as provided under section 8".~~

~~(j) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.~~

~~(k) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "the first sentence of section 8(o)(3)(B)" and inserting "section 8(o)(6)(A)".~~

~~(l) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended by striking "section 8(b)(1)" and inserting "section 8".~~

~~(m) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(g)(2)), as amended by section 101(b) of the Multifamily Housing Property Disposition Reform Act of 1994, is amended by striking "8(o)(3)(B)" and inserting "8(o)(6)(A)".~~

~~SEC. 207. IMPLEMENTATION.~~

~~In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.~~

~~SEC. 208. EFFECTIVE DATE.~~

~~(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.~~

~~(b) CONVERSION ASSISTANCE.—~~

~~(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as such sections existed before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.~~

~~(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this title, as such provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the~~

~~Secretary before such effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.~~

~~TITLE III—MISCELLANEOUS PROVISIONS~~

~~SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.~~

~~Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—~~

~~(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);~~

~~(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);~~

~~(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);~~

~~(4) in paragraph (16)—~~

~~(A) by striking the period at the end; and~~

~~(B) by striking "(16)" and inserting "(17)";~~

~~(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and—~~

~~(6) by inserting after paragraph (10) the following new paragraph:~~

~~"(11) describe how the jurisdiction's plan will help address the needs of public housing and coordinate with the local public housing agency plan under section 5A of the United States Housing Act of 1937;".~~

~~SEC. 302. PUBLIC HOUSING FLEXIBILITY IN THE HOME PROGRAM.~~

~~Section 212(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742) is amended—~~

~~(1) in paragraph (3), by adding "or" at the end;~~

~~(2) by striking paragraphs (4) and (5); and~~

~~(3) by redesignating paragraph (6) as paragraph (4).~~

~~SEC. 303. REPEAL OF CERTAIN PROVISIONS.~~

~~(a) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—~~

~~(1) REPEAL.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed.~~

~~(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 957 of the Cranston-Gonzalez National Affordable Housing Act.~~

~~(b) ECONOMIC INDEPENDENCE.—~~

~~(1) REPEAL.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed.~~

~~(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 923 of the Housing and Community Development Act of 1992.~~

~~SEC. 304. DETERMINATION OF INCOME LIMITS.~~

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

~~(1) in the fourth sentence—~~

~~(A) by striking "County" and inserting "and Rockland Counties"; and~~

~~(B) by inserting "each" before "such county"; and~~

~~(2) in the fifth sentence, by striking "County" each place such term appears and inserting "and Rockland Counties".~~

~~(b) REGULATIONS.—Not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).~~

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Public Housing Reform and Empowerment Act of 1995".

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

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Effective date.
Sec. 5. Proposed regulations; technical recommendations.
Sec. 6. Elimination of obsolete documents.
Sec. 7. Annual reports.

TITLE I—PUBLIC AND INDIAN HOUSING

Sec. 101. Declaration of policy.
Sec. 102. Membership on board of directors.
Sec. 103. Authority of public housing agencies.
Sec. 104. Definitions.
Sec. 105. Contributions for lower income housing projects.
Sec. 106. Public housing agency plan.
Sec. 107. Contract provisions and requirements.
Sec. 108. Expansion of powers.
Sec. 109. Public housing designated for the elderly and the disabled.
Sec. 110. Public housing capital and operating funds.
Sec. 111. Labor standards.
Sec. 112. Repeal of energy conservation; consortia and joint ventures.
Sec. 113. Repeal of modernization fund.
Sec. 114. Eligibility for public and assisted housing.
Sec. 115. Demolition and disposition of public housing.
Sec. 116. Repeal of family investment centers; voucher system for public housing.
Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.
Sec. 118. Revitalizing severely distressed public housing.
Sec. 119. Mixed-income and mixed-ownership projects.

Sec. 120. Conversion of distressed public housing to tenant-based assistance.
Sec. 121. Public housing mortgages and security interests.
Sec. 122. Linking services to public housing residents.
Sec. 123. Applicability to Indian housing.

TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.
Sec. 202. Repeal of Federal preferences.
Sec. 203. Portability.
Sec. 204. Leasing to voucher holders.
Sec. 205. Homeownership option.
Sec. 206. Technical and conforming amendments.
Sec. 207. Implementation.
Sec. 208. Effective date.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Public housing flexibility in the CHAS.
Sec. 302. Repeal of certain provisions.
Sec. 303. Determination of income limits.
Sec. 304. Demolition of public housing.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to both public housing tenants and localities; and

(D) rewards employment and economic self-sufficiency of public housing tenants;

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more

successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families; and

(7) the needs of Indian families residing on Indian reservations and other Indian areas will best be served by providing programs specifically designed to meet the needs of Indian communities while promoting tribal self-governance and self-determination.

(b) PURPOSES.—The purposes of this Act are—

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, Indian tribes, localities, public housing agencies, and public housing tenants;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) PUBLIC HOUSING AGENCY.—The term "public housing agency" has the same meaning as in section 3 of the United States Housing Act of 1937.

(2) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) PROPOSED REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.

(b) TECHNICAL RECOMMENDATIONS.—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this Act and the amendments made by this Act.

SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.

Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.

SEC. 7. ANNUAL REPORTS.

Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to the Congress on the impact of the amendments made by this Act on—

(1) the demographics of public housing tenants and families receiving tenant-based assistance under the United States Housing Act of 1937; and

(2) the economic viability of public housing agencies.

TITLE I—PUBLIC AND INDIAN HOUSING

SEC. 101. DECLARATION OF POLICY.

Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:

"SEC. 2. DECLARATION OF POLICY.

"It is the policy of the United States to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this title—

"(1) to assist States, Indian tribes, and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

"(2) to assist States, Indian tribes, and political subdivisions of States to address the shortage of housing affordable to low-income families; and

"(3) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing tenants and localities.".

SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.

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

"SEC. 27. MEMBERSHIP ON BOARD OF DIRECTORS.

"(a) REQUIRED MEMBERSHIP.—Except as provided in subsection (b), the membership of the board of directors of each public housing agency shall contain not less than 1 member who is a resident of a public housing project operated by the public housing agency.

"(b) EXCEPTION.—Subsection (a) shall not apply to any public housing agency in any State that requires the members of the board of directors of a public housing agency to be salaried and to serve on a full-time basis.

"(c) NONDISCRIMINATION.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project.".

SEC. 103. AUTHORITY OF PUBLIC HOUSING AGENCIES.

(a) AUTHORITY OF PUBLIC HOUSING AGENCIES.—

(1) IN GENERAL.—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

"(2) AUTHORITY OF PUBLIC HOUSING AGENCIES.—Notwithstanding paragraph (1), a public housing agency may adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than the actual monthly costs—

"(i) to operate the housing of the public housing agency; and

"(ii) to make a deposit to a replacement reserve (in the sole discretion of the public housing agency).

"(B) MINIMUM RENT.—Notwithstanding paragraph (1), a public housing agency may

provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed $25 per month.

"(C) POLICE OFFICERS.—

"(i) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.

"(ii) DEFINITION.—As used in this subparagraph, the term 'police officer' means any person determined by a public housing agency to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, tribal, or local government or by

any agency thereof (including a public housing agency having an accredited police force).

"(D) ENCOURAGEMENT OF SELF-SUFFICIENCY.—Each public housing agency shall develop a rental policy that encourages and rewards employment and economic self-sufficiency.".

(2) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by paragraph (1).

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

(i) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act;

(ii) equal to the 95th percentile of the rent paid for a unit of comparable size by tenants in the same public housing project or a group of comparable projects totaling 50 units or more; or

(iii) equal to the fair market rent for the area in which the unit is located.

(b) NONTROUBLED PUBLIC HOUSING AGENCIES.—Section 3(a) of the United States Housing Act of 1937 (42 U.S.C. 1437(a)) is amended by adding at the end the following new paragraph:

"(3) NONTROUBLED PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Notwithstanding the rent calculation formula in paragraph (1), and subject to subparagraph (B), the Secretary shall permit a public housing agency, other than a public housing agency determined to be troubled pursuant to 6(j), to determine the amount that a family residing in public housing shall pay as rent.

"(B) LIMITATION.—With respect to a family whose income is equal to or less than 50 percent of the median income for the area, as determined by the Secretary with adjustments for

smaller and larger families, a public housing agency may not require a family to pay as rent under subparagraph (A) an amount that exceeds the greatest of—

"(i) 30 percent of the monthly adjusted income of the family;

"(ii) 10 percent of the monthly income of the family;

"(iii) if the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that public agency to meet the housing costs of the family, the portion of those payments that is so designated; and

"(iv) $25.".

SEC. 104. DEFINITIONS.

(a) DEFINITIONS.—

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

(A) in subparagraph (A), in the third sentence, by striking "the Secretary shall" and all that follows before the period at the end and in-

serting the following: "the public housing agency may give preference to single persons who are elderly or disabled persons before single persons who are otherwise eligible"; and

(B) in subparagraph (B), in the second sentence, by striking "regulations of the Secretary" and inserting "public housing agency plan".

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

"(5) ADJUSTED INCOME.—The term 'adjusted income' means the income that remains after excluding—

"(A) $480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household)—

"(i) who is under 18 years of age; or

"(ii) who is—

"(I) 18 years of age or older; and

"(II) a person with disabilities or a full-time student;

"(B) $400 for an elderly or disabled family;

"(C) the amount by which the aggregate of—

"(i) medical expenses for an elderly or disabled family; and

"(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

"(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education;

"(E) with respect to a family assisted by an Indian housing authority only, excessive travel expenses, not to exceed $25 per family per week, for employment- or education-related travel; and

"(F) any other income that the public housing agency determines to be appropriate, as provided in the public housing agency plan.".

(3) INDIAN HOUSING AUTHORITY; INDIAN TRIBE.—

(A) IN GENERAL.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C.

