

105TH CONGRESS
1ST SESSION

H. R. 1447

To reform the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 1997

Mr. LAZIO of New York (for himself and Mr. Kennedy of Massachusetts) (both by request) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reform the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.

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

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**^{I20}

2 **(a) SHORT TITLE.**—This Act may be cited as the “Public
3 Housing Management Reform Act of 1997”.

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

Sec. 1. Short title and table contents.

Sec. 2. Findings and purposes.

TITLE I—PUBLIC HOUSING AND RENT REFORMS

Sec. 100. Establishment of capital and operating funds.

Sec. 101. Determination of rental amounts for residents of public housing.

Sec. 102. Minimum rents for public housing and section 8 programs.

Sec. 103. Public housing ceiling rents.

Sec. 104. Disallowance of earned income from public housing and section 8 rent
and family contribution determinations.

Sec. 105. Public housing homeownership.

Sec. 106. Public housing agency plan.

Sec. 107. PHMAP indicators for small PHAs.

Sec. 108. PHMAP self-sufficiency indicator.

Sec. 109. Expansion of powers for dealing with PHAs in substantial default.

Sec. 110. Public housing site-based waiting lists.

Sec. 111. Community service requirements for the public housing and section
8 programs.

Sec. 112. Comprehensive improvement assistance program streamlining.

Sec. 113. Flexibility for PHA funding.

Sec. 114. Replacement housing resources.

Sec. 115. Repeal of one-for-one replacement housing requirement.

Sec. 116. Demolition, site revitalization, replacement housing, and tenant-based
assistance grants for developments.

Sec. 117. Performance evaluation board.

Sec. 118. Economic development and supportive services for public housing
residents.

Sec. 119. Penalty for slow expenditure of modernization funds.

Sec. 120. Designation of PHAs as troubled.

Sec. 121. Volunteer services under the 1937 Act.

Sec. 122. Authorization of appropriations for operation safe home program.

**TITLE II—SECTION 8 STREAMLINING AND OTHER PROGRAM
IMPROVEMENTS**

Sec. 201. Permanent repeal of Federal preferences.

Sec. 202. Income targeting for public housing and section 8 programs.

Sec. 203. Merger of tenant-based assistance programs.

Sec. 204. Section 8 administrative fees.

Sec. 205. Section 8 homeownership.

Sec. 206. Welfare to work certificates.

Sec. 207. Effect of failure to comply with public assistance requirements.

Sec. 208. Streamlining section 8 tenant-based assistance.

Sec. 209. Income verification.

- Sec. 210. Nondiscrimination against certificate and voucher holders.
 Sec. 211. Recapture and reuse of ACC project reserves under the tenant-based assistance program.
 Sec. 212. Expanding the coverage of the Public and Assisted Housing Drug Elimination Act of 1990 to include other types of crime and to provide formula funding.

TITLE III—“ONE STRIKE AND YOU’RE OUT” OCCUPANCY
 PROVISIONS

- Sec. 301. Screening of applicants.
 Sec. 302. Termination of tenancy and assistance.
 Sec. 303. Lease requirements.
 Sec. 304. Availability of criminal records for public housing tenant screening and eviction.
 Sec. 305. Definitions.
 Sec. 306. Conforming amendments.

1 SEC. 2. FINDINGS AND PURPOSES.

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

3 (1) we have a shared national interest in creat-
 4 ing safe, decent and affordable housing because, for
 5 all Americans, housing is an essential building block
 6 toward holding a job, getting an education, partici-
 7 pating in the community, and helping fulfill our na-
 8 tional goals;

9 (2) the American people recognized this shared
 10 national interest in 1937, when we created a public
 11 housing program dedicated to meeting these needs
 12 while creating more hope and opportunity for the
 13 American people;

14 (3) for 60 years America’s public housing sys-
 15 tem has provided safe, decent, and affordable hous-
 16 ing for millions of low-income families, who have

1 used public housing as a stepping stone toward
2 greater stability, independence, and homeownership;

3 (4) today, more than 3,300 local public housing
4 agencies——95 percent of all housing agencies
5 throughout America——are providing a good place
6 for families to live and fulfilling their historic mis-
7 sion;

8 (5) yet, for all our progress as a nation, today,
9 only one out of four Americans who needs housing
10 assistance receives it;

11 (6) at the same time, approximately 15 percent
12 of the people who live in public housing nationwide
13 live in housing with management designated as
14 “troubled”;

15 (7) for numerous developments at these trou-
16 bled public housing agencies and elsewhere, families
17 face a overwhelming mix of crime, drug trafficking,
18 unemployment, and despair, where there is little
19 hope for a better future or a better life;

20 (8) the past 60 years have resulted in a system
21 where outdated rules and excessive government regu-
22 lation are limiting our ability to propose innovative
23 solutions and solve problems, not only at the rel-
24 atively few local public housing agencies designated
25 as troubled, but at the 3,300 that are working well;

1 (9) obstacles faced by those agencies that are
2 working well——multiple reports and cumbersome
3 regulations——make a compelling case for deregula-
4 tion and for concentration by the Department of
5 Housing and Urban Development on fulfillment of
6 the program’s basic mission;

7 (10) all told, the Department has drifted from
8 its original mission, creating bureaucratic processes
9 that encumber the people and organizations it is
10 supposed to serve;

11 (11) under a framework enacted by Congress,
12 the Department has begun major reforms to address
13 these problems, with dramatic results;

14 (12) public housing agencies have begun to de-
15 molish and replace the worst public housing, reduce
16 crime, promote resident self-sufficiency, upgrade
17 management, and end the isolation of public housing
18 developments from the working world;

19 (13) the Department has also recognized that
20 for public housing to work better, the Department
21 needs to work better, and has begun a major over-
22 haul of its organization, streamlining operations, im-
23 proving management, building stronger partnerships
24 with state and local agencies and improving its abil-
25 ity to take enforcement actions where necessary to

1 assure that its programs serve their intended pur-
2 poses; and

3 (14) for these dramatic reforms to succeed, per-
4 manent legislation is now needed to continue the
5 transformation of public housing agencies, strip
6 away outdated rules, provide necessary enforcement
7 tools, and empower the Department and local agen-
8 cies to meet the needs of America's families.

9 (b) PURPOSE.—It is the purpose of this Act—

10 (1) to completely overhaul the framework and
11 rules that were put in place to govern public housing
12 60 years ago;

13 (2) to revolutionize the way public housing
14 serves its clients, fits in the community, builds op-
15 portunity, and prepares families for a better life;

16 (3) to reaffirm America's historic commitment
17 to safe, decent, and affordable housing and to re-
18 move the obstacles to meeting that goal;

19 (4) to continue the complete and total overhaul
20 of management of the Department;

21 (5) to dramatically deregulate and reorganize
22 the Federal government's management and oversight
23 of America's public housing;

24 (6) to ensure that local public housing agencies
25 spend more time delivering vital services to residents

1 and less time complying with unessential regulations
2 or filing unessential reports;

3 (7) to achieve greater accountability of taxpayer
4 funds by empowering the Federal government to
5 take firmer, quicker, and more effective actions to
6 improve the management of troubled local housing
7 authorities and to crack down on poor performance;

8 (8) to preserve public housing as a rental re-
9 source for low-income Americans, while breaking
10 down the extreme social isolation of public housing
11 from mainstream America;

12 (9) to provide for revitalization of severely dis-
13 tressed public housing, or its replacement with re-
14 placement with replacement housing or tenant-based
15 assistance;

16 (10) to integrate public housing reform with
17 welfare reform so that welfare recipients—many of
18 whom are public housing residents—can better chart
19 a path to independence and self-sufficiency;

20 (11) to anchor in a permanent statute needed
21 changes that will result in the continued trans-
22 formation of the public housing and tenant-based as-
23 sistance programs— including deregulating well-per-
24 forming housing agencies, ensuring accountability to

1 the public, providing sanctions for poor performers,
2 and providing additional management tools;

3 (12) to streamline and simplify the tenant-
4 based Section 8 program and to make this program
5 workable for providing homeownership; and

6 (13) through these comprehensive measures, to
7 reform the United States Housing Act of 1937 and
8 the programs thereunder.

9 **TITLE I—PUBLIC HOUSING AND** 10 **RENT REFORMS**

11 **SEC. 100. ESTABLISHMENT OF CAPITAL AND OPERATING** 12 **FUNDS.**

13 (a) CAPITAL FUND.—Section 14(a) of the United
14 States Housing Act of 1937 is amended—

15 (1) by redesignating paragraphs (1) through
16 (5) as subparagraphs (A) through (E), respectively;

17 (2) by inserting the paragraph designation
18 “(2)” before “It is the purpose; and

19 (3) by inserting the following new paragraph
20 (1) immediately after the subsection designation
21 “(a)”;

22 “(1) The Secretary shall establish a Capital
23 Fund under this section for the purpose of making
24 assistance available to public housing agencies in ac-
25 cordance with this section.”.

1 (b) OPERATING FUND.—Section 9(a) of the United
 2 States Housing Act of 1937 is amended by striking
 3 “SEC.9. (a)(1)(A) In addition to” an inserting the follow-
 4 ing:

5 “SEC. 9. (a) The Secretary shall establish an Operat-
 6 ing Fund under this section for the purpose of making
 7 assistance available to public housing agencies in accord-
 8 ance with this section.

9 “(1)(A) In addition to”.

10 **SEC. 101. DETERMINATION OF RENTAL AMOUNTS FOR**
 11 **RESIDENTS OF PUBLIC HOUSING.**

12 (a) Section 3 of the United States Housing Act of
 13 1937 is amended—

14 (1) in subsection (a)(1), by revising subpara-
 15 graph (A) to read as follows:

16 “(A)(i) if the family is assisted under sec-
 17 tion 8 of this Act, 30 per centum of the family’s
 18 monthly adjusted income; or

19 “(ii) if the family resides in public
 20 housing, an amount established by the
 21 public housing agency not to exceed 30 per
 22 centum of the family’s monthly adjusted
 23 income;”; and

24 (2) in subsection (b)(5)—

1 (A) after the semicolon following subpara-
2 graph (F), by inserting “and”;

3 (B) in subparagraph (G), by striking “;
4 and” and inserting a period; and

5 (C) by striking subparagraph (H)>

6 (b) REVISED OPERATING SUBSIDY FORMULA.—The
7 Secretary, in consultation with interested parties, shall es-
8 tablish a revised formula for allocating operating assist-
9 ance under section 9 of the United States Housing Act
10 of 1937, which formula may include such factors as:

11 (1) standards for the costs of operation and
12 reasonable projections of income, taking into account
13 the character and location of the public housing
14 project and characteristics of the families served, or
15 the costs of providing comparable services as deter-
16 mined with criteria or a formula representing the
17 operations of a prototype well-managed public hous-
18 ing project;

19 (2) the number of public housing dwelling units
20 owned and operated by the public housing agency,
21 the percentage of those units that are occupied by
22 very low-income families, and, if applicable, the re-
23 duction in the number of public housing unites as a
24 result of any conversion to a system of tenant-based
25 assistance;

1 (3) the degree of household poverty served by a
2 public housing agency;

3 (4) the extent to which the public housing agen-
4 cy provides programs and activities designed to pro-
5 mote the economic self-sufficiency and management
6 skills of public housing tenants;

7 (5) the number of dwelling units owned and op-
8 erated by the public housing agency that are chron-
9 ically vacant and the amount of assistance appro-
10 priate for those units;

11 (6) the costs of the public housing agency asso-
12 ciated with anti-crime and anti-drug activities, in-
13 cluding the costs of providing adequate security for
14 public housing tenants;

15 (7) the ability of the public housing agency to
16 effectively administer the Operating Fund distribu-
17 tion of the public housing agency;

18 (8) incentives to public housing agencies for
19 good management; and

20 (9) standards for the costs of operation of as-
21 sisted housing compared to unassisted housing.

22 (c) TRANSITION PROVISION.—Prior to the establish-
23 ment and implementation of an operating subsidy formula
24 under subsection (b), if a public housing agency estab-
25 lishes a rental amount that is less than 30 percent of the

1 family's monthly adjusted income pursuant to section
2 3(a)(1)(A)(ii) of the United States Housing Act of 1937,
3 as amended by subsection (a)(1), the Secretary shall not
4 take into account any reduction of or increase in the public
5 housing agency's per unit dwelling rental income resulting
6 from the use of such rental amount when calculating the
7 contributions under section 9 of the United States Hous-
8 ing Act of 1937 for the public housing agency for the oper-
9 ation of the public housing.

10 **SEC. 102. MINIMUM RENTS FOR PUBLIC HOUSING AND SEC-**
11 **TION 8 PROGRAMS.**

12 The second sentence of section 3(a)(1) of the United
13 States Housing Act of 1937 is amended—

14 (1) at the end of subparagraph (B), by striking
15 “or”;

16 (2) in subsection (C), by striking the period and
17 inserting”; or”; and

18 (3) by inserting the following at the end: “(D)
19 425.

20 Where establishing the rent or family contribution
21 based on subparagraph (D) would otherwise result
22 in undue hardship, as defined by the Secretary or
23 the public housing agency, for one or more categories
24 of affected families, the Secretary or the public
25 housing agency may exempt one or more such cat-

1 egories from the requirements of this paragraph and
2 may require a lower minimum monthly rental con-
3 tribution for one or more such categories.”.

4 **SEC. 103. PUBLIC HOUSING CEILING RENTS.**

5 (a) Section 3(a)(2)(A) of the United States Housing
6 Act of 1937, as amended by section 402(b)(1) of the Bal-
7 anced Budget Downpayment Act, I, is amended to read
8 as follows:

9 “(A) adopt ceiling rents that reflect the
10 reasonable market value of the housing, but
11 that are not less than—

12 “(i) for housing other than housing
13 predominantly for elderly or disabled fami-
14 lies (or both), 75 percent of the monthly
15 cost to operate the housing of the agency;

16 “(ii) for housing predominantly for el-
17 derly or disabled families (or both), 100
18 percent of the monthly cost to operate the
19 housing of the agency; and

20 “(iii) the monthly cost to make a de-
21 posit to a replacement reserve (in the sole
22 discretion of the public housing agency);
23 and”.

24 (b) Notwithstanding section 402(f) of the Balanced
25 Budget Downpayment Act, I, the amendments made by

1 section 402(b) of that Act shall remain in effect after fis-
2 cal year 1997.

3 **SEC. 104. DISALLOWANCE OF EARNED INCOME FROM PUB-**
4 **LIC HOUSING AND SECTION 8 RENT AND FAM-**
5 **ILY CONTRIBUTION DETERMINATIONS.**

6 (a) IN GENERAL.—Section 3 of the United States
7 Housing Act of 1937 is amended—

8 (1) by striking the undesignated paragraph at
9 the end of subsection (c)(3) (as added by section
10 515(b) of Public Law 101–625); and

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

13 “(d) DISALLOWANCE OF EARNED INCOME FROM
14 PUBLIC HOUSING AND SECTION 8 RENT AND FAMILY
15 CONTRIBUTION DETERMINATION.—

16 “(1) IN GENERAL.—Notwithstanding any other
17 provision of law, the rent payable under subsection
18 (a) by, the family contribution determined in accord-
19 ance with subsection (a) for, a family—

20 “(A) that—

21 “(i) occupies a unit in a public hous-
22 ing project; or

23 “(ii) receives assistance under section
24 8; and

1 “(B) whose income increases as a result of em-
2 ployment of a member of the family who was
3 previously unemployed for one or more years
4 (including a family whose income increases as a
5 result of the participation of a family member
6 in any family self-sufficiency or other job train-
7 ing program);
8 may not be increased as a result of the increased in-
9 come due to such employment during the 18-month
10 period beginning on the date on which the employ-
11 ment is commenced.

12 “(2) PHASE-IN OF RATE INCREASES.—After the
13 expiration of the 18-month period referred to in
14 paragraph (1), rent increases due to the continued
15 employment of the family member described in para-
16 graph (1)(b) shall be phased in over a subsequent 3-
17 year period.

18 “(3) OVERALL LIMITATION.—Rent payable
19 under subsection (a) shall not exceed the amount de-
20 termined under subsection (a).”.

21 (b) APPLICABILITY OF AMENDMENT.—

22 (1) PUBLIC HOUSING.—Notwithstanding the
23 amendment made by subsection (a), any tenant of
24 public housing participating in the program under
25 the authority contained in the undesignated para-

1 graph at the end of the section 3(c)(3) of the United
2 States Housing Act of 1937, as that paragraph ex-
3 isted on the day before the date of enactment this
4 Act, shall be governed by that authority after that
5 date.

6 (2) SECTION 8.—The amendments made by
7 subsection (a) shall apply to tenant-based assistance
8 proided by a public housing agency under section 8
9 of the United States Housing Act of 1937 on and
10 after October 1, 1998, but shall apply only to the ex-
11 tent approved in appropriation Acts.

12 **SEC. 105. PUBLIC HOUSING HOMEOWNERSHIP.**

13 Section 5(h) of the United States Housing Act fo
14 1937 is amended—

15 (1) in the first sentence, by striking “lower in-
16 come tenants,” and inserting the following: “low-in-
17 come tenants, or to any organization serving as a
18 conduit for sales to such tenants,”; and

19 (2) by adding the following two sentences at the
20 end: “In the case of purchase by an entity that is
21 an organization serving as a conduit for sales to
22 such tenants, the entity shall sell the units to low-
23 income families within five years from the date of its
24 acquisition of the units. The entity shall use any net
25 proceeds from the resale and from managing the

1 units, as determined in accordance with guidelines of
2 the Secretary, for housing purposes, such as funding
3 resident organizations and reserves for capital re-
4 placements.”.

5 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

6 The United States Housing Act of 1937 is amended
7 by inserting after section 5 of following new section:

8 **SEC. 5A. PUBLIC HOUSING AGENCY PLAN.**

9 “(a) CONTENTS OF PLAN.—(1) Each public
10 housing agency shall submit to the Secretary a pub-
11 lic housing agency plan that shall consist of the fol-
12 lowing parts, as applicable—

13 “(A) For assistance under section 14, a 5-year
14 comprehensive plan, as described in section 14(e)(1).

15 “(B) For assistance under section 14, the an-
16 nual statement, as required under section 14(e)(3).

17 “(C) An annual description of the public hous-
18 ing agency’s plans for the following activities—

19 “(i) demolition and disposition under sec-
20 tion 18;

21 “(ii) homeownership under section 5(h);

22 and

23 (III) designated housing under section 7.

1 “(D) An annual submission by the public hous-
2 ing agency consisting of the following informa-
3 tion——

4 “(i) tenant selection admission and assign-
5 ment policies, including any admission pref-
6 erences;

7 “(ii) rent policies, including income and
8 rent calculation methodology, minimum rents,
9 ceiling rents, and income exclusions, disregards,
10 or deductions;

11 “(ii) any cooperation agreements between
12 the public housing agency and State welfare
13 and employment agencies to target services to
14 public housing residents (public housing agen-
15 cies shall use best efforts to enter into such
16 agreements); and

17 “(iv) anti-crime and securities plans, in-
18 cluding a strategic plan for addressing crime on
19 or affecting the sites owned by the agency, a
20 statement of activities in furtherance of the
21 strategic plan to be carried out Drug Elimini-
22 nation Act of 1990, performance criteria re-
23 garding the effective use of such assistance, and
24 any plans for the provision of anti-crime assist-
25 ance to be provided by the local governed in ad-

1 dition to the assistance otherwise required to be
2 provid3d by the agreement for local cooperation
3 under section 5(e)(2) or other applicable law.

4 Where a public housing agency has no changes to
5 report in any of the information required under this
6 subparagraph since the previous annual submission,
7 the public agency shall only state in its annual sub-
8 mission that it has made no changes.

9 “(E) Other appropriate information that the
10 Secretary requires for each public housing agency
11 that is—

12 “(i) at risk of being designated as troubled
13 under section 6(j); or

14 “(ii) designated as troubled under section
15 6(j).

16 “(F) Other information required by the Sec-
17 retary in connection with the provision of assistance
18 under section 9.

19 “(G) An annul certification by the public hous-
20 ing agency that it has met the citizen participation
21 requirements under subsection (b).

22 “(H) An annual certification by the public
23 housing agency that it will carry out the public
24 housing agency plan in conformity with title VI of
25 the Civil Rights Act of 1964, the Fair Housing Act,

1 section 504 of the Rehabilitation Act of 1973, and
2 title II of the Americans with Disabilities Act of
3 1990, and will affirmatively further fair housing.

4 “I) An annual certification by the public hous-
5 ing agency that the public housing agency plan is
6 consistent with the approved Consolidated Plan for
7 the locality.

8 (2) The Secretary may provide for more frequent sub-
9 missions where the public housing agency proposes to
10 amend any parts of the public housing agency plan.

11 “(b) CITIZEN PARTICIPATION REQUIREMENTS.—In
12 developing the public housing agency plan under sub-
13 section (a), each public housing agency shall consult with
14 appropriate local government officials and with tenants of
15 the housing projects, which shall include at least one pub-
16 lic hearing that shall be held prior to the adoption of the
17 plan, and afford tenants and interested parties an oppor-
18 tunity to summarize their priorities and concerns, to en-
19 sure their due consideration in the planning process of the
20 public housing agency.

21 “(c) PERFORMANCE REPORTS.—The Secretary shall
22 require the public housing agency to submit any informa-
23 tion that the Secretary determines is appropriate or nec-
24 essary to assess the management performance of public
25 housing agencies and resident management corporations

1 under section 6(j) and to monitor assistance provided
2 under this Act. To the maximum extent feasible, the Sec-
3 retary shall require such information in one report, as part
4 of the annual submission of the agency under subsection
5 (a).

6 “D) HUD REVIEW.—After submis-
7 sion of the public housing agency plan for
8 under subsection (a), the Secretary shall—

9 “(1) with respect to the 5-year comprehensive
10 plan under subsection (a)(1)(A), review the plan
11 under the standards described in section 14(e)(2);

12 “(2) with respect to the annual statement under
13 subsection (a)(1)(B), review the statement as re-
14 quired under section 14(e)(3);

15 “(3) with respect to the annual description
16 under subsection (a)(1)(C), not review the descrip-
17 tion (the Secretary shall review any application,
18 which may be submitted with the public housing
19 agency plan, as provided in sections 18, 5(h), and
20 7);

21 +“(4) with respect to the annual submission
22 under subsection (a)(1)(D), not review the submis-
23 sion unless the submission has been challenged;
24 where the submission has been challenged, the Sec-
25 retary shall review the submission to determine only

1 whether the submission sets forth the information
2 required by subsection (a)(1)(D);

3 “(5) with respect to information from troubled
4 agencies under subsection (a)(1)(E) and section 9
5 information under subsection (a)(1)(F), review such
6 information as necessary or appropriate to carry out
7 the Secretary’s responsibilities under section 6(j)
8 and section 9;

9 “(6) with respect to the certifications under
10 subsections (a)(1)(G) and (a)(1)(I), not review the
11 certification unless the certification has been chal-
12 lenged; and, where the certifications has been chal-
13 lenged, the Secretary shall review the certification to
14 determine only whether the certification sets forth
15 the information required by subsection (a)(1)(G) or
16 (a)(1)(I), and whether there is any available evi-
17 dence that tends to challenge in a substantial man-
18 ner any certification made under those subsections;
19 and

20 “(7) with respect to the certification under sub-
21 section (a)(1)(H), review the certification to deter-
22 mine only whether the certification sets forth the in-
23 formation required by such subsection, and whether
24 there is any available evidence that tends to chal-

1 lence in a substantial manner any certification made
2 under such subsection.

3 “(e) WAIVER AUTHORITY.—The Secretary may
4 waive, or specify alternative requirements for, any require-
5 ments under this section that the Secretary determines are
6 burdensome or unnecessary for public housing agencies
7 that only administer tenant-based assistance and do not
8 own or operate public housing.”.

9 **SEC. 107. PHMAP INDICATORS FOR SMALL PHAS.**

10 Section 6(J)(1) of the United States Housing Act of
11 1937 is amended by—

12 (1) redesignating subparagraphs (A) through
13 (I) as clauses (i) through (ix);

14 (2) redesignating clauses (1), (2), and (3) in
15 clause (ix), as redesignated by paragraph (1), as
16 subclauses (I), (II), and (III), respectively;

17 (3) in the fourth sentence, inserting imme-
18 diately before clause (i), as redesignated, the follow-
19 ing new subparagraph:

20 “(A) For public housing agencies that own
21 or operate 250 or more public housing dwelling
22 units—”; and

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

1 “(B) For public housing agencies that own
2 and operate fewer than 250 public housing
3 dwelling units—

4 “(i) The number and percentage of
5 vacancies within an agency’s inventory, in-
6 cluding the progress that an agency has
7 made within the previous 3 years to reduce
8 such vacancies.

9 “(ii) The percentage of rents uncol-
10 lected.

11 “(iii) The ability of the agency to
12 produce and use accurate and timely
13 records of monthly income and expenses
14 and to maintain at least a 3-month service.

15 “(iv) The annual inspection of occu-
16 pied units and the agency’s ability to re-
17 spond to maintenance work orders.

18 “(v) Any one additional factor that
19 the Secretary may determine to be appro-
20 priate.”.

21 **SEC. 108. PHAMP SELF-SUFFICIENCY INDICATOR.**

22 Section 6(j)(1)(A) of the United States Housing Act
23 of 1937, as amended by section 107 of this Act, is amend-
24 ed at the end by adding the following new clause:

1 6“(x) The extent to which the agency coordi-
2 nates and promotes participation by families in
3 programs that assist them to achieve self-suffi-
4 ciency.”.

5 **SEC. 109. EXPANSION OF POWERS FOR DEALING WITH**
6 **PHAS IN SUBSTANTIAL DEFAULT.**

7 (a) IN GENERAL.—Section 6(j)(3) of the United
8 States Housing Act of 1937 is amended—

9 (1) in subparagraph (A)—

10 (A) by amending clause (i) to read as fol-
11 lows:

12 “(i) solicit competitive proposals from
13 other public housing agencies and private
14 housing management agents which, in the
15 discretion of the Secretary, may be selected
16 by existing public housing residents
17 through administrative procedures estab-
18 lished by the Secretary; if appropriate,
19 these proposals shall provide for such
20 agents to manage all, or part, of the hous-
21 ing administered by the public housing
22 agency or all or part of the other programs
23 of the agency;”;

24 (B) by redesignating clause (iv) as clause
25 (v) and amending it to read as follows:

1 “(v) require the agency to make other
2 arrangements acceptable to the Secretary
3 and in the best interests of the public
4 housing residents and families assisted
5 under section 8 for managing all, or part,
6 of the public housing administered by the
7 agency or of the programs of the agency.”

8 and

9 (C) by inserting a new clause (iv) after
10 clause (iii) to read as follows:

11 “(iv) take possession of all or part of
12 the public housing agency, including all or
13 part of any project or program of the
14 agency, including any project or program
15 under any other provision of this title;
16 and”;

17 (2) by striking subparagraphs (B) through (D)
18 and inserting in lieu thereof the following:

19 “(B)(i) If a public housing agency is identified
20 as troubled under this subsection, the Secretary
21 shall notify the agency of the troubled status of
22 the agency.