1437a(b)) is amended by striking paragraphs (11) and (12) and inserting the following:

"(11) INDIAN HOUSING AUTHORITY.—The term 'Indian housing authority' means any entity that—

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

"(B) is established—

"(i) by exercise of the power of self-government of an Indian tribe, independent of State law; or

"(ii) by operation of State law authorizing or enabling an Indian tribe to create housing authorities for Indians, including regional housing authorities in the State of Alaska.

"(12) INDIAN TRIBE.—The term 'Indian tribe' means the governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian Tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994.".

(B) APPLICABILITY.—The amendment made by subparagraph (A) does not affect the existence, or the ability to operate, of any Indian

housing authority established before the date of enactment of this Act by any State recognized tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives that does not qualify as an Indian tribe under section 3(b) of the United States Housing Act of 1937, as amended by this paragraph.

(b) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

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

(A) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of Public Law 101–625); and

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

"(d) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family—

"(A) that—

"(i) occupies a unit in a public housing project; or

"(ii) receives assistance under section 8; and

"(B) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);

may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

"(2) PHASE-IN OF RATE INCREASES.—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(B) shall be phased in over a subsequent 3-year period.

"(3) OVERALL LIMITATION.—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).".

(2) APPLICABILITY OF AMENDMENT.—

(A) PUBLIC HOUSING.—Notwithstanding the amendment made by paragraph (1), any ten-

ant 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 that paragraph existed on the day before the date of enactment this Act, shall be governed by that authority after that date.

(B) SECTION 8.—The amendment made by paragraph (1) shall apply to tenant-based assistance provided under section 8 of the United States Housing Act of 1937, with funds appropriated on or after October 1, 1996.

(c) DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.—

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

(A) in paragraph (1), by inserting "and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners" after "carrying charges"; and

(B) in paragraph (2), in the first sentence, by striking "security personnel)," and all that follows through the period and inserting the fol-

lowing: "security personnel), service coordinators, drug elimination activities, or financing in connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.".

(2) TECHNICAL CORRECTION.—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3817) is amended by striking "'project.'" and inserting "paragraph (3)".

(3) NEW DEFINITIONS.—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following new paragraphs:

"(6) PUBLIC HOUSING AGENCY PLAN.—The term 'public housing agency plan' means the plan of the public housing agency prepared in accordance with section 5A.

"(7) DISABLED HOUSING.—The term 'disabled housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by disabled persons or families.

"(8) ELDERLY HOUSING.—The term 'elderly housing' means any public housing project, building, or portion of a project or building, that is designated by a public housing agency exclusively for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.

"(9) MIXED-INCOME PROJECT.—The term 'mixed-income project' means a public housing project that meets the requirements of section 28.

"(10) CAPITAL FUND.—The term 'Capital Fund' means the fund established under section 9(c).

"(11) OPERATING FUND.—The term 'Operating Fund' means the fund established under section 9(d).".

SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.

(a) IN GENERAL.—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 21(d), by striking "section 5(h) or";

(2) in section 25(l)(1), by striking "and for sale under section 5(h)"; and

(3) in section 307, by striking "section 5(h) and".

SEC. 106. PUBLIC HOUSING AGENCY PLAN.

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following new section:

"SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

"(a) IN GENERAL.—

"(1) SUBMISSION.—Each public housing agency shall submit to the Secretary a written public housing agency plan developed in accordance with this section.

"(2) CONSISTENCY REQUIREMENT.—Each public housing agency plan submitted to the Secretary under paragraph (1) shall be—

"(A) made in consultation with the local advisory board established under subsection (c);

"(B) consistent with the comprehensive housing affordability strategy for the jurisdiction in which the public housing agency is located, as provided under title I of the Cranston-Gonzalez National Affordable Housing Act, or, with respect to any Indian tribe, a comprehensive plan developed by the Indian tribe, if applicable; and

"(C) accompanied by a certification by an appropriate State, tribal, or local public official that the plan meets the requirements of subparagraph (B).

"(b) CONTENTS.—Each public housing agency plan shall contain, at a minimum, the following:

"(1) CERTIFICATION.—

"(A) IN GENERAL.—With respect to a public housing agency that has not received assistance under this title as of the date on which the public housing agency plan of that public housing agency is submitted, or a public housing agency that is subject to amended authority, a written certification that the public housing agency is a governmental entity or public body (or an agency or instrumentality thereof) that is authorized to engage or assist in the development or operation of low-income housing under this title.

"(B) IDENTIFICATION OF CERTAIN REFERENCES.—Subject to subparagraph (A), any reference in any provision of law of the jurisdiction authorizing the creation of the public housing agency shall be identified and any legislative

declaration of purpose in regard thereto shall be set forth in the certification with full text.

"(2) STATEMENT OF POLICY.—An annual statement of policy identifying the primary goals and objectives of the public housing agency for the year for which the statement is submitted, together with any major developments, projects, or programs, including all proposed costs and activities carried out with the use of Capital Fund and Operating Fund distributions made available to the public housing agency under section 9.

"(3) STATEMENT OF NEEDS.—An annual statement of the housing needs of low-income families residing in the community, and of other low-income families on the waiting list of the public housing agency (including the housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

"(4) GENERAL POLICIES, RULES, AND REGULATIONS.—The policies, rules, and regulations of the public housing agency regarding—

"(A) the requirements for the selection and admission of eligible families into the program

or programs of the public housing agency, including—

"(i) tenant screening policies;

"(ii) any preferences or priorities for selection and admission;

"(iii) annual income verification procedures; and

"(iv) requirements relating to the administration of any waiting lists of the public housing agency;

"(B) the procedure for assignment of families admitted into the program to dwelling units owned, leased, managed, or assisted by the public housing agency;

"(C) the requirements for occupancy of dwelling units, including all standard lease provisions, and conditions for continued occupancy, termination, and eviction;

"(D) procedures for establishing rents, including ceiling rents and adjustments to income; and

"(E) procedures for designating certain public housing projects, or portions of projects, for occupancy by elderly families, disabled families, or by elderly and disabled families.

"(5) OPERATION AND MANAGEMENT.—The policies, rules, and regulations relating to the management of the public housing agency, and the public housing projects and programs of the public housing agency, including—

"(A) a description of the manner in which the public housing agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the Operating Fund distributions of the public housing agency;

"(B) policies relating to the rental of dwelling units owned or operated by the public housing agency, including policies designed to reduce vacancies;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the management and operation, or participation in mixed-income projects, if applicable;

"(E) policies relating to services and amenities provided or offered to assisted families, including the provision of service coordinators and

services designed for certain populations, such as the elderly and disabled;

"(F) procedures for implementing the work requirements of section 12(c);

"(G) procedures for identifying management weaknesses;

"(H) objectives for improving management practices;

"(I) a description of management initiatives to control the costs of operating the public housing agency;

"(J) a plan for preventative maintenance and a plan for routine maintenance;

"(K) policies relating to any plans for converting public housing to a system of tenant-based assistance; and

"(L) policies relating to the operation of any homeownership programs.

"(6) CAPITAL FUND REQUIREMENTS.—The policies, rules, and regulations relating to the management and administration of the Capital Fund distributions of the public housing agency, including—

"(A) the capital needs of the public housing agency;

"(B) plans for capital expenditures related to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(C) policies relating to providing a safe and secure environment in public housing units, including anticrime and antidrug activities;

"(D) policies relating to the capital requirements of mixed-income projects, if applicable;

"(E) an annual plan and, if appropriate, a 5-year plan of the public housing agency for the capital needs of the existing dwelling units of the public housing agency, each of which shall include a general statement identifying the long-term viability and physical condition of each of the public housing projects and other property of the public housing agency, including cost estimates;

"(F) a plan to handle emergencies and other disasters;

"(G) the use of funds for new or additional units, including capital contributions to mixed-income projects, if applicable;

"(H) any plans for the sale of existing dwelling units to low-income residents or organi-

zations acting as conduits for sales to such residents under a homeownership plan;

"(I) any plans for converting public housing units to a system of tenant-based assistance; and

"(J) any plans for demolition and disposition of public housing units, including any plans for replacement units and any plans providing for the relocation of residents who will be displaced by a demolition or disposition of units.

"(7) ECONOMIC AND SOCIAL SELF-SUFFICIENCY PROGRAMS.—A description of any policies, programs, plans, and activities of the public housing agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the public housing agency.

"(8) ANNUAL AUDIT.—The results of an annual audit (including any audit of management practices, as required by the Secretary) of the public housing agency, which shall be conducted by an independent certified public accounting firm pursuant to generally accepted accounting principles.

"(c) LOCAL ADVISORY BOARD.—

"(1) IN GENERAL.—Except as provided in paragraph (5), each public housing agency shall establish

one or more local advisory boards in accordance with this subsection, the membership of which shall adequately reflect and represent all of the residents of the dwelling units owned, operated, or assisted by the public housing agency.

"(2) MEMBERSHIP.—Each local advisory board established under this subsection shall be composed of the following members:

"(A) TENANTS.—Not less than 60 percent of the members of the board shall be tenants of dwelling units owned, operated, or assisted by the public housing agency, including representatives of any resident organizations.

"(B) OTHER MEMBERS.—The members of the board, other than the members described in subparagraph (A), shall include—

"(i) representatives of the community in which the public housing agency is located; and

"(ii) local government officials of the community in which the public housing agency is located.

"(3) PURPOSE.—Each local advisory board established under this subsection shall assist and make recommendations regarding the development of the

public housing agency plan. The public housing agency shall consider the recommendations of the local advisory board in preparing the final public housing agency plan, and shall include a copy of those recommendations in the public housing agency plan submitted to the Secretary under this section.

"(4) INAPPLICABILITY TO INDIAN HOUSING.—This subsection does not apply to an Indian housing authority.