23 “(ii) Upon the expiration of the 1-year period
24 beginning on the later of the date on which the
25 agency receives notice from the Secretary of the

1 troubled status of the agency under clause (i)
2 and the date of enactment of the Public Hous-
3 ing Management Reform Act of 1997, the Sec-
4 retary shall—

5 “(I) in the case of a troubled public
6 housing agency with 1,250 or more units,
7 petition for the appointment of a receiver
8 pursuant to subparagraph (A)(ii); or

9 “(II) in the case of a troubled public
10 housing agency with fewer than 1,250
11 units, either—

12 “(aa) petition for the appointment of
13 a receiver pursuant to subparagraph
14 (A)(ii); or

15 “(bb) appoint, on a competitive or
16 noncompetitive basis, an individual or en-
17 tity as an administrative receiver to as-
18 sume the responsibilities of the Secretary
19 for the administration of all or part of the
20 public housing agency (including all or
21 part of any project or program of the
22 agency), provided the Secretary has taken
23 possession of all or part of the public hous-
24 ing agency (including all or part of any

1 project or program of the agency) pursu-
2 ant to subparagraph (A)(iv).

3 “(C) If a receiver is appointed pursuant to sub-
4 paragraph (A)(ii), in addition to the powers ac-
5 corded by the court appointing the receiver, the
6 receiver—

7 “(i) may abrogate any contract to
8 which the United States or an agency of
9 the United States is not a party that, in
10 the receiver’s written determination (which
11 shall include the basis for such determina-
12 tion), substantially impedes correction of
13 the substantial default, but only after the
14 receiver determines that reasonable efforts
15 to renegotiate such contract have failed;

16 “(ii) may demolish and dispose of all
17 or part of the assets of the public housing
18 agency (including all or part of any project
19 of the agency) in accordance with section
20 18, including disposition by transfer of
21 properties to resident-supported nonprofit
22 entities;

23 “(iii) if determined to be appropriate
24 by the Secretary, may seek the establish-
25 ment, as permitted by applicable State and

1 local law, of one or more new public hous-
2 ing agencies;

3 “(iv) if determined to be appropriate
4 by the Secretary, may seek consolidation of
5 all or part of the agency (including all or
6 part of any project or program of the
7 agency), as permitted by applicable State
8 and local laws, into other well-managed
9 public housing agencies with the consent of
10 such well-managed agencies; and

11 “(v) shall not be required to comply
12 with any State or local law relating to civil
13 service requirements, employee rights (ex-
14 cept civil rights), procurement, or financial
15 or administrative controls that, in the re-
16 ceiver’s written determination (which shall
17 include the basis for such determination),
18 substantially impedes correction of the sub-
19 stantial default.

20 “(D)(i) If the Secretary takes possession of all
21 or part of the public housing agency, including
22 all or part of any project or program of the
23 agency, pursuant to subparagraph (A)(iv), the
24 Secretary—

1 “(I) may abrogate any contract to
2 which the United States or an agency of
3 the United States is not a party that, in
4 the written determination of the Secretary
5 (which shall include the basis for such de-
6 termination), substantially impedes correc-
7 tion of the substantial default, but only
8 after the Secretary determines that reason-
9 able efforts to renegotiate such contract
10 have failed;

11 “(II) may demolish and dispose of all
12 or part of the assets of the public housing
13 agency (including all or part of any project
14 of the agency) in accordance with section
15 18, including disposition by transfer of
16 properties to resident-supported nonprofit
17 entities;

18 “(III) may seek the establishment, as
19 permitted by applicable State and local
20 law, of one or more new public housing
21 agencies;

22 “(IV) may seek consolidation of all or
23 part of the agency (including all or part of
24 any project or program of the agency), as
25 permitted by applicable State and local

1 laws, into other well-managed public hous-
2 ing agencies with the consent of such well-
3 managed agencies;

4 “(V) shall not be required to comply
5 with any State or local law relating to civil
6 service requirements, employee rights (ex-
7 cept civil rights), procurement, or financial
8 or administrative controls that, in the Sec-
9 retary’s written determination (which shall
10 include the basis for such determination),
11 substantially impedes correction of the sub-
12 stantial default; and

13 “(VI) shall, without any action by a
14 district court of the United States, have
15 such additional authority as a district
16 court of the United States would have the
17 authority to confer upon a receiver to
18 achieve the purposes of the receivership.

19 “(ii) If the Secretary, pursuant to subpara-
20 graph (B)(ii)(II)(bb), appoints an administra-
21 tive receiver to assume the responsibilities of
22 the Secretary for the administration of all or
23 part of the public housing agency (including all
24 or part of any project or program of the agen-
25 cy), the Secretary may delegate to the adminis-

1 trative receiver any or all of the powers given
2 the Secretary by this subparagraph, as the Sec-
3 retary determines to be appropriate.

4 “(iii) Regardless of any delegation under this
5 subparagraph, an administrative receiver may
6 not seek the establishment of one or more new
7 public housing agencies pursuant to clause
8 (i)(III) or the consolidation of all or part of an
9 agency into other well-managed agencies pursu-
10 ant to clause (i)(IV), unless the Secretary first
11 approves an application by the administrative
12 receiver to authorize such action.

13 “(E) The Secretary may make available to re-
14 ceivers and other entities selected or appointed
15 pursuant to this paragraph such assistance as
16 the Secretary determines in the discretion of
17 the Secretary is necessary and available to rem-
18 edy the substantial deterioration of living condi-
19 tions in individual public housing developments
20 or other related emergencies that endanger the
21 health, safety, and welfare of public housing
22 residents or families assisted under section 8. A
23 decision made by the Secretary under this para-
24 graph is not subject to review in any court of

1 the United States, or in any court of any State,
2 territory, or possession of the United States.

3 “(F) In any proceeding under subparagraph
4 (A)(ii), upon a determination that a substantial
5 default has occurred, and without regard to the
6 availability of alternative remedies, the court
7 shall appoint a receiver to conduct the affairs of
8 all or part of the public housing agency in a
9 manner consistent with this Act and in accord-
10 ance with such further terms and conditions as
11 the court may provide. The receiver appointed
12 may be another public housing agency, a pri-
13 vate management corporation, or any other per-
14 son or appropriate entity. The court shall have
15 power to grant appropriate temporary or pre-
16 liminary relief pending final disposition of the
17 petition by the Secretary.

18 “(G) The appointment of a receiver pursuant to
19 this paragraph may be terminated, upon the pe-
20 tition of any party, when the court determines
21 that all defaults have been cured or the public
22 housing agency is capable again of discharging
23 its duties.

24 “(H) If the Secretary (or an administrative re-
25 ceiver appointed by the Secretary) takes posses-

1 sion of a public housing agency (including all or
2 part of any project or program of the agency),
3 or if a receiver is appointed by a court, the Sec-
4 retary or receiver shall be deemed to be acting
5 not in the official capacity of that person or en-
6 tity, but rather in the capacity of the public
7 housing agency, and any liability incurred, re-
8 gardless of whether the incident giving rise to
9 that liability occurred while the Secretary or re-
10 ceiver was in possession of all or part of the
11 public housing agency (including all or part of
12 any project or program of the agency), shall be
13 the liability of the public housing agency.”.

14 (b) EFFECTIVENESS.—The provisions of, and
15 duties and authorities conferred or confirmed by,
16 subsection (a) shall apply with respect to actions
17 taken before, on, or after the effective date of this
18 Act and shall apply to any receivers appointed for a
19 public housing agency before the date of enactment
20 of this Act.

21 (c) TECHNICAL CORRECTION REGARDING AP-
22 PLICABILITY TO SECTION 8.—Section 8(h) of the
23 United States Housing Act of 1937 is amended by
24 inserting after “6” the following: “(except as pro-
25 vided in section 6(j)(3))”.

1 **SEC. 110. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

2 Section 6 of the United States Housing Act of
3 1937, as amended by section 306(a)(2) of this Act,
4 is amended by inserting the following new subsection
5 at the end:

6 “(q) A public housing agency may establish, in
7 accordance with guidelines established by the
8 Secretary, procedures for maintaining waiting
9 lists for admissions to public housing develop-
10 ments of the agency, which may include a sys-
11 tem whereby applicants may apply directly at or
12 otherwise designate the development or develop-
13 ments in which they seek to reside. All such
14 procedures must comply with all provisions of
15 title VI of the Civil Rights Act of 1964, the
16 Fair Housing Act, and other applicable civil
17 rights laws.”.

18 **SEC. 111. COMMUNITY SERVICE REQUIREMENTS FOR THE**
19 **PUBLIC HOUSING AND SECTION 8 PRO-**
20 **GRAMS.**

21 Section 12 of the United States Housing Act of
22 1937 is amended by adding at the end the following new
23 subsection:

24 “(c) COMMUNITY SERVICE REQUIREMENTS FOR THE
25 PUBLIC HOUSING AND SECTION 8 PROGRAMS.—

1 “(1) IN GENERAL.—Notwithstanding any other
2 provision of law, each adult member of each family
3 residing in public housing or assisted under section
4 8 shall, without compensation, participate, for not
5 less than 8 hours per month, in community service
6 activities (not to include any political activity) within
7 the community in which that adult resides.

8 “(2) EXEMPTIONS.—The requirement in para-
9 graph (1) shall not apply to any adult who is—

10 “(A) at least 62 years of age;

11 “(B) a person with disabilities who is un-
12 able, as determined in accordance with guide-
13 lines established by the Secretary, to comply
14 with this subsection;

15 “(C) working at least 20 hours per week,
16 a student, receiving vocational training, or oth-
17 erwise meeting work, training, or educational
18 requirements of a public assistance program
19 other than the program specified in subpara-
20 graph (E);

21 “(D) a single parent, grandparent, or the
22 spouse of an otherwise exempt individual, who
23 is the primary caretaker of one or more—

24 (i) children who are 6 years of age of
25 younger;

1 (ii) persons who are at least 62 years
2 of age; or

3 (iii) persons with disabilities; or
4 “(E) in a family receiving assistance under
5 the Temporary Assistance for Needy Families
6 program under part A of title IV of the Social
7 Security Act.”.

8 **SEC. 112. COMPREHENSIVE IMPROVEMENT ASSISTANCE**
9 **PROGRAM STREAMLINING.**

10 (a) Section 14(d) of the United States Housing Act
11 of 1937 is amended to read as follows:

12 “(d) No assistance may be made available under sub-
13 section (b) to a public housing agency that owns or oper-
14 ates fewer than 250 public housing units unless the agency
15 has submitted a comprehensive plan in accordance with
16 subsection (e)(1) and the Secretary has approved it in ac-
17 cordance with subsection (e)(2). The assistance shall be
18 allocated to individual agencies on the agencies on the
19 basis of a formula established by the Secretary.”.

20 (b) Section 14(f)(1) is repealed.

21 (c) Section 14(g) is amended by striking “(d)(3)” and
22 inserting “(d)”.

23 (d) Section 14(h) is repealed.

24 (e) Section 14(i) is repealed.

1 (f) Section 14(k)(1) is amended by striking
2 “475,000,000” and inserting “\$100,000,000”.

3 **SEC. 113. FLEXIBILITY FOR PHA FUNDING.**

4 (a) Expansion of Uses of Funding.—Section
5 14(q)(1) of the United States Housing Act of 1937 is
6 amended—

7 (1) in the first sentence, by inserting after “sec-
8 tion 5,” the following, “by section 24,”;

9 (2) in the first sentence, by inserting after “pub-
10 lic housing agency,” the following: “except for the
11 provision of tenant-based assistance,”; and

12 (3) by inserting at the end the following: “Not-
13 withstanding the foregoing, (i) a public housing
14 agency that owns or operates fewer than 250 units
15 may use modernization assistance provided under
16 section 14, development assistance provided under
17 section 5(a), and operating subsidy provided under
18 section 9, for any eligible activity authorized by this
19 Act or by applicable appropriations Acts for a public
20 housing agency, except for assistance under section
21 8, and (ii) any agency determined to be a troubled
22 agency under section 6(j) may use amounts not ap-
23 propriated under section 9 for any operating subsidy
24 purpose authorized in section 9 only with the ap-
25 proval of the Secretary.”.

1 (b) MIXED-FINANCE DEVELOPMENT.—Section
2 14(q)(2) of such Act is amended to read as follows:

3 “(2) A public housing agency may use capital
4 or operating assistance provided under section 5, 14,
5 or 9 of this Act, or under applicable Appropriations
6 Acts for a public housing agency, to assist public
7 housing units in a development that is owned by the
8 public housing agency or other legal entity approved
9 by the Secretary and that may include units other
10 than public housing units (“mixed-finance develop-
11 ment”). The public housing units in a mixed-finance
12 development shall be developed, operated, and main-
13 tained as public housing in accordance with the re-
14 quirements of this Act during the period required by
15 law. The Secretary may waive regulatory and other
16 requirements established by the Secretary under this
17 Act governing the development, management, and
18 operation of public housing units to the extent nec-
19 essary to allow a public housing agency to undertake
20 or permit measures that enhance the viability of the
21 public housing units included in a mixed-finance de-
22 velopment. A public housing agency may, in accord-
23 ance with guidelines established by the Secretary,
24 provide capital assistance to a mixed-finance devel-
25 opment in the form of a grant, loan, or other form

1 of investment in the project, which may involve the
2 drawdown of funds on a schedule commensurate
3 with construction draws for deposit into an interest
4 earning escrow account to serve as collateral or cred-
5 it enhancement for bonds issued by a public agency
6 for the construction or rehabilitation of the develop-
7 ment.”.

8 (c) CONFORMING AMENDMENTS.—Section 14(q) of
9 such Act is amended—

10 (1) in paragraph (3), by striking “mixed in-
11 come” and inserting “mixed-finance”: and

12 (2) in paragraph (4), by striking “mixed-income
13 project” and inserting “mixed-finance development“.

14 (d) APPLICABILITY.—Section 14(q) of the United
15 States Housing Act of 1937, as amended by this section,
16 shall be effective with respect to any assistance provided
17 to the public housing agency under sections 5 and 14 of
18 the United States Housing Act of 1937 and applicable ap-
19 propriations Acts for a public housing agency.

20 **SEC. 114. REPLACEMENT HOUSING RESOURCES.**

21 (a) OPERATING FUND.—Section 9(a)(3)(B) of the
22 United States Housing Act of 1937 is amended—

23 (1) at the end of clause (iv), by striking “and
24 ”;

1 (2) at the end of clause (v), by striking the pe-
2 riod and inserting”; and ”; and

3 (3) by inserting at the end the following:

4 “(vi) where an existing unit under a
5 contract is demolished or disposed of, the
6 Secretary shall adjust the amount the pub-
7 lic housing agency receives under this sec-
8 tion; notwithstanding this requirement, the
9 Secretary shall provide assistance under
10 this section for any replacement housing
11 that is available for occupancy within five
12 years of the demolition or disposition, is
13 public housing developed under this Act or
14 is developed without assistance under this
15 Act but is operated as public housing, and
16 meets other requirements established by
17 the Secretary.”.

18 (b) COMPREHENSIVE GRANT PROGRAM.—Section
19 14(k)(2)(D)(ii) of such Act is amended to read as follows:

20 “(ii) When an existing unit under a contract is demol-
21 ished or disposed of, the Secretary shall adjust the amount
22 the agency receives under the formula. Notwithstanding
23 the preceding sentence, for the five-year period after dem-
24 olition or disposition, the Secretary may provide for no
25 adjustment, or a partial adjustment, of the amount the

1 agency receives under the formula and shall require the
2 agency to use any additional amount received as a result
3 of this sentence for replacement housing or physical im-
4 provements necessary to preserve viable public housing.”.

5 **SEC. 115. REPEAL OR ONE-FOR-ONE REPLACEMENT HOUS-**
6 **ING REQUIREMENT.**

7 Section 1002(d) of Public Law 104–19 is amended
8 by striking “and on or before September 30, 1997”.

9 **SEC. 116. DEMOLITION, SITE REVITALIZATION, REPLACE-**
10 **MENT HOUSING, AND TENANT-BASED ASSIST-**
11 **ANCE GRANTS FOR DEVELOPMENTS.**

12 Section 24 of the United States Housing Act of 1937
13 is amended—

14 (1) by amending the heading to read as follows:
15 **“DEMOLITION, SITE REVITALIZATION,**
16 **REPLACEMENT HOUSING, AND TEN-**
17 **ANT-BASED ASSISTANCE GRANTS FOR**
18 **DEVELOPMENT”**;

19 (2) by amending subsections (a) and (c) to read
20 as follows:

21 **“(a) PURPOSE.—**The purpose of this section is to
22 provide assistance to public housing agencies for the pur-
23 poses of—

24 **“(1) reducing the density and improving the liv-**
25 **ing environment for public housing residents of se-**

1 verely distressed public housing through the demoli-
2 tion of obsolete public housing developments (or por-
3 tions thereof);

4 “(2) revitalizing sites (including remaining pub-
5 lic housing dwelling units) on which such public
6 housing developments are located and contributing
7 to the improvement of the surrounding neighbor-
8 hood;

9 “(3) providing housing that will avoid or de-
10 crease the concentration of very low-income families;
11 and

12 “(4) providing tenant-based assistance in ac-
13 cordance with the provisions of section 8 for the pur-
14 pose of providing replacement housing and assisting
15 residents to be displaced by the demolition.

16 “(b) GRANT AUTHORITY.—The Secretary may make
17 grants available to public housing agencies as provided in
18 this section.

19 “(c) CONTRIBUTION REQUIREMENT.—The Secretary
20 may not make any grant under this section to any appli-
21 cant unless the applicant supplements the amount of as-
22 sistance provided under this section (other than amounts
23 provided for demolition or tenant-based assistance) with
24 an amount of funds from sources other than this Act equal
25 to not less than 5 percent of the amount provided under

1 this section, including amounts from other Federal
2 sources, any State or local government sources, any pri-
3 vate contributions, and the value of any in-kind services
4 or administrative costs provided.”;

5 (3) by amending subsection (d)(1) to read as
6 follows:

7 “(1) IN GENERAL.—The Secretary may make
8 grants under this subsection to applicants for the
9 purpose of carrying out demolition, revitalization,
10 and replacement programs for severely distressed
11 public housing under this section. The Secretary
12 may make a grant for the revitalization or replace-
13 ment of public housing only if the agency dem-
14 onstrates that the neighborhood is or will be a viable
15 residential community, as defined by the Secretary,
16 after completion of the work assisted under this sec-
17 tion and any other neighborhood improvements
18 planned by the State or local government or other-
19 wise to be provided. The Secretary may approve
20 grants providing assistance for one eligible activity
21 or a combination of eligible activities under this sec-
22 tion, including assistance only for demolition and as-
23 sistance only for tenant-based assistance in accord-
24 ance with the provisions of section 8.”;

25 (4) in subsection (d)(2)(B)—

1 (A) by striking “the redesign” and insert-
2 ing “the abatement of environmental hazards,
3 demolition, redesign”; and

4 (B) by striking “is located” and inserting
5 “is or was located”;

6 (5) in subsection (d)(2), by redesignating sub-
7 paragraphs (C) through (I) as subparagraphs (D)
8 through (J), respectively, and inserting the following
9 new subparagraph after subparagraph (B):

10 “(C) replacement housing, which shall con-
11 sist of public housing, homeownership units as
12 permitted under the HOPE VI program (as
13 previously authorized in appropriations Acts),
14 tenant-based assistance in accordance with the
15 provisions of section 8, or a combination;”;

16 (6)(A) in subsection (G), as redesignated by
17 paragraph (5), by inserting before the semicolon the
18 following: “and any necessary supportive services,
19 except that not more than 15 percent of any grant
20 under this subsection may be used for such pur-
21 poses.”;

22 (B) by inserting “and” at the end of subsection
23 (H), as redesignated by paragraph (4); and

1 (C) by striking the semicolon at the end of sub-
2 section (I), as redesignated by paragraph (4), and
3 all that follows up to the period;

4 (7) in paragraph (3), by striking the second
5 sentence;

6 (8) by amending subsection (d)(4) to read as
7 follows:

8 “(4) SELECTION CRITERIA.—

9 “(A) APPLICATIONS FOR DEMOLITION.—

10 The Secretary shall establish selection criteria
11 for applications that request assistance only for
12 demolition, which shall include—

13 (i) the need for demolition, taking into
14 account the effect of the distressed devel-
15 opment on the public housing agency and
16 the community;

17 “(ii) the extent to which the public
18 housing agency is not able to undertake
19 such activities without a grant under this
20 section; and

21 “(iii) such other factors as the Sec-
22 retary determines appropriate.

23 “(B) APPLICATIONS FOR DEMOLITION, RE-
24 VITALIZATION, AND REPLACEMENT.—The Sec-
25 retary shall establish selection criteria for appli-

1 cations that request assistance for a combina-
2 tion of eligible activities, which shall include—

3 “(i) the relationship of the grant to
4 the comprehensive plan for the locality;

5 “(ii) the extent to which the grant will
6 result in a viable development which will
7 foster the economic and social integration
8 of public housing residents and the extent
9 to which the development will enhance the
10 community;

11 “(iii) the capability and record of the
12 applicant public housing agency, its devel-
13 opment team, or any alternative manage-
14 ment agency for the agency, for managing
15 large-scale redevelopment or modernization
16 projects, meeting construction timetables,
17 and obligating amounts in a timely man-
18 ner;

19 “(iv) the extent to which the public
20 housing agency is not able to undertake
21 such activities without a grant under this
22 section;

23 “(v) the extent of involvement of resi-
24 dents, State and local governments, private
25 service providers, financing entities, and

1 developers, in the development of a revital-
2 ization program for the development;

3 “(vi) the amount of funds and other
4 resources to be leveraged by the grant; and

5 “(vii) such other factors as the Sec-
6 retary determines appropriate.”

7 “(C) APPLICATIONS FOR TENANT-BASED AS-
8 SISTANCE.—Notwithstanding any other provi-
9 sion of this subsection, the Secretary may allo-
10 cate tenant-based assistance under this section
11 on a non-competitive basis in connection with
12 the demolition or disposition of public hous-
13 ing.”;

14 (9) by amending subsection (e) to read as fol-
15 lows:

16 “(e) LONG TERM VIABILITY.—The
17 Secretary may waive or revise rules estab-
18 lished under this Act governing the devel-
19 opment, management, and operation of
20 public housing units, to permit a public
21 housing agency to undertake measures
22 that enhance the long-term viability of a
23 severely distressed public housing project
24 revitalized under this section.”;

25 (10) in subsection (f)—

1 (A) by striking “OTHER” and all that fol-
2 lows through “(1)”;

3 (B) by striking paragraph (2); and

4 (C) by redesignating subparagraphs (A)
5 and (B) as paragraphs (1) and (2);

6 (11) by striking subsections (g) and (i) and re-
7 designating subsection (h) as subsection (j);

8 (12) by inserting the following new subsections
9 after subsection (f):

10 “(g) ADMINISTRATION BY OTHER ENTITIES.—The
11 Secretary may require a grantee under this section to
12 make arrangements satisfactory to the Secretary for use
13 of an entity other than the public housing agency to carry
14 out activities assisted under the revitalization plan, if the
15 Secretary determines that such action will help to effec-
16 tuate the purposes of this section.

17 “(h) TIMELY EXPENDITURES.—

18 “(1) WITHDRAWAL OF FUNDING.—If a grantee
19 under this section or under the HOPE VI program
20 does not sign the primary construction contract for
21 the work included in the grant agreement within 18
22 months from the date of the grant agreement, the
23 Secretary shall withdraw any grant amounts under
24 the grant agreement which have not been obligated
25 by the grantee. The Secretary shall redistribute any

1 withdrawn amounts to one or more applicants eligi-
2 ble for assistance under this section. The Secretary
3 may grant an extension of up to one additional year
4 from the date of enactment of this Act if the 18-
5 month period has expired as of the date of enact-
6 ment, for delays caused by factors beyond the con-
7 trol of the grantee.

8 “(2) COMPLETION.—A grant agreement under
9 this section shall provide for interim checkpoints and
10 for completion of physical activities within four years
11 of execution, and the Secretary shall enforce these
12 requirements through default remedies up to and in-
13 cluding withdrawal of funding. The Secretary may,
14 however, provide for a longer timeframe, but only
15 when necessary due to factors beyond the control of
16 the grantee.

17 “(3) INAPPLICABILITY.—This subsection shall
18 not apply to grants for tenant-based assistance
19 under section 8.

20 “(i) INAPPLICABILITY OF SECTION 18.—Section 18
21 shall not apply to the demolition of development removed
22 from the inventory of the public housing agency under this
23 section.”;

24 (13) by amending subsection (j)(1), as redesign-
25 nated by paragraph (11)—

1 (A) in subparagraph (C), by inserting after
2 “nonprofit organization,” the following: “pri-
3 vate program manager, a partner in a mixed-fi-
4 nance development,”;

5 (B) at the end of subparagraph (B), after
6 the semicolon, by inserting “and”; and

7 (C) at the end of subparagraph (C), by
8 striking “; and” and all that follows up to the
9 period;

10 (14) by amending subsection (j)(5), as redesign-
11 nated by paragraph (11)—

12 (A) in subparagraph (A)—

13 (i) by striking “(i)”;

14 (ii) by striking clauses (ii) through
15 (iv); and

16 (iii) by inserting after “physical plant
17 of the project” of the following: “, where
18 such distress cannot be remedied through
19 assistance under section 14 because of in-
20 adequacy of available funding”;

21 (B) by amending subparagraph (A), as
22 amended by subparagraph (A) of this para-
23 graph (14), by striking “appropriately” and in-
24 serting “inappropriately”; and

1 (C) by amending subparagraph (B) to read
2 as follows:

3 “(B) that was a project as described in
4 subparagraph (A) that has been demolished,
5 but for which the Secretary has not provided
6 replacement housing assistance (other than ten-
7 ant-based assistance).”;

8 (15) by inserting at the end of subsection (j) as
9 redesignated by paragraph (11), the following new
10 paragraph:

11 “(6) SUPPORTIVE SERVICES.—The term ‘sup-
12 portive services’ includes all activities that will pro-
13 mote upward mobility, self-sufficiency, and improved
14 quality of life for the residents of the public housing
15 development involved, including literacy training, job
16 training, day care, and economic development activi-
17 ties.”; and

18 (16) by inserting the following new subsection
19 at the end:

20 “(k) FUNDING.—

21 “(1) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated for grants
23 under this section \$524,000,000 for fiscal year 1998
24 and such sums as may be necessary for each of fis-
25 cal years 1999 through 2002.

1 “(2) TECHNICAL ASSISTANCE AND PROGRAM
2 OVERSIGHT.—Of the amount appropriated pursuant
3 to paragraph (1) for any fiscal year, the Secretary
4 may use up to 2.5 percent for technical assistance,
5 program oversight, and fellowships for on-site public
6 housing agency assistance and supplemental edu-
7 cation. Technical assistance may be provided directly
8 or indirectly by grants, contracts, or cooperative
9 agreements, and may include training, and the cost
10 of necessary travel for participants in such training,
11 by or to officials of the Department of Housing and
12 urban Development, of public housing agencies, and
13 of residents. The Secretary may use amounts under
14 this paragraph for program oversight to contract
15 with private program and construction management
16 entities to assure that development activities are car-
17 ried out in a timely and cost-effective manner.”.