"(5) WAIVER.—The Secretary may waive the requirements of this subsection with respect to tenant representation on the local advisory board of a public housing agency, if the public housing agency demonstrates to the satisfaction of the Secretary that a resident council or other tenant organization of the public housing agency adequately represents the interests of the tenants of the public housing agency.

"(d) PUBLICATION OF NOTICE.—

"(1) IN GENERAL.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the public housing agency shall publish a notice informing the public that—

"(A) the proposed public housing agency plan is available for inspection at the principal

office of the public housing agency during normal business hours; and

"(B) a public hearing will be conducted to discuss the public housing agency plan and to invite public comment regarding that plan.

"(2) PUBLIC HEARING.—Each public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1).

"(3) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2), and after considering all public comments received and, in consultation with the local advisory board, making any appropriate changes in the public housing agency plan, the public housing agency shall—

"(A) adopt the public housing agency plan; and

"(B) submit the plan to the Secretary in accordance with this section.

"(e) COORDINATED PROCEDURES.—Each public housing agency (other than an Indian housing authority) shall, in conjunction with the State or relevant unit of general local government, establish procedures to ensure that the public housing agency plan required by this section is consistent with the applicable comprehensive housing afford-

ability strategy for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act.

"(f) AMENDMENTS AND MODIFICATIONS TO PLANS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be adopted or implemented—

"(A) other than at a duly called meeting of commissioners (or other comparable governing body) of the public housing agency that is open to the public; and

"(B) until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (g)(2).

"(2) CONSISTENCY.—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

"(A) meet the consistency requirement of subsection (a)(2);

"(B) be subject to the notice and public hearing requirements of subsection (d); and

"(C) be subject to approval by the Secretary in accordance with subsection (g)(2).

"(g) TIMING OF PLANS.—

"(1) IN GENERAL.—

"(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

"(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

"(2) REVIEW AND APPROVAL.—

"(A) REVIEW.—After submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the

extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

"(i) set forth the information required by this section to be contained in a public housing agency plan;

"(ii) are consistent with information and data available to the Secretary; and

"(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

"(B) APPROVAL.—

"(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section, the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

"(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the 60-day period described in clause (i), the public housing agency plan shall be deemed to be approved by the Secretary.

"(3) SECRETARIAL DISCRETION.—

"(A) IN GENERAL.—The Secretary may require such additional information as the Secretary determines to be appropriate for each public housing agency that is—

"(i) at risk of being designated as troubled under section 6(j); or

"(ii) designated as troubled under section 6(j).

"(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).

"(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

"(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies; and

"(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j).".

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937, as added by subsection (a) of this section.

(3) INDIAN HOUSING AUTHORITIES.—In carrying out this subsection, the Secretary may implement separate rules and regulations for the Indian housing program.

(c) AUDIT AND REVIEW; REPORT.—

(1) AUDIT AND REVIEW.—Not later than 1 year after the effective date of final regulations promulgated under subsection (b)(2), in order to determine the degree of compliance with public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section, by public housing agencies, the Comptroller General of the United States shall conduct—

(A) a review of a representative sample of the public housing agency plans approved under such section 5A before that date; and

(B) an audit and review of the public housing agencies submitting those plans.

(2) REPORT.—Not later than 2 years after the date on which public housing agency plans are initially required to be submitted under section 5A of the United States Housing Act of 1937, as added by this section, the Comptroller General of the United States shall submit to the Congress a report, which shall include—

(A) a description of the results of each audit and review under paragraph (1); and

(B) any recommendations for increasing compliance by public housing agencies with their public housing agency plans approved under section 5A of the United States Housing Act of 1937, as added by this section.

SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.

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

(1) in the first sentence, by inserting ", in a manner consistent with the public housing agency plan" before the period; and

(2) by striking the second sentence.

(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:

"(c) [Reserved.]".

(c) EXCESS FUNDS.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

"(e) [Reserved.]".

(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking "obligated" and inserting "provided"; and

(ii) by striking "unexpended" and inserting "unobligated by the public housing agency";

(B) in subparagraph (D), by striking "energy" and inserting "utility";

(C) by redesignating subparagraph (H) as subparagraph (J); and

(D) by inserting after subparagraph (G) the following new subparagraphs:

"(H) The extent to which the public housing agency provides—

"(i) effective programs and activities to promote the economic self-sufficiency of public housing tenants; and

"(ii) public housing tenants with opportunities for involvement in the administration of the public housing.

"(I) The extent to which the public housing agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A)."; and

(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: "The Secretary may use a simplified set of indicators for public housing agencies with less than 250 public housing units.".

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

(1) in paragraph (3), by striking "not be less than" and all that follows before the semicolon and inserting "be the period of time required under State law"; and

(2) in paragraph (5), by striking "on or near such premises".

(f) PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking "Subject" and all that follows through ", in" and inserting "In".

(g) PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:

"(p) [Reserved.]".

(h) AVAILABILITY OF CRIMINAL RECORDS FOR SCREENING AND EVICTION; EVICTION FOR DRUG-RELATED ACTIVITY.—Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended by adding at the end the following new subsections:

"(q) AVAILABILITY OF RECORDS.—

"(1) IN GENERAL.—

"(A) PROVISION OF INFORMATION.—Notwithstanding any other provision of law, except as provided in subparagraph (B), the National Crime Information Center, police departments, and other law enforcement agencies shall, upon request, provide information to public housing agencies regarding the criminal conviction records of adult applicants for, or tenants of, public housing for purposes of applicant screening, lease enforcement, and eviction.

"(B) EXCEPTION.—Except as provided under any provision of State, tribal, or local law, no law enforcement agency described in subparagraph (A) shall provide information under this paragraph relating to any criminal conviction if the date of that conviction occurred 5 or more years prior to the date on which the request for the information is made.

"(2) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken on the basis of a criminal record, the public housing agency shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

"(3) FEE.—A public housing agency may be charged a reasonable fee for information provided under paragraph (1).

"(4) RECORDS MANAGEMENT.—Each public housing agency shall establish and implement a system of records management that ensures that any criminal record received by the public housing agency is—

"(A) maintained confidentially;

"(B) not misused or improperly disseminated; and

"(C) destroyed, once the purpose for which the record was requested has been accomplished.

"(5) DEFINITION.—For purposes of this subsection, the term 'adult' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

"(r) EVICTION FOR DRUG-RELATED ACTIVITY.—Any tenant evicted from housing assisted under this title by reason of drug-related criminal activity (as that term is defined in section 8(f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver of this subsection if the circumstances leading to eviction no longer exist).".

(i) TRANSITION RULE RELATING TO PREFERENCES.—During the period beginning on the date of enactment of this Act and ending on the date on which the initial public housing agency plan of a public housing agency is approved under section 5A of the United States Housing Act of 1937, as added by this Act, the public housing agency may establish local preferences for making available public housing under the United States Housing Act of 1937 and for providing tenant-based assistance under section 8 of that Act.

SEC. 108. EXPANSION OF POWERS.

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

(1) in subparagraph (A)—

(A) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(B) by inserting after clause (ii) the following new clause:

"(iii) take possession of the public housing agency, including any project or function of the agency, including any project or function under any other provision of this title;";

(2) by redesignating subparagraphs (B) through (D) as subparagraphs (E) through (G), respectively;

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

"(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.

"(ii) The Secretary may give a public housing agency a 1-year period, beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i), and the date of enactment of the Public Housing Reform and Empowerment Act of 1995, within which to demonstrate improvement satisfactory to the Secretary. Nothing in this clause shall preclude the Secretary from taking any action the Secretary

considers necessary before the commencement or the expiration of the 1-year period described in this clause.

"(iii) Upon the expiration of the 1-year period described in clause (ii), if the troubled public housing agency has not demonstrated improvement satisfactory to the Secretary and the Secretary has not yet declared the agency to be in breach of the contract of the agency with the Federal Government under this title, the Secretary shall declare the public housing agency to be in substantial default, as described in subparagraph (A).

"(iv) Upon declaration of a substantial default under clause (iii), the Secretary—

"(I) shall either—

"(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii);

"(bb) take possession of the public housing agency or any public housing projects of the public housing agency pursuant to subparagraph (A)(iii); or

"(cc) take such actions as the Secretary determines to be necessary to cure the substantial default; and

"(II) may, in addition, take other appropriate action.

"(C)(i) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) if determined to be appropriate by the Secretary, may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies; and

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement,

or financial or administrative controls that, in the determination of the receiver, substantially impedes correction of the substantial default.

"(ii) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title.

"(D)(i) If the Secretary takes possession of a public housing agency, or any project or function of the agency, pursuant to subparagraph (A)(iii), the Secretary—

"(I) may abrogate any contract that substantially impedes correction of the substantial default;

"(II) may demolish and dispose of the assets of the public housing agency, in accordance with section 18, including the transfer of properties to resident-supported nonprofit entities;

"(III) may require the establishment, as permitted by applicable State, tribal, and local law, of one or more new public housing agencies;

"(IV) shall not be subject to any State, tribal, or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impedes correction of the substantial default; and

"(V) shall have such additional authority as a district court of the United States has conferred under like circumstances on a receiver to fulfill the purposes of the receivership.

"(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary under this subparagraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

"(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to clause

(i)(III), unless the Secretary first approves an application by the administrative receiver to authorize such establishment.

"(iv) For purposes of this subparagraph, the term 'public housing agency' includes any project or function of a public housing agency, as appropriate, including any project or function under any other provision of this title."; and

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

"(H) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including any project or function of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of the public housing agency (including any project or function of the agency), shall be the liability of the public housing agency.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply to a public housing agency that is found to be in substantial default, on or after the date of enactment of this Act, with respect to the covenants or conditions to which the agency is subject (as such substantial default is defined in the contract for contributions of the agency) or with respect to an agreement entered into under section 6(j)(2)(C) of the United States Housing Act of 1937.

SEC. 109. PUBLIC HOUSING DESIGNATED FOR THE ELDERLY AND THE DISABLED.