18 **SEC. 117. PERFORMANCE EVALUATION BOARD.**

19 “(a) ESTABLISHMENT.—There is hereby established
20 a performance evaluation board to assist the Secretary of
21 Housing and Urban Development in improving and mon-
22 itoring the systems for evaluation of public housing au-
23 thority performance, including by studying and making
24 recommendations to the Secretary on the most effective,
25 efficient and productive method or methods of evaluating

1 the performance of public housing agencies, consistent
2 with the overall goal of improving management of the pub-
3 lic housing program.

4 “(b)MEMBERSHIP.—

5 (1) IN GENERAL.—The board shall be composed
6 of at least seven members with relevant experience
7 who shall be appointed by the Secretary as soon as
8 practicable, but not later than 90 days after enact-
9 ment of this Act.

10 (2) APPOINTMENTS.—In appointing members
11 of the board, the Secretary shall assure that each of
12 the background areas set forth in paragraph (3) are
13 represented.

14 (3) BACKGROUNDS.—Background areas to be
15 represented are—

- 16 (A) major public housing organizations;
17 (B) public housing resident organizations;
18 (C) real estate management, finance, or
19 development entities; and
20 (D) units of general local government.

21 (c) BOARD PROCEDURES.—

22 (1) CHAIRPERSON.—The Secretary shall ap-
23 point a chairperson from among members of the
24 board.

1 (2) QUORUM.—A majority of the members of
2 the board shall constitute a quorum for the trans-
3 action of business.

4 (3) VOTING.—Each member of the board shall
5 be entitled to one vote, which shall be equal to the
6 vote of each other member of the board.

7 (4) PROHIBITION OF ADDITIONAL PAY.—Mem-
8 bers of the board shall serve without compensation,
9 but shall be reimbursed for travel, subsistence, and
10 other necessary expenses incurred in the perform-
11 ance of their duties as members of the board.

12 (d) POWERS.—

13 (1) HEARINGS.—The board may, for the pur-
14 pose of carrying out this section, hold such hearings
15 and sit and act at such times and places as the
16 board determines appropriate.

17 (2) ASSISTANCE FROM FEDERAL AGENCIES.—

18 (A) INFORMATION.—The board may re-
19 quest from any agency of the United States,
20 and such agency is authorized to provide, such
21 data and information as the board may require
22 for carrying out its functions.

23 (B) STAFF SUPPORT.—Upon request of
24 the chairperson of the board, to assist the board

1 in carrying out its duties under this section, the
2 Secretary may—

- 3 (i) provide an executive secretariat;
- 4 (ii) assign by detail or otherwise any
5 of the personnel of the Department of
6 Housing and Urban Development; and
- 7 (iii) obtain by personnel services con-
8 tracts or otherwise any technical or other
9 assistance needed to carry out this section.

10 (e) ADVISORY COMMITTEE.—THE BOARD SHALL BE
11 CONSIDERED AN ADVISORY COMMITTEE WITHIN THE
12 MEANING OF THE FEDERAL ADVISORY COMMITTEE ACT
13 (5 U.S.C. APP.).

14 (f) FUNCTIONS.—THE BOARD SHALL, AS NEEDED—

15 (1) examine and assess the need for further
16 modifications to or replacement of the Public Hous-
17 ing Management Assessment program, established
18 by the Secretary under section 6(j) of the United
19 States Housing Act of 1937;

20 (2) examine and assess models used in other in-
21 dustries or public programs to assess the perform-
22 ance of recipients of assistance, including accredita-
23 tion systems, and the applicability of those models to
24 public housing;

1 (3) develop (either itself, or through another
2 body) standards for professional competency for the
3 public housing industry, including methods of as-
4 sessing the qualifications of employees of public
5 housing authorities, such as systems for certifying
6 the qualifications of employees;

7 (4) develop a system for increasing the use of
8 on-site physical inspections of public housing devel-
9 opments; and

10 (5) develop a system for increasing the use of
11 independent audits, as part of the overall system for
12 evaluating the performance of public housing agen-
13 cies.

14 (g) REPORTS.—(1) Not later than the expiration of
15 the three-month period beginning upon the appointment
16 of the seventh member of the board, and one year from
17 such appointment, the board shall issue interim reports
18 to the Secretary on its activities. The board shall make
19 its final report and recommendations one year after its
20 second interim report is issued. The final report shall in-
21 clude findings and recommendations of the board based
22 upon the functions carried out under this section.

23 (2) After the board issues its final report, it may be
24 convened by its chair, upon the request of the Secretary,

1 to review implementation of the performance evaluation
2 system and for other purposes.

3 (h) TERM.—The duration of the board shall be seven
4 years.

5 (i) FUNDING.—The Secretary is authorized to use
6 any amounts appropriated under the head Preserving Ex-
7 isting Housing Investment, or predecessor or successor ap-
8 propriation accounts, without regard to any earmarks of
9 funding, to carry out this section.

10 **SEC. 118. ECONOMIC DEVELOPMENT AND SUPPORTIVE**
11 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

12 The United States Housing Act of 1937 is amended
13 by adding the following new section after section 27:

14 **“SEC. 29. ECONOMIC DEVELOPMENT AND SUPPORTIVE**
15 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

16 “(a) IN GENERAL.—To the extent
17 provided in advance in appropriations Acts,
18 the Secretary shall make grants for the
19 purposes of providing a program of sup-
20 portive services and resident self-suffi-
21 ciency activities to enable residents of pub-
22 lic housing to become economically self-suf-
23 ficient and to assist elderly persons and
24 persons with disabilities to maintain inde-

1 pendent living, to the following eligible ap-
2 plicants:

3 “(1) public housing agencies;

4 “(2) resident councils;

5 “(3) resident management corporations or other
6 eligible resident entities defined by the Secretary;

7 “(4) other applicants, as determined by the
8 Secretary; and

9 “(5) any partnership of eligible applicants.

10 B“(b) ELIGIBLE ACTIVITIES.—Grantees under this sec-
11 tion may use grants for the provision of supportive service,
12 economic development, and self-sufficiency activities con-
13 ducted primarily for public housing residents in a manner
14 that is easily accessible to those residents. Such activities
15 shall include—

16 “(1) the provision of service coordinators and
17 case managers;

18 “(2) the provision of services related to work
19 readiness, including education, job training and
20 counseling, job search skills, business development
21 training and planning, tutoring, mentoring, adult lit-
22 eracy, computer access, personal and family counsel-
23 ing, health screening, work readiness health services,
24 transportation, and child care;

1 “(3) economic and job development, including
2 employer linkages and job placement, and the start-
3 up of resident microenterprises, community credit
4 unions, and revolving loan funds, including the li-
5 censing, bonding and insurance needed to operate
6 such enterprises;

7 “(4) resident management activities, including
8 related training and technical assistance; and

9 “(5) other activities designed to improve the
10 self-sufficiency of residents, as may be determined in
11 the sole discretion of the Secretary.

12 “(c) FUNDING DISTRIBUTION.—

13 ““(1) IN GENERAL.—After reserving such
14 amounts as the Secretary determines to be necessary
15 for technical assistance and clearinghouse services
16 under subsection (d), the Secretary shall distribute
17 any remaining amounts made available under this
18 section on a competitive basis. The Secretary may
19 set a cap on the maximum grant amount permitted
20 under this section, and may limit applications for
21 grants under this section to selected applicants or
22 categories of applicants.

23 “(2) SELECTION CRITERIA.—The Secretary
24 shall establish selection criteria for applications that

1 request assistance for one or more eligible activities
2 under this section, which shall include—

3 “(A) the demonstrated capacity of the ap-
4 plicant to carry out a program of supportive
5 services or resident empowerment activities;

6 “(B) the amount of funds and other re-
7 sources to be leveraged by the grant;

8 “(C) the extent to which the grant will re-
9 sult in a quality program of supportive services
10 or resident empowerment activities;

11 “(D) the extent to which any job training and
12 placement services to be provided are coordinated
13 with the provision of such services under the Job
14 Training Partnership Act and the Wagner-Peyser
15 Act; and

16 “(E) such other factors as the Secretary
17 determines appropriate.

18 “(3) MATCHING REQUIREMENT.—The Sec-
19 retary may not make any grant under this section
20 to any applicant unless the applicant supplements
21 every dollar provided under this subsection with an
22 amount of funds from sources other than this sec-
23 tion equal to at least twice the amount provided
24 under this subsection, including amounts from other
25 Federal sources, any State or local government

1 sources, any private contributions, and the value of
2 any in-kind services or administrative costs provided.

3 Of the supplemental funds furnished by the appli-
4 cant, not more than 50 percent may be in the form
5 of in-kind services or administrative costs provided.

6 Of the supplemental funds furnished by the appli-
7 cant, not more than 50 percent may be in the form
8 of in-kind services or administrative costs provided.

9 “(d) FUNDING FOR TECHNICAL ASSISTANCE.—

10 The Secretary may set aside a portion of the amounts ap-
11 propriated under this section, to be provided directly or
12 indirectly by grants, contracts, or cooperative agreements,
13 for technical assistance, which may include training and
14 cost of necessary travel for participants in such training,
15 by or to officials and employees of the Department and
16 of public housing agencies, and to residents and to other
17 eligible grantees, and for clearinghouse services in further-
18 ance of the goals and activities of this section.

19 “(e) CONTRACT ADMINISTRATORS.—The Secretary
20 may require resident councils, resident management cor-
21 porations, or other eligible entities defined by the Sec-
22 retary to utilize public housing agencies or other qualified
23 organizations as contract administrators with respect to
24 grants provided under this section.”.

1 **SEC. 119. PENALTY FOR SLOW EXPENDITURE OF MOD-**
2 **ERNIZATION FUNDS.**

3 Section 14(k)(5) of the United States Housing Act
4 of 1937 is amended to read as follows:

5 “(5)(A) A public housing agency shall obligate
6 any assistance received under this section within 18
7 months of the date funds become available to the
8 agency for obligation. The Secretary may extend this
9 time period by no more than one year if an agency’s
10 failure to obligate such assistance in a timely man-
11 ner is attributable to events beyond the control of
12 the agency. The Secretary may also provide an ex-
13 ception for de minimis amounts to be obligated with
14 the next year’s funding; an agency that owns or ad-
15 ministers fewer than 250 public housing units, to
16 the extent necessary to permit the agency to accu-
17 mulate sufficient funding to undertake activities;
18 and any agency, to the extent necessary to permit
19 the agency to accumulate sufficient funding to pro-
20 vide replacement housing.

21 “(B) A public housing agency shall not be
22 awarded assistance under this section for any month
23 in a year in which it has funds unobligated, in viola-
24 tion of subparagraph (A). During such a year, the
25 Secretary shall withhold all assistance which would
26 otherwise be provided to the agency. If the agency

1 cures its default during the year, it shall be provided
2 with the share attributable to the months remaining
3 in the year. Any funds not so provided to the agency
4 shall be provided to high-performing agencies as de-
5 termined under section 6(j).

6 “(C) If the Secretary has consented, before the
7 date of enactment of the Public Housing Manage-
8 ment Reform Act of 1997, to an obligation period
9 for any agency longer than provided under this para-
10 graph, an agency which obligates its funds within
11 such extended period shall not be considered to be
12 in violation of subparagraph (A). Notwithstanding
13 any prior consent of the Secretary, however, all
14 funds appropriated in fiscal year 1995 and prior
15 years shall be fully obligated by the end of fiscal
16 year 1998, and all funds appropriated in fiscal years
17 1996 and 1997 shall be fully obligated by the end
18 of fiscal year 1999.

19 “(D) A public housing agency shall spend any
20 assistance received under this section within four
21 years (plus the period of any extension approved by
22 the Secretary under subparagraph (A)) of the date
23 funds become available to the agency for obligation.
24 The Secretary shall enforce this requirement
25 through default remedies up to and including with-

1 drawal of the funding. Any obligation entered into
2 by an agency shall be subject to the right of the Sec-
3 retary to recapture the amounts for violation by the
4 agency of the requirements of this subparagraph.”.

5 **SEC. 120. DESIGNATION OF PHAS AS TROUBLED.**

6 (a) Section 6(j)(10(A) of the United States Housing
7 Act of 1937, as amended by sections 107 and 108, is fur-
8 ther amended——

9 (1) in subparagraph (A), by inserting the fol-
10 lowing after clause (x):

11 “(xi) Whether the agency is providing
12 acceptable basic housing conditions, as de-
13 termined by the Secretary.”; and

14 (2) in subparagraph (B)——

15 (A) by redesignating clause (v) as clause
16 (vi); and

17 (B) by inserting the following after clause
18 (iv):

19 “(v) Whether the agency is providing
20 acceptable basic housing conditions, as de-
21 termined by the Secretary.”.

22 (b) Section 6(j)(2)(A)(i) of such Act is amended by
23 inserting the following after the first sentence: “Such pro-
24 cedures shall provide that an agency that does not provide

1 acceptable basic housing conditions shall be designated a
2 troubled public housing agency.”.

3 (c) Section 6(j)(2)(A)(i) of such Act is amended in
4 the first sentence——

5 (1) by inserting before “the performance indica-
6 tors” the subclause designation “(I)”; and

7 (2) by inserting before the period the follow-
8 ing:”; or (II) such other evaluation system as is de-
9 termined by the Secretary to assess the condition of
10 the public housing agency or resident management
11 corporation, which system may be in addition to or
12 in lieu of the performance indicators established
13 under paragraph (1)”.

14 **SEC. 121. VOLUNTEER SERVICES UNDER THE 1937 ACT.**

15 (a) IN GENERAL.——Section 12(b) of the United
16 States Housing Act of 1937 is amended by striking
17 “that——” and all that follows up to the period and in-
18 serting “who performs volunteer services in accordance
19 with the requirements of the Community Improvement
20 Volunteer Act of 1994”.

21 (b) CIVA AMENDMENT.——Section 7305 of the
22 Community Improvement Volunteer Act of 1994 is
23 amended——

24 (1) in paragraph (5), by striking “and” after
25 the semicolon;

1 United States Housing Act of 1937 by section 202 of this
2 Act.

3 (b) Section 6(c)(4)(A) of the United States Housing
4 Act of 1937, as amended by section 402(d)(1) of The Bal-
5 anced Budget Downpayment Act, I, is amended by strik-
6 ing “is” and all that follows through “Act” and inserting
7 the following: “shall be based upon local housing needs
8 and priorities, as determined by the public housing agency
9 using general accepted data sources, including any infor-
10 mation obtained pursuant to an opportunity for public
11 comment under this subparagraph, under section 5A(b),
12 and under the requirements of the approved Consolidated
13 Plan for the locality”.

14 (c) Section 8(d)(1)(A) of the United States Housing
15 Act of 1937, as amended by section 402(d)(2) of The Bal-
16 anced Budget Downpayment Act, I, is amended by strik-
17 ing “is” and all that follows through “Act” and inserting
18 the following: “shall be based upon local housing needs
19 and priorities, as determined by the public housing agency
20 using generally accepted data sources, including any infor-
21 mation obtained pursuant to an opportunity for public
22 comment under this subparagraph, under section 5A(b),
23 and under the requirements of the approved Consolidated
24 Plan for the locality”.

1 **SEC. 202. INCOME TARGETING FOR PUBLIC PUBLIC HOUS-**
2 **ING AND SECTION 8 PROGRAMS.**

3 (a) Section 16 of the United States Housing Act of
4 1937 is amended by revising the heading and subsections
5 (a) through (c) to read as follows:

6 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**
7 **ING.**

8 “(a) PUBLIC HOUSING.—

9 “(1) PROGRAM REQUIREMENT.—Of the public
10 housing units of a public housing agency made avail-
11 able for occupancy by eligible families in any fiscal
12 year of the agency—

13 “(A) at least 40 percent shall be occupied
14 by families whose incomes do not exceed 30
15 percent of the median income for the area; and

16 “(B) at least 90 percent shall be occupied
17 by families whose incomes do not exceed 60
18 percent of the median income for the area.

19 “(2) DEVELOPMENT REQUIREMENT.—At least
20 40 percent of the units in each public housing devel-
21 opment shall be occupied by families with incomes
22 which are less than 30 percent of the median income
23 for the area, except that no family may be required
24 to move to achieve compliance with this requirement.

25 “(b) SECTION 8 ASSISTANCE.—

1 “(1) TENANT-BASED, MODERATE REHABILITA-
2 TION, AND PROJECT-BASED CERTIFICATE ASSIST-
3 ANCE.—In any fiscal year of a public housing agen-
4 cy, at least 75 percent of all families who initially re-
5 ceive tenant-based assistance from the agency, as-
6 sistance under the moderate rehabilitation program
7 of the agency, or assistance under the project-based
8 certificate program of the agency shall be families
9 whose incomes do not exceed 30 percent of the me-
10 dian income for the area.

11 “(2) PROJECT-BASED ASSISTANCE.—Of the
12 dwelling units in a project receiving section 8 assist-
13 ance, other than assistance described in paragraph
14 (1), that are made available for occupancy by eligible
15 families in any year (as determined by the Sec-
16 retary)—

17 “(A) at least 40 percent shall be occupied
18 by families whose incomes do not exceed 30
19 percent of the median income for the area; and

20 “(B) at least 90 percent shall be occupied
21 by families whose incomes do not exceed 60
22 percent of the median income for the area.

23 “(c) DEFINITION OF AREA MEDIAN INCOME.—The
24 term ‘area median income’, as used in subsections (a) and
25 (b), refers to the median income of an area, as determined

1 by the Secretary, with adjustments for smaller and larger
2 families, except that the Secretary may establish income
3 ceilings higher or lower than the percentages specified in
4 subsections (a) and (b) if the Secretary determines that
5 such variations are necessary because of unusually high
6 or low family incomes.”.

7 (b) Section 16 of the United States Housing Act of
8 1937, as amended by this section, is further amended by
9 inserting the following new heading after subsection des-
10 ignation (d): “APPLICABILITY.—”.

11 **SEC. 203. MERGER OR TENANT-BASED ASSISTANCE PRO-**
12 **GRAMS.**

13 (a) Section 8(o) of the United States Housing Act
14 of 1937 is amended to read as follow:

15 “(o) RENTAL CERTIFICATE.—(1) A public housing
16 agency may only enter into contracts for tenant-based
17 rental assistance under this Act pursuant to this sub-
18 section. The Secretary may provide rental assistance using
19 a payment standard in accordance with this subsection.
20 The payment standard shall be used to determine the
21 monthly assistance which may be paid for any family.

22 “(2)(A) The payment standards may not exceed
23 the FMR/exception rent limit. The payment stand-
24 ards may not be less than 80 percent of the FMR/
25 exception rent limit.

1 “B) The term ‘FMR/exception rent limit’
2 means the section 8 existing housing fair market
3 rent published by HUD in accordance with sub-
4 section (c)(1) or any exception rent approved by
5 HUD for a designated part of the fair market rent
6 area. HUD may approve an exception rent of up to
7 120 percent of the published fair market rent.

8 “(3)(A) For assistance under this subsection
9 provided by a public housing agency on and after
10 October 1, 1998, to the extent approved in appro-
11 priations Acts, the monthly assistance payment for
12 any family that moves to another unit in another
13 complex or moves to a single family dwelling shall be
14 the amount determined by subtracting the family
15 contribution as determined in accordance with sec-
16 tion 3(a) from the applicable payment standard, ex-
17 cept that such monthly assistance payment shall not
18 exceed the amount by which the rent for the dwell-
19 ing unit (including the amount allowed for utilities
20 in the case of a unit with separate utility metering)
21 exceeds 10 percent of the family’s monthly income.

22 (B) For any family not covered by subpara-
23 graph (A), the monthly assistance payment for the
24 family shall be determined by subtracting the family
25 contribution as determined in accordance with sec-

1 tion 3(a) from the lower of the applicable payment
2 standard and the rent for the dwelling unit (includ-
3 ing the amount allowed for utilities in the case of
4 a unit with separate utility metering).

5 “(4) Assistance payments may be made only
6 for:

7 “(A) a family determined to be a very low-
8 income family at the time the family initially re-
9 ceives assistance, or

10 “(B) another low-income family in cir-
11 cumstances determined by the Secretary.

12 “(5) If a family vacates a dwelling unit before
13 the expiration of a lease term, no assistance pay-
14 ment may be made with respect to the unit after the
15 month during which the unit was vacated.

16 “(6) The Secretary shall require that:

17 “(A) the public housing agency shall in-
18 spect the unit before any assistance payment
19 may be made to determine that the unit meets
20 housing quality standards for decent, safe, and
21 sanitary housing established by the Secretary
22 for the purpose of this section, and

23 “(B) the public housing agency shall make
24 annual or more frequent inspections during the
25 contract term. No assistance payment may be

1 made for a dwelling unit which fails to meet
2 such quality standards.

3 “(7) The rent for units assisted under this sub-
4 section shall be reasonable in comparison with rents
5 charged for comparable units in the private unas-
6 sisted market. A public housing agency shall review
7 all rents for units under consideration by families
8 assisted under this subsection (and all rent increases
9 for units under lease by families assisted under this
10 subsection) to determine whether the rent (or rent
11 increase) requested by an owner is reasonable. If a
12 public housing agency determines that the rent (or
13 rent increase) for a unit is not reasonable, the agen-
14 cy may not approve a lease for such unit.

15 “(8) Except as provided in paragraph (2) of
16 this subsection, section 8(c) of this Act does not
17 apply to assistance under this subsection.”.

18 (b) In Section 3(a)(1) of the United States Housing
19 Act of 1937, the second sentence is revised as follows:

20 (1) by striking “or paying rent under section
21 8(c)(3)(B)”;

22 (2) by striking “the highest of the following
23 amounts, rounded to the nearest dollars:” and in-
24 serting “and the family contribution for a family as-
25 sisted under section 8(o) or 8(y) shall be the highest

1 of the following amounts, rounded to the next dol-
2 lars:”.

3 (c) Section 8(b) of the United States Housing Act
4 is amended—

5 (1) by striking “Rental Certificates and Other
6 Existing Housing Programs.—” and inserting “(1)”;
7 and

8 (2) by striking the second sentence.

9 (d) Section 8 of the United States Housing Act of
10 1937 is amended—

11 (1) by striking subsection (c)(3)(B);

12 (2) in subsection (d)(2), by striking subpara-
13 graphs (A), (B), (C), (D) and (E); and by redesignig-
14 nating subparagraphs (F), (G) and (H) as subpara-
15 graphs (A), (B) and (C) respectively;

16 (3) in subsection (f)(6), as redesignated by sec-
17 tion 306(b)(2) of this Act, by striking “under sub-
18 section (b) or (o)”;

19 (4) by striking subsection (j).

20 **SEC. 204. SECTION 8 ADMINISTRATIVE FEES.**

21 Section 202(a)(1)(A) of the Departments of Veterans
22 Affairs and Housing and Urban Development, Independ-
23 ent Agencies Appropriations Act, 1997 is amended by—

24 (1) striking “7.5 percent” and inserting “7.65
25 percent”;

1 (2) striking “a program of” and inserting “one
2 or more such programs totaling”; and

3 (3) inserting before the final period, “of such
4 total units”.

5 (b) The amendments made by this section shall be
6 effective as of October 1, 1997.

7 **SEC. 205. SECTION 8 HOMEOWNERSHIP.**

8 (a) AMENDMENTS TO SECTION 8(y).—Section 8(y) of
9 the United States Housing Act of 1937 is amended—

10 (1) in paragraph (1), by striking “A family re-
11 ceiving” through “if the family” and inserting the
12 following: “A public housing agency providing ten-
13 ant-based assistance on behalf of an eligible family
14 under this section may provide assistance for an eli-
15 gible family that purchases a dwelling unit (includ-
16 ing a unit under a lease-purchase agreement) that
17 will be owned by one or more members of the family,
18 and will be occupied by the family, if the family”;

19 (2) in paragraph (1)(A), by inserting before the
20 semicolon the following: “, or owns or is acquiring
21 shares in a cooperative”;

22 (3) in paragraph (1), by amending paragraph
23 (B) to read as follows:

24 “(B)(i) in the case of disabled families and el-
25 derly families, demonstrates that the family has in-

1 come from employment or other sources, as deter-
2 mined in accordance with requirements of the Sec-
3 retary, in such amount as may be established by the
4 Secretary; and

5 “(ii) in the case of other families, demonstrates
6 that the family has income from employment, as de-
7 termined in accordance with requirements of the
8 Secretary, in such amount as may be established by
9 the Secretary;”;

10 (4) in paragraph (1)(C), by striking “except
11 as” and inserting “except in the case of disabled
12 families and elderly families and as otherwise”;

13 (5) in paragraph (1), by inserting at the end
14 the following: “The Secretary or the public housing
15 agency may target assistance under this subsection
16 for program purposes, such as to families assisted in
17 connection with the FHA multifamily demonstration
18 under section 212 of the Departments of Veterans
19 Affairs and Housing and Urban Development, and
20 Independent Agencies Appropriations Act, 1997.”;

21 (6) by amending (2) to read as follows:

22 “(2) DETERMINATION OF AMOUNT OF ASSIST-
23 ANCE.—The monthly assistance payment for any
24 family shall be the amount determined by subtract-

1 ing the family contribution as determined under sec-
2 tion 3(a) of this Act from the lower of:

3 “(A) the applicable payment standard, or

4 “(B) the monthly homeownership expenses,
5 as determined in accordance with requirements
6 established by the Secretary, of the family.”;

7 (7) by redesignating paragraphs (6), (7), and
8 (8), as paragraphs (9), (10), and (11), respectively;

9 (8) by striking paragraphs (3), (4), and (5) and
10 inserting the following after paragraph (2):

11 “(3) INSPECTIONS AND CONTRACT CONDI-
12 TIONS.—Each contract for the purchase of a unit to
13 be assisted under this section shall provide for pre-
14 purchase inspection of the unit by an independent
15 professional and shall require that any cost of nec-
16 essary repairs shall be paid by the seller. The re-
17 quirement under section 8(o)(5)(B) for annual in-
18 spections of the unit shall not apply to units assisted
19 under this section.

20 “(4) DOWNPAYMENT REQUIREMENT.—Each
21 public housing agency providing assistance under
22 this subsection shall require that each assisted fam-
23 ily make a significant contribution, from its own re-
24 sources, determined in accordance with guidelines
25 established by the Secretary, to cover all or a portion

1 of the downpayment required in connection within
2 the purchase, which may include credit for work by
3 one or more family members to improve the dwelling
4 (“sweat equity”).

5 “(5) RESERVE FOR REPLACEMENTS.—The Sec-
6 retary shall require each family to pay an amount
7 equal to one percent of the monthly amount payable
8 by the family for principal and interest on its acqui-
9 sition loan into a reserve for repairs and replace-
10 ments for five years after the date of purchase. Any
11 amounts remaining in the reserve after five years
12 shall be paid to the family.