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

"SEC. 7. AUTHORITY TO PROVIDE DESIGNATED HOUSING.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in the discretion of the public housing agency and without approval by the Secretary, designate public housing projects or mixed-income projects (or portions of projects) for occupancy as elderly housing, disabled housing, or elderly and disabled housing. The public housing agency shall establish requirements for this section, including priorities for occupancy, in the public housing agency plan.

"(b) PRIORITY FOR OCCUPANCY.—

"(1) IN GENERAL.—In determining priority for admission to public housing projects (or portions of projects) that are designated for occupancy under this section, the public housing agency may make units in such projects (or portions of projects) available only to the types of families for whom the project is designated.

"(2) ELIGIBILITY OF NEAR-ELDERLY FAMILIES.—If a public housing agency determines that there are insufficient numbers of elderly families to fill all the units in a public housing project (or portion thereof) designated under this section for occupancy by only elderly families, the agency may provide that near-elderly families who qualify for occupancy may occupy dwelling units in the public housing project (or portion thereof).

"(3) VACANCY.—Notwithstanding paragraphs (1) and (2), in designating a public housing project (or portion thereof) for occupancy by only certain types of families under this section, a public housing agency shall make any dwelling unit that is ready for occupancy in such a project (or portion thereof) that has been vacant for more than 60 consecutive days generally available for occupancy (subject to this title) without regard to that designation.

"(c) AVAILABILITY OF HOUSING.—

"(1) TENANT CHOICE.—The decision of any disabled family not to occupy or accept occupancy in an appropriate public housing project or to otherwise accept any assistance made available to the family under this title shall not adversely affect the family with respect to a public housing agency making available occupancy in other appropriate public housing projects or to otherwise make assistance available to that family under this title.

"(2) DISCRIMINATORY SELECTION.—Paragraph (1) does not apply to any family that decides not to occupy or accept an appropriate dwelling unit in public housing or to accept assistance under this Act on the basis of the race, color, religion, gender, disability, familial status, or national origin of occupants of the housing or the surrounding area.

"(3) APPROPRIATENESS OF DWELLING UNITS.—This section may not be construed to require a public housing agency to offer occupancy in any dwelling unit assisted under this Act to any family that is not of appropriate family size for the dwelling unit.

"(d) PROHIBITION OF EVICTIONS.—Any tenant who is lawfully residing in a dwelling unit in a public housing project may not be evicted or otherwise required to vacate

that unit as a result of the designation of the public housing project (or portion thereof) under this section or as a result of any other action taken by the Secretary or any public housing agency pursuant to this section.

"(e) LIMITATION ON OCCUPANCY IN DESIGNATED PROJECTS.—

"(1) OCCUPANCY LIMITATION.—Notwithstanding any other provision of law, a dwelling unit in a public housing project (or portion of a project) that is designated under subsection (a) shall not be occupied by any person whose illegal use (or pattern of illegal use) of a controlled substance or abuse (or pattern of abuse) of alcohol—

"(A) constitutes a disability; and

"(B) provides reasonable cause for the public housing agency to believe that such occupancy could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.

"(2) REQUIRED STATEMENT.—A public housing agency may not make a dwelling unit in a public housing project (or portion of a project) designated under subsection (a) available for occupancy to any family, unless the application for occupancy by that family is accompanied by a signed statement that no

person who will be occupying the unit illegally uses a controlled substance, or abuses alcohol, in a manner that would interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project.".

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

(1) in paragraph (5), by striking "and" at the end;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) following new paragraph:

"(6) provide that any occupancy in violation of section 7(e)(1) or the furnishing of any false or misleading information pursuant to section 7(e)(2) shall be cause for termination of tenancy; and".

(c) CONFORMING AMENDMENT.—Section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437(b)(4)(A)) is amended by striking "section 7(a)" and inserting "section 7".

SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

(a) IN GENERAL.—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

"SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

"(a) IN GENERAL.—Except for assistance provided under section 8 of this Act or as otherwise provided in the Public Housing Reform and Empowerment Act of 1995, all programs under which assistance is provided for public housing under this Act on the day before October 1, 1997, shall be merged, as appropriate, into either—

"(1) the Capital Fund established under subsection (c); or

"(2) the Operating Fund established under subsection (d).

"(b) USE OF EXISTING FUNDS.—With the exception of funds made available pursuant to section 8 or section 20(f) and funds made available for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—

"(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency as of Oc-

tober 1, 1997, shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate; and

"(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of October 1, 1997, have not been obligated by the public housing agency, may be made available by that public housing agency, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate.

"(c) CAPITAL FUND.—

"(1) IN GENERAL.—The Secretary shall establish a Capital Fund for the purpose of making assistance available to public housing agencies to carry out capital and management activities, including—

"(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the development of mixed-income projects;

"(B) vacancy reduction;

"(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

"(D) planned code compliance;

"(E) management improvements;

"(F) demolition and replacement;

"(G) tenant relocation;

"(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

"(I) capital expenditures to improve the security and safety of residents.

"(2) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The Secretary shall develop a formula for providing assistance under the Capital Fund, which may take into account—

"(A) the number of public housing dwelling units owned or operated by the public housing agency and the percentage of those units that are occupied by very low-income families;

"(B) if applicable, the reduction in the number of public housing units owned or operated by the public housing agency as a result of any conversion to a system of tenant-based assistance;

"(C) the costs to the public housing agency of meeting the rehabilitation and modernization

needs, and meeting the reconstruction, development, and demolition needs of public housing dwelling units owned and operated by the public housing agency;

"(D) the degree of household poverty served by the public housing agency;

"(E) the costs to the public housing agency of providing a safe and secure environment in public housing units owned and operated by the public housing agency; and

"(F) the ability of the public housing agency to effectively administer the Capital Fund distribution of the public housing agency.

"(d) OPERATING FUND.—

"(1) IN GENERAL.—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing, including—

"(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

"(B) activities to ensure a program of routine preventative maintenance;

"(C) anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants;

"(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

"(E) activities to provide for management and participation in the management of public housing by public housing tenants;

"(F) the costs associated with the operation and management of mixed-income projects, to the extent appropriate (including the funding of an operating reserve to ensure affordability for low-income families in lieu of the availability of operating funds for public housing units in a mixed-income project);

"(G) the reasonable costs of insurance;

"(H) the reasonable energy costs associated with public housing units, with an emphasis on energy conservation; and

"(I) the costs of administering a public housing work program under section 12, including the costs of any related insurance needs.

"(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—The Secretary shall establish a formula for

providing assistance under the Operating Fund, which may take into account—

"(A) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

"(B) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

"(C) the degree of household poverty served by a public housing agency;

"(D) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing tenants;

"(E) the number of dwelling units owned and operated by the public housing agency that are chronically vacant and the amount of assistance appropriate for those units;

"(F) the costs of the public housing agency associated with anticrime and antidrug activities, including the costs of providing adequate security for public housing tenants; and

"(G) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency.

"(e) LIMITATIONS ON USE OF FUNDS.—

"(1) IN GENERAL.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities that are eligible for assistance under the Operating Fund under subsection (d), if the public housing agency plan provides for such use.

"(2) NEW CONSTRUCTION.—

"(A) IN GENERAL.—A public housing agency may not use any of the Capital Fund or Operating Fund distributions of the public housing agency for the purpose of constructing any public housing unit, if such construction would result in a net increase in the number of public

housing units owned or operated by the public housing agency on the date of enactment of the Public Housing Reform and Empowerment Act of 1995, including any public housing units demolished as part of any revitalization effort.

"(B) EXCEPTION.—Notwithstanding subparagraph (A), a public housing agency may use the Capital Fund or Operating Fund distributions of the public housing agency for the construction and operation of housing units that are available and affordable to low-income families in excess of the limitations on new construction set forth in subparagraph (A), except that the formulae established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.".

"(f) OPERATING AND CAPITAL ASSISTANCE TO RESIDENT MANAGEMENT CORPORATIONS.—The Secretary shall directly provide operating and capital assistance under this section to each resident management corporation managing a public housing project pursuant to a contract under this section, which assistance shall be used for purposes of operating the public housing project and performing such other

eligible activities with respect to the project as may be provided under the contract.

"(g) INDIAN HOUSING PROGRAMS.—To the extent provided in advance in appropriations Acts, the Secretary shall carry out housing programs for Indians in accordance with such formulas and programs as the Secretary shall establish by regulation.

"(h) TECHNICAL ASSISTANCE.—To the extent approved in advance in appropriations Acts, the Secretary may make grants or enter into contracts in accordance with this subsection for purposes of providing, either directly or indirectly—

"(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including assistance relating to monitoring and inspections;

"(2) training for public housing agency employees and tenants;

"(3) data collection and analysis; and

"(4) training, technical assistance, and education to assist public housing agencies that are—

"(A) at risk of being designated as troubled under section 6(j) from being so designated; and

"(B) designated as troubled under section 6(j) in achieving the removal of that designation.

"(i) EMERGENCY RESERVE.—

"(1) IN GENERAL.—

"(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside not more than 2 percent of the amount made available for use under the capital fund to carry out this section for that fiscal year for use in accordance with this subsection.

"(B) USE OF FUNDS.—

"(i) EMERGENCIES.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with emergencies, as determined by the Secretary, and in connection with housing needs resulting from any settlement of litigation.

"(ii) ADDITIONAL FUNDS.—To the extent that there are funds from amounts set aside under this paragraph in excess to the needs described in clause (i), the Secretary may use those funds for the costs of establishing and administering a witness relocation program, which shall be established by the Secretary in conjunction with the Attorney General of the United States.

"(2) ALLOCATION.—

"(A) IN GENERAL.—Amounts set aside under this subsection shall initially be allocated based on the emergency and litigation settlement needs of public housing agencies, in such manner, and in such amounts as the Secretary shall determine.

"(B) PUBLICATION.—The Secretary shall publish the use of any amounts allocated under this subsection in the Federal Register.".

(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION PERIOD.—

(1) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall establish the formulas described in subsections (c)(3) and (d)(2) of section 9 of the Public Housing Reform and Empowerment Act of 1995, as amended by this section.

(2) EFFECTIVE DATE.—The formulas established under paragraph (1) shall be effective only with respect to amounts made available under section 9 of the United States Housing Act of 1937, as amended

by this section, in fiscal year 1998 or in any succeeding fiscal year.

(3) TRANSITION PERIOD.—Prior to the effective date described in paragraph (2), the Secretary shall provide that each public housing agency shall receive funding under sections 9 and 14 of the United States Housing Act of 1937, as those sections existed on the day before the date of enactment of this Act.

(c) DRUG ELIMINATION GRANTS.—

(1) FUNDING AUTHORIZATION.—

(A) IN GENERAL.—To the extent provided in advance in appropriations Acts for fiscal years 1996 and 1997, the Secretary shall make grants for—

(i) use in eliminating drug-related crime under the Public and Assisted Housing Drug Elimination Act of 1990; and

(ii) drug elimination clearinghouse services authorized by section 5143 of the Drug-Free Public Housing Act of 1988.

(B) SET-ASIDE.—Of any amounts made available to carry out subparagraph (A), the Secretary shall set aside amounts for grants, technical assistance, contracts, and other assistance, and for training, program assessment, and

execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training).

(2) PROGRAM REQUIREMENTS.—The use of amounts made available under paragraph (1) shall be governed by the Public and Assisted Housing Drug Elimination Act of 1990, except as follows:

(A) FORMULA ALLOCATION.—Notwithstanding the Public and Assisted Housing Drug Elimination Act of 1990, after setting aside amounts for assisted housing under section 5130(b) of such Act, the Secretary may make grants to public housing agencies in accordance with a formula established by the Secretary, which shall—

(i) take into account the needs of the public housing agency for anticrime funding, and the amount of funding that the public housing agency has received under the Public and Assisted Housing Drug Elimination Act of 1990 during fiscal years 1993, 1994, and 1995; and

(ii) not exclude an eligible public housing agency that has not received funding during the period described in clause (i).

(B) OTHER TYPES OF CRIME.—For purposes of this subsection, the Secretary may define the term "drug-related crime" to include criminal actions other than those described in section 5126(2) of the Public and Assisted Housing Drug Elimination Act of 1990.

(3) SUNSET.—No grant may be made under this subsection on or after October 1, 1998.

SEC. 111. LABOR STANDARDS.

Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended by adding at the end the following new subsection:

"(c) WORK REQUIREMENT.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, each adult member of each family assisted under this title shall contribute not less than 8 hours of volunteer work per month (not to include any political activity) within the community in which that adult resides.

"(2) INCLUSION IN PLAN.—Each public housing agency shall include in the public housing agency plan a detailed description of the manner in which

the public housing agency intends to implement and administer paragraph (1).

"(3) EXEMPTIONS.—The Secretary may provide an exemption from paragraph (1) for any adult who is—

"(A) not less than 62 years of age;

"(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this section;

"(C) working not less than 20 hours per week, a student, receiving vocational training, or otherwise meeting work, training, or educational requirements of a public assistance program; or

"(D) a single parent or the spouse of an otherwise exempt individual who is the primary caretaker of one or more children who are 6 years of age or younger.".

SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

"SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.

"(a) CONSORTIA.—

"(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.

"(2) EFFECT.—With respect to any consortium described in paragraph (1)—

"(A) any assistance made available under this title to each of the public housing agencies participating in the consortium shall be paid to the consortium; and

"(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.

"(3) RESTRICTIONS.—

"(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan, which shall

be submitted by the consortium in accordance with section 5A.

"(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

"(b) JOINT VENTURES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with the public housing agency plan, may—

"(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

"(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agen-

cy, including any program that is subject to this title.

"(2) USE OF INCOME.—Any income generated under paragraph (1) shall be used for low-income housing or to benefit the tenants of the public housing agency.

"(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.".

SEC. 113. REPEAL OF MODERNIZATION FUND.

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

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 5(c)(5), by striking "for use under section 14 or";

(2) in section 5(c)(7)—

(A) in subparagraph (A)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively; and

(B) in subparagraph (B)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively;

(3) in section 6(j)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(4) in section 6(j)(2)(A)—

(A) in clause (i), by striking "The Secretary shall also designate," and all that follows through the period at the end; and

(B) in clause (iii), by striking "(including designation as a troubled agency for purposes of the program under section 14)";

(5) in section 6(j)(2)(B)—

(A) in clause (i), by striking "and determining that an assessment under this subparagraph will not duplicate any review conducted under section 14(p)"; and

(B) in clause (ii)—

(i) by striking "(I) the agency's comprehensive plan prepared pursuant to section 14 adequately and appropriately ad-

dresses the rehabilitation needs of the agency's inventory, (II)" and inserting "(I)"; and

(ii) by striking "(III)" and inserting "(II)";

(6) in section 6(j)(3)—

(A) in clause (ii), by adding "and" at the end;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii);

(7) in section 6(j)(4)—

(A) in subparagraph (D), by adding "and" at the end;

(B) in subparagraph (E), by striking "; and" at the end and inserting a period; and

(C) by striking subparagraph (F);

(8) in section 20—

(A) by striking subsection (c) and inserting the following:

"(c) [Reserved.]"; and

(B) by striking subsection (f) and inserting the following:

"(f) [Reserved.]";

(9) in section 21(a)(2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(10) in section 21(a)(3)(A)(v), by striking "the building or buildings meet the minimum safety and livability standards applicable under section 14, and";

(11) in section 25(b)(1), by striking "From amounts reserved" and all that follows through "the Secretary may" and inserting the following: To the extent approved in appropriations Acts, the Secretary may";

(12) in section 25(e)(2)—

(A) by striking "The Secretary" and inserting "To the extent approved in appropriations Acts, the Secretary"; and

(B) by striking "available annually from amounts under section 14";

(13) in section 25(e), by striking paragraph (3);

(14) in section 25(f)(2)(G)(i), by striking "including—" and all that follows through "an explanation" and inserting "including an explanation";

(15) in section 25(i)(1), by striking the second sentence; and

(16) in section 202(b)(2)—

(A) by striking "(b) FINANCIAL ASSISTANCE.—" and all that follows through "The Secretary may," and inserting the following:

"(b) FINANCIAL ASSISTANCE.—The Secretary may"; and

(B) by striking paragraph (2).

SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:

"SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

"(a) INCOME ELIGIBILITY FOR CERTAIN PUBLIC AND ASSISTED HOUSING.—

"(1) IN GENERAL.—Of the dwelling units of a public housing agency, including dwelling units receiving tenant-based assistance under section 8 and public housing units in a designated mixed-income project, made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families;

"(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income for those families; and

"(C) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(3) MIXED-INCOME HOUSING STANDARD.—Each public housing agency plan submitted by a public housing agency shall include a plan for achieving a diverse income mix among tenants in each public housing project of the public housing agency and among the scattered site public housing of the public housing agency.

"(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of

law, a public housing agency shall establish standards for occupancy in public housing dwelling units—

"(1) that prohibit occupancy in any such unit by any person—

"(A) who the public housing agency determines is illegally using a controlled substance; or

"(B) if the public housing agency determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, could interfere with the health, safety, or right to peaceful enjoyment of the premises by the tenants of the public housing project; and

"(2) that allow the public housing agency to terminate the tenancy in any public housing unit of any person—

"(A) if the public housing agency determines that such person is illegally using a controlled substance; or

"(B) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency to interfere with the health, safety, or right to peaceful enjoyment

of the premises by the tenants of the public housing project.

"(c) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any dwelling unit assisted by an Indian housing authority.".

SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

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

"SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.

"(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Except as provided in subsection (b), not later than 60 days after receiving an application by a public housing agency for authorization, with or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project (including any transfer to a resident-supported nonprofit entity), the Secretary shall approve the application, if the public housing agency certifies—

"(1) in the case of—

"(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—

"(i) the project or portion of the public housing project is obsolete as to physical condition, location, or other factors, making it unsuitable for housing purposes; and

"(ii) no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to useful life; and

"(B) an application proposing the demolition of only a portion of a public housing project, that the demolition will help to assure the viability of the remaining portion of the project;

"(2) in the case of an application proposing disposition of a public housing project or other real property subject to this title by sale or other transfer, that—

"(A) the retention of the property is not in the best interests of the tenants or the public housing agency because—

"(i) conditions in the area surrounding the public housing project adversely affect the health or safety of the tenants or the feasible operation of the project by the public housing agency; or

"(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;

"(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—

"(i) in the best interests of the tenants and the public housing agency;

"(ii) consistent with the goals of the public housing agency and the public housing agency plan; and

"(iii) otherwise consistent with this title; or

"(C) for property other than dwelling units, the property is excess to the needs of a public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;

"(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan, and has certified that the actions contemplated in the public housing agency plan comply with this section;

"(4) that the public housing agency—

"(A) will provide for the payment of the relocation expenses of each tenant to be displaced;

"(B) will ensure that the amount of rent paid by the tenant following relocation will not exceed the amount permitted under this title; and

"(C) will not commence demolition or complete disposition until all tenants residing in the unit are relocated;

"(5) that the net proceeds of any disposition will be used—

"(A) unless waived by the Secretary, for the retirement of outstanding obligations issued to finance the original public housing project or modernization of the project; and

"(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the tenants of the public housing agency; and

"(6) that the public housing agency has complied with subsection (c).

"(b) DISAPPROVAL OF APPLICATIONS.—The Secretary shall disapprove an application submitted under subsection (a) if the Secretary determines that any certification made

by the public housing agency under that subsection is clearly inconsistent with information and data available to the Secretary.