13 “(6) APPLICATION OF NEW PROCEEDS UPON
14 SALE.—The Secretary shall require that the net pro-
15 ceeds upon sale by a family of a unit owned by the
16 family while it received assistance under this sub-
17 section shall be divided between the public housing
18 agency and the family. The Secretary shall establish
19 guidelines for determining the amount to be received
20 by the family and the amount to be received by the
21 agency, which shall take into account the relative
22 amount of assistance provided on behalf of the fam-
23 ily in comparison with the amount paid by the fam-
24 ily from its own resources. The secretary shall re-
25 quire the agency to use any amounts received under

1 this paragraph to provide assistance under sub-
2 section (o) or this subsection.

3 “(7) LIMITATION ON SIZE OF PROGRAM.—A
4 public housing agency may permit no more than 10
5 percent of the families receiving tenant-based assist-
6 ance provided by the agency to use the assistance
7 for homeownership under this subsection. The Sec-
8 retary may permit no more than 5 percent of all
9 families receiving tenant-based assistance to use the
10 assistance for homeownership under this subsection.

11 “(8) OTHER PROGRAM REQUIREMENTS.—The
12 Secretary may establish such other requirements and
13 limitations the Secretary determines to be appro-
14 priate in connection with the provision of assistance
15 under this section, which may include limiting the
16 term of assistance for a family. The Secretary may
17 modify the requirements of this subsection where
18 necessary to make appropriate adaptations for lease-
19 purchase agreements. The Secretary shall establish
20 performance measures and procedures to monitor
21 the provision of assistance under this subsection in
22 relation to the purposes of providing homeownership
23 opportunities for eligible families.”;

24 (9) paragraph (10)(A), as redesignated by para-
25 graph (7) of this section, is amended—

1 (A) by striking “dwelling, (ii)” and insert-
2 ing “dwelling, and (ii)”; and

3 (b) striking “, (iii)” and all that follows up to
4 the period; and

5 (10) by inserting after paragraph (11), as re-
6 designated by paragraph (7) of this section, the fol-
7 lowing:

8 “(12) SUNSET.—The authority to provide as-
9 sistance to additional families under this subsection
10 shall terminate on September 30, 2022. The Sec-
11 retary shall then prepare a report evaluating the ef-
12 fectiveness of homeownership assistance under this
13 subsection.”.

14 (b) FAMILY SELF-SUFFICIENCY ESCROW.—Section
15 23(d)(3) of the United States Housing Act of 1937 is re-
16 pealed.

17 **SEC. 206. WELFARE TO WORK CERTIFICATES.**

18 (a) To the extent of amounts approved in appropria-
19 tions Acts, the Secretary may provide funding for welfare
20 to work certificates in accordance with this section. “Cer-
21 tificates” means tenant-based rental assistance in accord-
22 ance with section 8(o) of the United States Housing Act
23 of 1937.

24 (b) Funding under this section shall be used for a
25 demonstration linking use of such certificate assistance

1 with welfare reform initiatives to help families make the
2 transition from welfare to work, and for technical assist-
3 ance in connection with such demonstration.

4 (c) Funding may only be awarded upon joint applica-
5 tion by a public housing agency and a State or local wel-
6 fare agency. Allocation of demonstration funding is not
7 subject to section 213 of the Housing and Community De-
8 velopment Act of 1974.

9 (d) Assistance provided under this section shall not
10 be taken into account in determining the size of the family
11 self-sufficiency program of a public housing agency under
12 section 23 of the United States Housing Act of 1937.

13 (e) For purposes of the demonstration, the Secretary
14 may waive, or specify alternative requirements for, re-
15 quirements established by or under this Act concerning
16 the certificate program, including requirements concerning
17 the amount of assistance, the family contribution, and the
18 rent payable by the family.

19 **SEC. 207. EFFECT OF FAILURE TO COMPLY WITH PUBLIC**
20 **ASSISTANCE REQUIREMENTS.**

21 Section 3(a) of the United States Housing Act of
22 1937, as amended by section 102, is amended by inserting
23 the following after paragraph (3):

24 “(4) If the welfare or public assistance benefits
25 of a covered family, as defined in subparagraph

1 (G)(i), are reduced under a Federal, State, or local
2 law regarding such an assistance program because of
3 any failure of any member of the family to comply
4 with program conditions requiring participation in a
5 self-sufficiency program or requiring work activities
6 as defined in subparagraphs (G)(ii) and (iii), the
7 family may not, for the duration of the reduction,
8 have the amount of rent or family contribution de-
9 termined under this subsection reduced as the result
10 of any decrease in the income of the family (to the
11 extent that the decrease in income is the result of
12 the benefits reduction).

13 “(B) If the welfare or public assistance benefits
14 of a covered family are reduced under a Federal,
15 State, or local law regarding the welfare or public
16 assistance program because of any failure of any
17 member of the family to comply with the self-suffi-
18 ciency or work activities requirements, the portion of
19 the amount of any increase in the earned income of
20 the family occurring after such reduction up to the
21 amount of the reduction for noncompliance shall not
22 result in an increase in the amount of rent or family
23 contribution determined under this subsection dur-
24 ing the period the family would otherwise be eligible

1 for welfare or public assistance benefits under the
2 program.

3 “(C) Any covered family residing in public
4 housing that is affected by the operation of this
5 paragraph shall have the right to review the deter-
6 mination under this paragraph through the adminis-
7 trative grievance procedures established pursuant to
8 section 6(k) for the public housing agency.

9 “(D) Subparagraph (A) shall not apply to any
10 covered family before the public housing agency pro-
11 viding assistance under this Act on behalf of the
12 family receives written notification from the relevant
13 welfare or public assistance agency specifying that
14 the benefits of the family have been reduced because
15 of noncompliance with self-sufficiency program re-
16 quirements and the level of such reduction.

17 “(E) Subparagraph (A) shall not apply in any
18 case in which the benefits of a family are reduced
19 because the welfare or public assistance program to
20 which the Federal, State, or local law relates limits
21 the period during which benefits may be provided
22 under the program.

23 “(F) This paragraph may not be construed to
24 authorize any public housing agency to limit the du-

1 ration of tenancy in a public housing dwelling unit
2 or of tenant-based assistance.

3 “(G) For purposes of this section—

4 “(i) The term ‘covered family’ means a family
5 that—

6 “(I) receives benefits for welfare or
7 public assistance from a State or other
8 public agency under a program for which
9 the Federal, State, or local law relating to
10 the program requires, as a condition of eli-
11 gibility for assistance under the program,
12 participation of a member of the family in
13 a self-sufficiency program or work activi-
14 ties; and

15 “(II) resides in a public housing
16 dwelling unit or receives assistance under
17 section 8.

18 “(ii) The term ‘self-sufficiency program’
19 means any program designed to encourage, as-
20 sist, train, or facilitate the economic independ-
21 ence of participants, including programs for job
22 training, employment counseling, work place-
23 ment, basic skills training, education, workfare,
24 money or household management, apprentice-
25 ship, or other activities.

- 1 “(iii) The term ‘work activities’ means—
- 2 “(I) unsubsidized employment;
- 3 “(II) subsidized private sector employ-
- 4 ment;
- 5 “(III) subsidized public sector employ-
- 6 ment;
- 7 “(IV) work experience (including work
- 8 associated with the refurbishing of publicly
- 9 assisted housing) if sufficient private sec-
- 10 tor employment is not available;
- 11 “(V) on-the job training;
- 12 “(VI) job search and job readiness as-
- 13 sistance;
- 14 “(VII) community service programs;
- 15 “(VIII) vocational education training
- 16 (not to exceed 12 months with respect to
- 17 any individual;
- 18 “(IX) job skills training directly relat-
- 19 ed to employment;
- 20 “(X) education directly related to em-
- 21 ployment, in the case of a recipient who
- 22 has not received a high school diploma or
- 23 certificate of high school equivalency;
- 24 “(XI) satisfactory attendance at sec-
- 25 ondary school or in a course of study lead-

1 ing to a certificate of general equivalence,
2 in the case of a recipient who has not com-
3 pleted secondary school or received such a
4 certificate; and

5 “(XII) the provision of child care
6 services to an individual who is participat-
7 ing in a community service program.”.

8 **SEC. 208. STREAMLINING SECTION 8 TENANT-BASED AS-**
9 **SISTANCE.**

10 (a) “TAKE-ONE, TAKE-ALL.”—Section 8(t) of the
11 United States Housing Act of 1937 is hereby repealed.

12 (b) EXEMPTION FROM NOTICE REQUIREMENTS FOR
13 THE CERTIFICATE AND VOUCHER PROGRAMS.—Section
14 8(c) of such Act is amended—

15 (1) in paragraph (8), by inserting after “sec-
16 tion” the following: “(other than a contract for ten-
17 ant-based assistance)”; and

18 (2) in the first sentence of paragraph (9), by
19 striking “(but not less than 90 days in the case of
20 housing certificates or vouchers under subsection (b)
21 or (o))” and inserting “, other than a contract for
22 tenant-based assistance under this section”.

23 (c) ENDLESS LEASE.—Section 8(d)(1)(B) of such
24 Act is amended—

1 (1) in clause (ii), by inserting “during the term
2 of the lease,” after “(ii)”; and

3 (2) in clause (iii), by striking “provide that”
4 and inserting “during the term of the lease,”.

5 (d) REPEAL.—Section 203 of the Departments of
6 Veterans Affairs and Housing and Urban Development,
7 and Independent Agencies Appropriations Act, 1996 is
8 hereby repealed.

9 **SEC. 209. INCOME VERIFICATION.**

10 (a) REINSTITUTION OF REQUIREMENTS REGARDING
11 HUD ACCESS TO CERTAIN INFORMATION OF STATE
12 AGENCIES.—

13 (1) IN GENERAL.—Subsection (i) of section 303
14 of the Social Security Act is amended by striking
15 paragraph (5).

16 (2) EFFECTIVE DATE.—The amendment made
17 by this subsection shall apply to requests for infor-
18 mation made after the date of the enactment of this
19 Act.

20 (b) REPEAL OF TERMINATION REGARDING HOUSING
21 ASSISTANCE PROGRAMS.—Subparagraph (D) of section
22 6103(1)(7) of the Internal Revenue Code of 1986 is
23 amended by striking the last sentence.

1 **SEC. 210. NONDISCRIMINATION AGAINST CERTIFICATE**
2 **AND VOUCHER HOLDERS.**

3 In the case of any multifamily rental housing that
4 is receiving, or (except for insurance referred to in para-
5 graph (4)) has received within two years before the effec-
6 tive date of this section, the benefit of Federal assistance
7 from an agency of the United States, the owner shall not
8 refuse to lease a reasonable number of units to families
9 under the tenant-based assistance program under section
10 8 of the United States Housing Act of 1937 because of
11 the status of the prospective tenants as families under that
12 program. The Secretary shall establish reasonable time pe-
13 riods for applying the requirement of this section, taking
14 into account the total amount of the assistance and the
15 relative share of the assistance compared to the total cost
16 of financing, developing, rehabilitating, or otherwise as-
17 sisting a project. Federal assistance for purposes of this
18 subsection shall mean—

19 (1) project-based assistance under the United
20 States Housing Act of 1937;

21 (2) assistance under title I of the Housing and
22 Community Development Act of 1974;

23 (3) assistance under title II of the Cranston-
24 Gonzalez National Affordable Housing Act;

25 (4) mortgage insurance under the National
26 Housing Act;

1 (5) low-income housing tax credits under sec-
2 tion 42 of the Internal Revenue Code of 1986;

3 (6) assistance under title IV of the Stewart B.
4 McKinney Homeless Assistance Act; and

5 (7) assistance under any other programs des-
6 ignated by the Secretary of Housing and Urban De-
7 velopment.

8 **SEC. 211. RECAPTURE AND REUSE OF ACC PROJECT RE-**
9 **SERVES UNDER THE TENANT-BASED ASSIST-**
10 **ANCE PROGRAM.**

11 Section 8(d) of the United States Housing Act of
12 1937 is amended by inserting at the end the following new
13 paragraph:

14 “(5) To the extent that the Secretary deter-
15 mines that the amount in the ACC reserve account
16 under a contract with a public housing agency for
17 tenant-based assistance under this section is in ex-
18 cess of the amount needed by the agency, the Sec-
19 retary shall recapture such excess amount. The Sec-
20 retary may hold recaptured amounts in reserve until
21 needed to amend or renew such contracts with any
22 agency.”.

1 **SEC. 212. EXPANDING THE COVERAGE OF THE PUBLIC AND**
2 **ASSISTED HOUSING DRUG ELIMINATION ACT**
3 **OF 1990 TO INCLUDE OTHER TYPES OF CRIME**
4 **AND TO PROVIDE FORMULA FUNDING.**

5 (a) The Public and Assisted Housing Drug Elimination Act of 1990 is amended—

7 (1) in section 5126(2)—

8 (A) in the heading, by inserting “AND
9 OTHER” after “RELATED”;

10 (B) by striking “drug-related crime” and
11 inserting “drug-related and other crime”; and

12 (C) by inserting before the period the following: “and, as determined by the Secretary,
13 other types of crime”; and

14 (2) in sections 5122(2), 5122(4), 5123,
15 5124(a)(4)(A), 5124(b), 5125(a), 5125(b)(1),
16 5125(c)(2), 5125(d), and 5128, by striking “drug-
17 related crime” and inserting “drug-related and other
18 crime”.