"(c) TENANT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—

"(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization supported by the residents, if that entity has expressed an interest, in writing, to the public housing agency in a timely manner, in purchasing the property for continued use as low-income housing.

"(2) TIMING.—

"(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other resident-supported nonprofit entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.

"(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of that written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.

"(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of those replacement units is fewer than the number of units demolished.".

(b) HOMEOWNERSHIP REPLACEMENT PLAN.—

(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa–3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred At Oklahoma City, and Rescissions Act, 1995, is amended to read as follows:

"(g) [Reserved.]".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective with respect to any plan for the demolition, disposition, or conversion to homeownership of public housing that is approved by the Secretary after September 30, 1995.

(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.

SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:

"SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.

"(a) IN GENERAL.—

"(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.

"(2) REQUIREMENTS.—In converting to a tenant-based system of assistance under this section, the

public housing agency shall develop a conversion assessment and plan under subsection (b) in consultation with the appropriate public officials, with significant participation by the residents of the project (or portion thereof), which assessment and plan shall—

"(A) be consistent with and part of the public housing agency plan; and

"(B) describe the conversion and future use or disposition of the public housing project, including an impact analysis on the affected community.

"(b) CONVERSION ASSESSMENT AND PLAN.—

"(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency, and shall submit to the Secretary an assessment that includes—

"(A) a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing tenant-based assistance under section 8 for the same families in

substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing project proposed for conversion for the remaining useful life of the project;

"(B) an analysis of the market value of the public housing project proposed for conversion both before and after rehabilitation, and before and after conversion;

"(C) an analysis of the rental market conditions with respect to the likely success of tenant-based assistance under section 8 in that market for the specific residents of the public housing project proposed for conversion, including an assessment of the availability of decent and safe dwellings renting at or below the payment standard established for tenant-based assistance under section 8 by the public housing agency;

"(D) the impact of the conversion to a system of tenant-based assistance under this section on the neighborhood in which the public housing project is located; and

"(E) a plan that identifies actions, if any, that the public housing agency would take with regard to converting any public housing project

or projects (or portions thereof) of the public housing agency to a system of tenant-based assistance.

"(2) STREAMLINED ASSESSMENT.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of paragraph (1) or otherwise require a streamlined assessment with respect to any public housing project or class of public housing projects.

"(3) IMPLEMENTATION OF CONVERSION PLAN.—

"(A) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

"(i) will not be more expensive than continuing to operate the public housing project (or portion thereof) as public housing; and

"(ii) will principally benefit the residents of the public housing project (or portion thereof) to be converted, the public housing agency, and the community.

"(B) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is

plainly inconsistent with the conversion assessment under subsection (b) or if there is reliable information and data available to the Secretary that contradicts that conversion assessment.

"(c) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide tenant-based assistance under section 8 shall be added to the housing assistance payment contract administered by—

"(1) the public housing agency; or

"(2) any entity administering the contract on behalf of the public housing agency.

"(d) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.

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

"SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.

"(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with this section—

"(1) sell any public housing unit in any public housing project of the public housing agency to—

"(A) the low-income tenants of the public housing agency; or

"(B) any organization serving as a conduit for sales to those persons; and

"(2) provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence.

"(b) RIGHT OF FIRST REFUSAL.—In making any sale under this section, the public housing agency shall initially offer the public housing unit at issue to the tenant or tenants occupying that unit, if any, or to an organization serving as a conduit for sales to any such tenant.

"(c) SALE PRICES, TERMS, AND CONDITIONS.—Any sale under this section may involve such prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan.

"(d) PURCHASE REQUIREMENTS.—

"(1) IN GENERAL.—Each tenant that purchases a dwelling unit under subsection (a) shall, as of the date on which the purchase is made—

"(A) intend to occupy the property as a principal residence; and

"(B) submit a written certification to the public housing agency that such tenant will occupy the property as a principal residence for a period of not less than 12 months beginning on that date.

"(2) RECAPTURE.—Except for good cause, as determined by a public housing agency in the public housing agency plan, if, during the 1-year period beginning on the date on which any tenant acquires a public housing unit under this section, that public housing unit is resold, the public housing agency shall recapture 75 percent of the amount of any proceeds from that resale that exceed the sum of—

"(A) the original sale price for the acquisition of the property by the qualifying tenant;

"(B) the costs of any improvements made to the property after the date on which the acquisition occurs; and

"(C) any closing costs incurred in connection with the acquisition.

"(e) PROTECTION OF NONPURCHASING TENANTS.—If a public housing tenant does not exercise the right of first refusal under subsection (b) with respect to the public housing unit in which the tenant resides, the public housing agency shall—

"(1) ensure that either another public housing unit or rental assistance under section 8 is made available to the tenant; and

"(2) provide for the payment of the reasonable relocation expenses of the tenant.

"(f) NET PROCEEDS.—

"(1) IN GENERAL.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold under this section unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan.

"(2) INDIAN HOUSING.—The net proceeds described in paragraph (1) may be used by Indian housing authorities for housing for families whose incomes exceed the income levels established under this title for low-income families.

"(g) HOMEOWNERSHIP ASSISTANCE.—From amounts distributed to a public housing agency under section 9, or from other income earned by the public housing agency, the public housing agency may provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence, including a residence other than a residence located in a public housing project.".

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 8(y)(7)(A)—

(A) by striking ", (ii)" and inserting ", and (ii)"; and

(B) by striking ", and (iii)" and all that follows before the period at the end; and

(2) in section 25(l)(2)—

(A) in the first sentence, by striking ", consistent with the objectives of the program under section 23,"; and

(B) by striking the second sentence.

(c) SAVINGS PROVISION.—The amendments made by this section do not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended to read as follows:

"SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies for the purposes of—

"(1) enabling the demolition of obsolete public housing projects or portions thereof;

"(2) revitalizing sites (including remaining public housing units) on which such public housing projects are located;

"(3) the provision of replacement housing, which will avoid or lessen concentrations of very low-income families; and

"(4) the provision of tenant-based assistance under section 8 for use as replacement housing.

"(b) COMPETITION.—The Secretary shall make grants under this section on the basis of a competition, which shall be based on such factors as—

"(1) the need for additional resources for addressing a severely distressed public housing project;

"(2) the need for affordable housing in the community;

"(3) the supply of other housing available and affordable to a family receiving tenant-based assistance under section 8; and

"(4) the local impact of the proposed revitalization program.

"(c) TERMS AND CONDITIONS.—The Secretary may impose such terms and conditions on recipients of grants under this section as the Secretary determines to be appropriate to carry out the purposes of this section, except that such terms and conditions shall be similar to the terms and conditions of either—

"(1) the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts; or

"(2) section 24 of the United States Housing Act of 1937, as such section existed before the date of enactment of the Public Housing Reform and Empower Act of 1995.

"(d) ALTERNATIVE MANAGEMENT.—The Secretary may require any recipient of a grant under this section to make arrangements with an entity other than the public housing agency to carry out the purposes for which the grant was awarded, if the Secretary determines that such

action is necessary for the timely and effective achievement of the purposes for which the grant was awarded.

"(e) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.

"(f) SUNSET.—No grant may be made under this section on or after October 1, 1998.".

SEC. 119. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

(a) IN GENERAL.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

"SEC. 28. MIXED-INCOME AND MIXED-OWNERSHIP PROJECTS.

"(a) IN GENERAL.—A public housing agency may own, operate, assist, or otherwise participate in one or more mixed-income projects in accordance with this section.

"(b) REQUIREMENTS.—

"(1) MIXED-INCOME PROJECT.—For purposes of this section, the term 'mixed-income project' means a project that meets the requirements of paragraph (2) and that is occupied both by one or more very low-income families and by one or more families that are not very low-income families.

"(2) STRUCTURE OF PROJECTS.—Each mixed-income project shall be developed—

"(A) in a manner that ensures that units are made available in the project, by master contract, individual lease, or equity interest for occupancy by eligible families identified by the public housing agency for a period of not less than 20 years;

"(B) in a manner that ensures that the number of public housing units bears approximately the same proportion to the total number of units in the mixed-income project as the value of the total financial commitment provided by the public housing agency bears to the value of the total financial commitment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance; and

"(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

"(3) TYPES OF PROJECTS.—The term 'mixed-income project' includes a project that is developed—

"(A) by a public housing agency or by an entity affiliated with a public housing agency;

"(B) by a partnership, a limited liability company, or other entity in which the public

housing agency (or an entity affiliated with a public housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

"(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

"(D) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

"(c) TAXATION.—

"(1) IN GENERAL.—A public housing agency may elect to have all public housing units in a mixed-income project subject to local real estate taxes, except that such units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).

"(2) LOW-INCOME HOUSING TAX CREDIT.—With respect to any unit in a mixed-income project that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the tenants may be set at

levels not to exceed the amounts allowable under that section.

"(d) RESTRICTION.—No assistance provided under section 9 shall be used by a public housing agency in direct support of any unit rented to a family that is not a low-income family, except that this subsection does not apply to the Mutual Help Homeownership Program authorized under section 202 of this Act.

"(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an entity that owns or operates a mixed-income project under this section enters into a contract with a public housing agency, the terms of which obligate the entity to operate and maintain a specified number of units in the project as public housing units in accordance with the requirements of this Act for the period required by law, such contractual terms may provide that, if, as a result of a reduction in appropriations under section 9, or any other change in applicable law, the public housing agency is unable to fulfill its contractual obligations with respect to those public housing units, that entity may deviate, under procedures and requirements developed through regulations by the Secretary, from otherwise applicable restrictions under this Act regarding rents, income eligibility, and other areas of public housing management with respect to a portion or all of those public housing units, to the extent necessary to pre-

serve the viability of those units while maintaining the low-income character thereof to the maximum extent practicable.".

(b) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to promote the development of mixed-income projects, as that term is defined in section 28 of the United States Housing Act of 1937, as added by this Act.

SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

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

"SEC. 29. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.

"(a) IDENTIFICATION OF UNITS.—To the extent approved in advance in appropriations Acts, each public housing agency shall identify all public housing projects of the public housing agency—

"(1) that are on the same or contiguous sites;

"(2) that the public housing agency determines to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall be based on the criteria established in the Final Report of the National Com-

mission on Severely Distressed Public Housing (August 1992);

"(3) identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; and

"(4) for which the estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

"(b) CONSULTATION.—Each public housing agency shall consult with the appropriate public housing tenants and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

"(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—

"(1) IN GENERAL.—

"(A) DEVELOPMENT OF PLAN.—Each public housing agency shall develop and, to the extent provided in advance in appropriations Acts, carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a) from the inventory of the public housing agency and the annual contributions contract.

"(B) APPROVAL OF PLAN.—The plan required under subparagraph (A) shall—

"(i) be included as part of the public housing agency plan;

"(ii) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and

"(iii) include a description of any disposition and demolition plan for the public housing units.

"(2) EXTENSIONS.—The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

"(d) CONVERSION TO TENANT-BASED ASSISTANCE.—

"(1) IN GENERAL.—With respect to any public housing project that has not received a grant for assistance under the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts or under section 24 of the United States Housing Act of 1937, the Secretary shall make authority available to a public housing agency to provide assistance under this Act to families residing in any public housing project that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to this section.

"(2) PLAN REQUIREMENTS.—Each plan under subsection (c) shall require the agency to—

"(A) notify families residing in the public housing project, consistent with any guidelines issued by the Secretary governing such notifications, that—

"(i) the public housing project will be removed from the inventory of the public housing agency; and

"(ii) the families displaced by such action will receive tenant-based or project-

based assistance or occupancy in a unit operated or assisted by the public housing agency;

"(B) provide any necessary counseling for families displaced by such action; and

"(C) provide any reasonable relocation expenses for families displaced by such action.

"(e) REMOVAL BY SECRETARY.—The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

"(f) ADMINISTRATION.—

"(1) IN GENERAL.—The Secretary may require a public housing agency to provide to the Secretary or to public housing tenants such information as the Secretary considers to be necessary for the administration of this section.

"(2) APPLICABILITY OF SECTION 18.—Section 18 does not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.

"(g) INAPPLICABILITY TO INDIAN HOUSING.—This section does not apply to any Indian housing authority.".

SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

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

"SEC. 30. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.

"(a) GENERAL AUTHORIZATION.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

"(b) TERMS AND CONDITIONS.—

"(1) CRITERIA FOR APPROVAL.—In making any authorization under subsection (a), the Secretary may consider—

"(A) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;

"(B) the ability of the public housing agency to make payments on the mortgage or security interest; and

"(C) such other criteria as the Secretary may specify.

"(2) TERMS AND CONDITIONS OF MORTGAGES AND SECURITY INTERESTS OBTAINED.—Each mortgage or security interest granted under this section shall be—

"(A) for a term that—

"(i) is consistent with the terms of private loans in the market area in which the public housing project or property at issue is located; and

"(ii) does not exceed 30 years; and

"(B) subject to conditions that are consistent with the conditions to which private loans in the market area in which the subject project or other property is located are subject.

"(3) NO FULL FAITH AND CREDIT.—No action taken under this section shall result in any liability to the Federal Government.".

SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESIDENTS.

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

"SEC. 31. SERVICES FOR PUBLIC HOUSING RESIDENTS.

"(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies (including Indian housing authorities) on behalf of public housing residents, or directly to resident management corporations, resident councils, or resident organizations (including nonprofit entities supported by residents), for the purposes of providing a program of supportive services and resident empowerment activities to assist public housing residents in becoming economically self-sufficient.

"(b) ELIGIBLE ACTIVITIES.—Grantees under this section may use such amounts only for activities on or near the public housing agency or public housing project that are designed to promote the self-sufficiency of public housing residents, including activities relating to—

"(1) physical improvements to a public housing project in order to provide space for supportive services for residents;

"(2) the provision of service coordinators;

"(3) the provision of services related to work readiness, including academic skills, job training, job search skills, tutoring, adult literacy, transportation, and child care, except that grants received under this section shall not comprise more than 50 percent of the costs of providing such services;

"(4) resident management activities; and

"(5) other activities designed to improve the economic self-sufficiency of residents.

"(c) FUNDING DISTRIBUTION.—

"(1) IN GENERAL.—Except for amounts provided under subsection (d), the Secretary may distribute amounts made available under this section on the basis of a competition or a formula, as appropriate.

"(2) FACTORS FOR DISTRIBUTION.—Factors for distribution under paragraph (1) shall include—

"(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities; and

"(B) the ability of the applicant to leverage additional resources for the provision of services.

"(d) FUNDING FOR RESIDENT COUNCILS.—Of amounts appropriated for activities under this section, not less than $25,000,000 shall be provided directly to resident councils, resident organizations, and resident management corporations.".

SEC. 123. APPLICABILITY TO INDIAN HOUSING.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, except as otherwise provided in this Act, this title and the amendments made by this title shall apply to public housing developed or operated

pursuant to a contract between the Secretary and an Indian housing authority, as that term is defined in section 3(b) of the United States Housing Act of 1937.

TITLE II—SECTION 8 RENTAL ASSISTANCE

SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.

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

"(o) VOUCHER PROGRAM.—

"(1) PAYMENT STANDARD.—

"(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that may be paid for any family, as provided in paragraph (2).

"(B) ESTABLISHMENT OF PAYMENT STANDARD.—The payment standard shall not exceed 120 percent of the fair market rental established under subsection (c) and shall be not less than 90 percent of that fair market rental.

"(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget au-

thority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.

"(D) APPROVAL.—The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval.

"(E) REVIEW.—The Secretary—

"(i) shall monitor rent burdens and review any payment standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent; and

"(ii) may require a public housing agency to modify the payment standard of the public housing agency based on the results of that review.

"(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—

"(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STAND-

ARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in

accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.

"(3) FORTY PERCENT LIMIT.—At the time a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

"(4) ELIGIBLE FAMILIES.—At the time a family initially receives assistance under this subsection, a family shall qualify as—

"(A) a very low-income family;

"(B) a family previously assisted under this title;

"(C) a low-income family that meets eligibility criteria specified by the public housing agency;

"(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or

"(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

"(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.

"(6) SELECTION OF FAMILIES.—

"(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with the public housing agency plan submitted by the public housing agency under section 5A.

"(B) EVICTION FOR DRUG-RELATED ACTIVITY.—Any individual or family evicted from housing assisted under this subsection by reason of drug-related criminal activity (as defined in subsection (f)(5)) shall not be eligible for housing assistance under this title during the 3-year period beginning on the date of such eviction, unless the evicted tenant successfully completes a rehabilitation program approved by the public housing agency (which shall include a waiver for any member of the family of an individual prohibited from receiving assistance under this title

whom the public housing agency determines clearly did not participate in and had no knowledge of that criminal activity, or if the circumstances leading to the eviction no longer exist).

"(C) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.

"(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit—

"(A) shall provide that the screening and selection of families for those units shall be the function of the owner;

"(B) shall provide that the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant;

"(C) except as otherwise provided by the public housing agency, may provide for a termination of the tenancy of a tenant assisted under this subsection after 1 year;

"(D) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that—

"(i) are in a standard form used in the locality by the dwelling unit owner; and

"(ii) contain terms and conditions that—

"(I) are consistent with State, tribal, and local law; and

"(II) apply generally to tenants in the property who are not assisted under this section;

"(E) shall provide that the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—

"(i) the tenant has committed a serious violation of the terms and conditions of the lease;

"(ii) the tenant has violated applicable Federal, State, or local law; or

"(iii) other good cause for termination of the tenancy exists; and

"(F) shall provide that any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State, tribal, and local law.

"(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall—

"(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent and safe housing established—

"(I) by the Secretary for purposes of this subsection; or

"(II) by local housing codes or by codes adopted by public housing agencies that—

"(aa) meet or exceed housing quality standards; and

"(bb) do not severely restrict housing choice; and

"(ii) make periodic inspections during the contract term.

"(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible family assisted under this subsection leases a dwelling unit that is owned by a public housing agency administering assistance under this subsection, the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

"(9) EXPEDITED INSPECTION PROCEDURES.—

"(A) DEMONSTRATION PROJECT.—Not later than 1 year after the date of enactment of the Public Housing Reform and Empowerment Act of 1995, the Secretary shall establish a dem-

onstration project to identify efficient procedures to determine whether units meet housing quality standards for decent and safe housing established by the Secretary.

"(B) PROCEDURES INCLUDED.—The demonstration project shall include the development of procedures to be followed in any case in which a family receiving tenant-based assistance under this subsection is moving into a dwelling unit, or in which a family notifies the public housing agency that a dwelling unit, in which the family no longer resides, fails to meet housing quality standards. The Secretary shall also establish procedures for the expedited repair and inspection of units that do not meet housing quality standards.

"(C) RECOMMENDATIONS.—Not later than 2 years after the date on which the demonstration under this paragraph is implemented, the Secretary shall submit a report to the Congress, which shall include an analysis of the demonstration and any recommendations for changes to the demonstration.

"(10) VACATED UNITS.—If a family vacates a dwelling unit, no assistance payment may be made

under this subsection for the dwelling unit after the month during which the unit was vacated.

"(11) RENT.—

"(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market.

"(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

"(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

"(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

"(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency, except that no penalty shall be imposed if the late payment is due to factors that the Secretary deter-

mines are beyond the control of the public housing agency.

"(12) MANUFACTURED HOUSING.—

"(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence. Such payments may be made for the rental of the real property on which the manufactured home owned by any such family is located.

"(B) RENT CALCULATION.—

"(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.

"(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The pay-

ment standard may not exceed an amount approved or established by the Secretary.

"(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).

"(13) CONTRACT FOR ASSISTANCE PAYMENTS.—

"(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection—

"(i) the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with this section; and

"(ii) the public housing agency may approve a housing assistance payment contract for such existing structure for not more than 15 percent of the funding available for tenant-based assistance adminis-

tered by the public housing agency under this section.

"(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency shall enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner.

"(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).

"(D) ADJUSTED RENTS.—With respect to rents adjusted under this paragraph—

"(i) the adjusted rent for any unit shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area; and

"(ii) the provisions of subsection (c)(2)(A) do not apply.

"(14) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.

"(15) HOMEOWNERSHIP OPTION.—

"(A) IN GENERAL.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

"(B) ALTERNATIVE ADMINISTRATION.—A public housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

"(16) INDIAN HOUSING PROGRAMS.—Notwithstanding any other provision of law, in carrying out this section, the Secretary shall establish such separate formulas and programs as may be necessary to carry out housing programs for Indians under this section.".

SEC. 202. REPEAL OF FEDERAL PREFERENCES.

(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

> *"(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish, after public notice and an opportunity for public comment, a written system of preferences for selection that are not inconsistent with the comprehensive housing affordability strategy for the jurisdiction in which the project is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act;".*

(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—

(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows:

"(c) [Reserved.]".

(2) PROHIBITION.—The provisions of section 8(e)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983, that require tenant selection preferences shall not apply with respect to—

(A) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983; or

(B) projects financed under section 202 of the Housing Act of 1959, as in existence on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows:

"(k) [Reserved.]".

(d) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(A) in section 6(o), by striking "preference rules specified in" and inserting "written selection criteria established pursuant to";

(B) in section 7(a)(2), by striking "according to the preferences for occupancy under" and inserting "in accordance with the written selection criteria established pursuant to";

(C) in section 7(a)(3), by striking "who qualify for preferences for occupancy under" and inserting "who meet the written selection criteria established pursuant to";

(D) in section 8(d)(2)(A), by striking the last sentence;

(E) in section 8(d)(2)(H), by striking "Notwithstanding subsection (d)(1)(A)(i), an" and inserting "An"; and

(F) in section 16(c), in the second sentence, by striking "the system of preferences established by the agency pursuant to section 6(c)(4)(A)(ii)" and inserting "the written selection criteria established by the public housing agency pursuant to section 6(c)(4)(A)".

(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—

(A) in section 455(a)(2)(D)(iii), by striking "would qualify for a preference under" and in-

serting "meet the written selection criteria established pursuant to"; and

(B) in section 522(f)(6)(B), by striking "any preferences for such assistance under section 8(d)(1)(A)(i)" and inserting "the written selection criteria established pursuant to section 8(d)(1)(A)".

(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking "requirement for giving preferences to certain categories of eligible families under" and inserting "written selection criteria established pursuant to".

(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "preferences for occupancy" and all that follows before the period at the end and inserting "selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively".

(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 6(c)(4)(A)(i), 8(d)(1)(A)(i), or 8(o)(3)(B) of the United States Housing Act of 1937, as those sections existed on the day before the effective date of this title, shall be considered to refer to the written selection criteria established pursuant to section 6(c)(4)(A), 8(d)(1)(A), or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.

SEC. 203. PORTABILITY.

Section 8(r) of the United States Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

(1) in paragraph (1)—

(A) by striking "assisted under subsection (b) or (o)" and inserting "receiving tenant-based assistance under subsection (o)"; and

(B) by striking "the same State" and all that follows before the semicolon and inserting "any area in which a program is being administered under this section";

(2) in paragraph (3)—

(A) by striking "(b) or"; and

(B) by adding at the end the following new sentence: "The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies."; and

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

"(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.".

SEC. 204. LEASING TO VOUCHER HOLDERS.

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

"(t) [Reserved.]".

SEC. 205. HOMEOWNERSHIP OPTION.

Section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) is amended—

(1) in paragraph (1)(A), by inserting before the semicolon ", or owns or is acquiring shares in a cooperative";

(2) in paragraph (1)(B), by striking "(i) participates" and all that follows through "(ii) demonstrates" and inserting "demonstrates";

(3) by striking paragraph (2) and inserting the following:

"(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—

"(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public

agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

"(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family.

"(ii) Ten percent of the monthly income of the family.

"(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing

costs of the family, the portion of those payments that is so designated.";

(4) by striking paragraphs (3) through (5); and

(5) by redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONTRACT PROVISIONS AND REQUIREMENTS.—Section 6(p)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)(1)(B)) is amended by striking "holding certificates and vouchers" and inserting "receiving tenant-based assistance".

(b) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (a), by striking the second and third sentences;

(2) in subsection (b)—

(A) in the subsection heading, by striking "RENTAL CERTIFICATES AND"; and

(B) in the first undesignated paragraph—

(i) by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary"; and

(ii) by striking the second sentence;

(3) in subsection (c)—

(A) in paragraph (3)—

(i) by striking "(A)"; and

(ii) by striking subparagraph (B);

(B) in the first sentence of paragraph (4), by striking "or by a family that qualifies to receive" and all that follows through "1990";

(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);

(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;

(E) in paragraph (6), as redesignated, by inserting "(other than a contract under section 8(o))" after "section";

(F) in paragraph (7), as redesignated, by striking "(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))" and inserting ", other than a contract under subsection (o)"; and

(G) in paragraph (8), as redesignated, by striking "housing certificates or vouchers under subsection (b) or (o)" and inserting "tenant-based assistance under this section";

(4) in subsection (d)—

(A) in paragraph (1)(B)(iii), by striking "on or near such premises"; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and

(ii) by striking subparagraphs (B) through (E) and redesignating subparagraphs (F) through (H) as subparagraphs (B) through (D), respectively;

"(B) [Reserved.]";

(5) in subsection (f)—

(A) in paragraph (6), by striking "(d)(2)" and inserting "(o)(11)"; and

(B) in paragraph (7)—

(i) by striking "(b) or"; and

(ii) by inserting before the period the following: "and that provides for the eligible family to select suitable housing and to move to other suitable housing";

(6) by striking subsection (j) and inserting the following:

"(j) [Reserved.]";

(7) by striking subsection (n) and inserting the following:

"(n) [Reserved.]";

(8) in subsection (q)—

(A) in the first sentence of paragraph (1), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(B) in paragraph (2)(A)(i), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section"; and

(C) in paragraph (2)(B), by striking "and housing voucher programs under subsections (b) and (o)" and inserting "program under this section";

(9) in subsection (u), by striking "certificates or" each place that term appears; and

(10) in subsection (x)(2), by striking "housing certificate assistance" and inserting "tenant-based assistance".

(c) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is amended—

(1) in the first sentence, by striking "(at the option of the family) a certificate under section 8(b)(1)

or a housing voucher under section 8(o)" and inserting "tenant-based assistance under section 8"; and

(2) by striking the second sentence.

(d) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(1) in paragraph (1), by striking "assisted under the certificate and voucher programs established" and inserting "receiving tenant-based assistance";

(2) in the first sentence of paragraph (2)—

(A) by striking ", for each of the certificate program and the voucher program" and inserting "for the tenant-based assistance under section 8"; and

(B) by striking "participating in the program" and inserting "receiving tenant-based assistance"; and

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

(e) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D))

is amended by striking "certificates or vouchers" and inserting "assistance".

(f) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act" and inserting "tenant-based assistance under section 8 of the United States Housing Act of 1937".

(g) ASSISTANCE FOR DISPLACED TENANTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking "assistance under the certificate and voucher programs under sections 8(b) and 8(o)" and inserting "tenant-based assistance under section 8".

(h) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking "assistance payments as provided by section 8(o)" and inserting "tenant-based assistance as provided under section 8".

(i) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.

(j) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking "the first sentence of section 8(o)(3)(B)" and inserting "section 8(o)(6)(A)".

(k) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended by striking "section 8(b)(1)" and inserting "section 8".

(l) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(g)(2)), as amended by section 101(b) of the Multifamily Housing Property Disposition Reform Act of 1994, is amended by striking "8(o)(3)(B)" and inserting "8(o)(6)(A)".

SEC. 207. IMPLEMENTATION.

In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.

SEC. 208. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.

(b) CONVERSION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as those sections existed on the day before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.

(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this title, as those provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the Secretary before that effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking "(16)" and inserting "(17)";

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

(6) by inserting after paragraph (10) the following new paragraph:

"(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing and coordinate with the local public housing agency plan under section 5A of the United States Housing Act of 1937;".

SEC. 302. REPEAL OF CERTAIN PROVISIONS.

(a) MAXIMUM ANNUAL LIMITATION ON RENT INCREASES RESULTING FROM EMPLOYMENT.—

(1) REPEAL.—Section 957 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12714) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 957 of the Cranston-Gonzalez National Affordable Housing Act.

(b) ECONOMIC INDEPENDENCE.—

(1) REPEAL.—Section 923 of the Housing and Community Development Act of 1992 (42 U.S.C. 12714 note) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 923 of the Housing and Community Development Act of 1992.

SEC. 303. DETERMINATION OF INCOME LIMITS.

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

(1) in the fourth sentence—

(A) by striking "County," and inserting "and Rockland Counties"; and

(B) by inserting "each" before "such county"; and

(2) in the fifth sentence, by striking "County" each place that term appears and inserting "and Rockland Counties".

(b) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).

SEC. 304. DEMOLITION OF PUBLIC HOUSING.

(a) REPEAL.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100–202; 101 Stat. 1329–213) is repealed.

(b) FUNDING AVAILABILITY.—Notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988, as

that section existed on the day before the date of enactment of this Act, shall be eligible for demolition under—

(1) section 14 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act; and

(2) section 9 of the United States Housing Act of 1937, as amended by this Act.

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