19 (b) Section 5125 of such Act is amended—

20 (1) in the heading (and in the table of contents
21 in section 5001 of the Anti-Drug Abuse Act of 1988
22 accordingly), by inserting after “**APPLICATIONS**”
23 the following: “**AND FORMULA ALLOCATION**”;

24 (2) by striking “(a) IN GENERAL” and in-
25 serting “(a)(1) APPLICATIONS”;

1 (3) by redesignating subsections (b), (b)(1),
2 (b)(2), (b)(3), and (b)(4) as subsections (b)(2),
3 (a)(2)(A), (a)(2)(B), (a)(2)(C), and (a)(2)(D);

4 (4) by redesignating subsections (c), (c)(1), and
5 (c)(2) as subsections (a)(3), (a)(3)(A), and
6 (a)(3)(B);

7 (5) by redesignating subsection (d) as sub-
8 section (a)(4);

9 (6) in subsection (a)(1), as redesignated, by
10 striking “a public housing agency, a public housing
11 resident management corporation, or”;

12 (7) in subsection (a)(2), as redesignated—

13 (A) by striking “subsections (c) and (d)”
14 and inserting “paragraphs (3) and (4)”; and

15 (B) in subparagraphs (A) and (B), by
16 striking “public or” the two places it appears;

17 (8) in subsection (a)(3), as redesignated, by
18 striking “subsection (b)” and inserting “paragraph
19 (2)”;

20 (9) in subsection (a)(4), as redesignated, by
21 striking “subsection (b)” and inserting “paragraph
22 (2)”;

23 (10) by adding the following new subsection at
24 the end:

1 “(b) FORMULA ALLOCATION.—After setting aside
2 amounts as provided in section 5130, the Secretary shall
3 make grants to eligible recipients, except for owners of
4 federally assisted low-income housing, in accordance with
5 a formula established by the Secretary, which shall—

6 “(1) take into account the needs of the eligible
7 recipient for anti-drug and anti-crime funding, and
8 the amount of funding that the eligible recipient has
9 received under this chapter during fiscal years 1995,
10 1996, and 1997; and

11 “(2) not exclude an eligible recipient that has
12 not received funding during such fiscal years.

13 The Secretary may withhold, withdraw, or deny funds to
14 a grantee if the Secretary determines that the grantee has
15 not demonstrated satisfactory performance under a secu-
16 rity indicator established by the Secretary.”.

17 (c) Section 5128 of such Act is amended by striking
18 “section 5125(a)” and inserting “section 5125(a)(1), sec-
19 tion 5A(a)(1)(D)(iv) of the United States Housing Act of
20 1937, or section 102(c)(4)(J) of the Native American
21 Housing Assistance and Self-Determination Act of 1996”.

22 (d) Section 5130 of such Act is amended—

23 (1) by amending the first sentence of subsection
24 (a) to read as follows:

1 “There are authorized to be appropriated to carry out
2 this chapter \$290,000,000 for fiscal year 1998 and such
3 sums as may be necessary for fiscal years 1999, 2000,
4 2001, 2002.”;

5 (2) in subsection (b)—

6 (A) by striking “SET-ASIDES” and insert-
7 ing “SET-ASIDE FOR FEDERALLY ASSISTED
8 LOW-INCOME HOUSING”; and

9 (B) by striking the second sentence; and

10 (3) by amending subsection (c) to read as fol-
11 lows:

12 “(c) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of
13 any amount made available in any fiscal year to carry out
14 this chapter, the Secretary shall set aside amounts, to be
15 provided directly or indirectly by grants, contracts, or co-
16 operative agreements, for training, technical assistance,
17 program assessment, execution, and other assistance for
18 or on behalf of public housing agencies, tribally, des-
19 ignated housing entities, resident organizations, and offi-
20 cials and employees of the Department (including training
21 and the cost of necessary travel for participants in such
22 training, by or to officials and employees of the Depart-
23 ment and of public housing agencies, and to residents and
24 other eligible grantees.”.

1 **TITLE III—“ONE STRIKE AND**
2 **YOU’RE OUT” OCCUPANCY**
3 **PROVISIONS**

4 **SEC. 301. SCREENING OF APPLICANTS.**

5 (a) **INELIGIBILITY BECAUSE OF PAST EVICTIONS.—**

6 Any household or member of a household evicted from fed-
7 erally assisted housing (as defined in section 305(a)) by
8 reason of drug-related criminal activity (as defined in sec-
9 tion 305(c)) or for other serious violations of the terms
10 or conditions of the lease shall not be eligible for federally
11 assisted housing—

12 (1) in the case of eviction by reason of drug-re-
13 lated criminal activity, for a period of not less than
14 three years from the date of the eviction unless the
15 evicted member of the household successfully com-
16 pletes a rehabilitation program; and

17 (2) for other evictions, for a reasonable period
18 of time as determined by the public housing agency
19 or owner of the federally assisted housing, as appli-
20 cable.

21 The requirements of paragraphs (1) and (2) may be
22 waived if the circumstances leading to eviction no longer
23 exists.

24 (b) **INELIGIBILITY OF ILLEGAL DRUG USERS AND**
25 **ALCOHOL ABUSERS.—**Notwithstanding any other provi-

1 sion of law, a public housing agency or an owner of feder-
2 ally assisted housing, or both, as determined by the Sec-
3 retary, shall establish standards that prohibit admission
4 to the program or admission to federally assisted housing
5 for any household with a member—

6 (1) who the public housing agency or the owner
7 determines is engaging in the illegal use of a con-
8 trolled substance; or

9 (2) with respect to whom the public housing
10 agency or the owner determines that it has reason-
11 able cause to believe that such household member's
12 illegal use (or pattern of illegal use) of a controlled
13 substance, or abuse (or pattern of abuse) of alcohol
14 would interfere with the health, safety, or right to
15 peaceful enjoyment of the premises by other resi-
16 dents.

17 (c) CONSIDERATION OF REHABILITATION.—In deter-
18 mining whether, pursuant to subsection (b)(2), to deny ad-
19 mission to the program or to federally assisted housing
20 to any household based on a pattern of illegal use of a
21 controlled substance or a pattern of abuse of alcohol by
22 a household member, a public housing agency or an owner
23 may consider whether such household member—

24 (1) has successfully completed an accredited
25 drug or alcohol rehabilitation program (as applica-

1 ble) and is no longer engaging in the illegal use of
2 a controlled substance or abuse of alcohol (as appli-
3 cable);

4 (2) has otherwise been rehabilitated successfully
5 and is no longer engaging in the illegal use of a con-
6 trolled substance or abuse of alcohol (as applicable);
7 or

8 (3) is participating in an accredited drug or al-
9 cohol rehabilitation program (as applicable) and is
10 no longer engaging in the illegal use of a controlled
11 substance or abuse of alcohol (as applicable).

12 (d) **AUTHORITY TO DENY ADMISSION TO THE PRO-**
13 **GRAM OR TO FEDERALLY ASSISTED HOUSING FOR CER-**
14 **TAIN CRIMINAL OFFENDERS.**—In addition to the provi-
15 sions of subsections (a) and (b) and in addition to any
16 other authority to screen applicants, in selecting among
17 applicants for admission to the program or to federally
18 assisted housing, if the public housing agency or owner
19 of such housing, as applicable, determines that an appli-
20 cant or any member of the applicant’s household is or was,
21 during a reasonable time preceding the date when the ap-
22 plicant household would otherwise be selected for admis-
23 sion, engaged in any drug-related or violent criminal activ-
24 ity or other criminal activity which would adversely affect
25 the health, safety, or right to peaceful enjoyment of the

1 premises by other residents, the owner or public housing
2 agency may—

3 (1) deny such applicant admission to the pro-
4 gram or to federally assisted housing; and

5 (2) after expiration of the reasonable period be-
6 ginning upon such activity, require the applicant, as
7 a condition of admission to the program or to feder-
8 ally assisted housing, to submit to the owner or pub-
9 lic housing agency housing, to submit to the owner
10 or public housing agency evidence sufficient (as the
11 Secretary shall by regulation provide) to ensure that
12 the individual or individuals in the applicant's house-
13 hold who engaged in such criminal activity for which
14 denial was made under this subsection have not en-
15 gaged in any such criminal activity during such rea-
16 sonable time.

17 (e) **AUTHORITY TO REQUIRE ACCESS TO CRIMINAL**
18 **RECORDS.**—A public housing agency may require, as a
19 condition of providing admission to the public housing pro-
20 gram, that each adult member of the household provide
21 a signed, written authorization for the public housing pro-
22 vide a signed, written authorization for the public housing
23 agency to obtain records described in section 304 regard-
24 ing such member of the household from the National

1 Crime Information Center, police departments, and other
2 law enforcement agencies.

3 **SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.**

4 (a) **TERMINATION OF TENANCY AND ASSISTANCE**
5 **FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—**

6 Notwithstanding any other provision of law, a public hous-
7 ing agency or an owner of federally assisted housing, as
8 applicable, shall establish standards or lease provisions for
9 continued assistance or occupancy in federally assisted
10 housing that allow a public housing agency or the owner,
11 as applicable, to terminate the tenancy or assistance for
12 any household with a member—

13 (1) who the public housing agency or owner de-
14 termines is engaging in the illegal use of a controlled
15 substance; or

16 (2) whose illegal use of a controlled substance,
17 or whose abuse of alcohol, is determined by the pub-
18 lic housing agency or owner to interfere with the
19 health, safety, or right to peaceful enjoyment of the
20 premises by other residents.

21 (b) **TERMINATION OF ASSISTANCE FOR SERIOUS**
22 **LEASE VIOLATION.—**Notwithstanding any other provi-
23 sion of law, the public housing agency must terminate ten-
24 ant-based assistance for all household members if the

1 household is evicted from assisted housing for serious vio-
2 lation of the lease.

3 **SEC. 303. LEASE REQUIREMENTS.**

4 In addition to any other applicable lease require-
5 ments, each lease for a dwelling unit in federally assisted
6 housing shall provide that—

7 (1) the owner may not terminate the tenancy
8 except for serious or repeated violation of the terms
9 and conditions of the lease, violation of applicable
10 Federal, State, or local law, or other good cause;
11 and

12 (2) grounds for termination of tenancy shall in-
13 clude any activity, engaged in by the tenant, any
14 member of the tenant's household, any quest, or any
15 other person under the control of any member of the
16 household, that—

17 (A) threatens the health or safety of, or
18 right to peaceful enjoyment of the premises by,
19 other tenants or employees of the public hous-
20 ing agency, owner or other manager of the
21 housing,

22 (B) threatens the health or safety of, or
23 right to peaceful enjoyment of their residences
24 by, persons residing in the immediate vicinity of
25 the premises, or

1 (C) is drug-related or violent criminal activity
2 on or off the premises.

3 **SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUB-**
4 **LIC HOUSING TENANT SCREENING AND EVIC-**
5 **TION.**

6 (a) IN GENERAL.—

7 (1) PROVISION OF INFORMATION.—Notwith-
8 standing any other provision of law other than para-
9 graphs (2) and (3), upon the request of a public
10 housing agency, the National Crime Information
11 Center, a police department, and any other law en-
12 forcement agency shall provide to the public housing
13 agency information regarding the criminal conviction
14 records of an adult applicant for, or tenants of, the
15 public housing for purposes of applicant screening,
16 lease enforcement, and eviction, but only if the pub-
17 lic housing agency requests such information and
18 presents to such Center, department, or agency a
19 written authorization, signed by such applicant, for
20 the release of such information to such public hous-
21 ing agency.

22 (2) EXCEPTION.—A law enforcement agency
23 described in paragraph (1) shall provide information
24 under this paragraph relating to any criminal con-
25 viction of a juvenile only to the extent that the re-

1 lease of such information is authorized under the
2 law of the applicable State, tribe, or locality.

3 (b) CONFIDENTIALITY.—A public housing agency re-
4 ceiving information under this section may use such infor-
5 mation only for the purposes provided in this section and
6 such information may not be disclosed to any person who
7 is not an officer, employee, or authorized representatives
8 of the public housing agency and who has a job-related
9 need to have access to the information in connection with
10 admission of applicants, eviction of tenants, or termination
11 of assistance. However, for judicial eviction proceedings,
12 disclosures may be made to the extent necessary. The Sec-
13 retary shall, by regulation, establish procedures necessary
14 to ensure that information provided under this section to
15 any public housing agency is used, and confidentiality of
16 such information is maintained, as required under this
17 section.

18 (c) OPPORTUNITY TO DISPUTE.—Before an adverse
19 action is taken with regard to assistance for public hous-
20 ing on the basis of a criminal record, the public housing
21 agency shall provide the tenant or applicant with a copy
22 of the criminal record and an opportunity to dispute the
23 accuracy and relevance of that record.

1 (d) FEE.—A public housing agency may be charged
2 a reasonable fee for information provided under subsection
3 (a).

4 (e) RECORDS MANAGEMENT.—Each public housing
5 agency that receives criminal record information under
6 this section shall establish and implement a system of
7 records management that ensures that any criminal record
8 received by the agency is—

9 (1) maintained confidentially;

10 (2) not misused or improperly disseminated;

11 and

12 (3) destroyed in a timely fashion, once the pur-
13 pose for which the record was requested has been
14 accomplished.

15 (f) PENALTY.—Any person who knowingly and will-
16 fully requests or obtains any information concerning an
17 applicant for, or resident of, public housing pursuant to
18 the authority under this section under false pretenses, or
19 any person who knowingly or willfully discloses any such
20 information in any manner to any individual not entitled
21 under any law to receive it, shall be guilty of a mis-
22 demeanor and fined not more than \$5,000. The term
23 “person” as used in this subsection shall include an offi-
24 cer, employee, or authorized representative of any public
25 housing agency.

1 (g) CIVIL ACTION.—Any applicant for, or resident of,
2 public housing affected by (1) a negligent or knowing dis-
3 closure of information referred to in this section about
4 such person by an officer or employee of any public hous-
5 ing agency, which disclosure is not authorized by this sec-
6 tion, or (2) any other negligent or knowing action that
7 is inconsistent with this section, may bring a civil action
8 for damages and such other relief as may be appropriate
9 against any public housing agency responsible for such un-
10 authorized action. The district court of the United States
11 in the district in which the affected applicant or resident
12 resides, in which such unauthorized action occurred, or in
13 which the officer or employee alleged to be responsible for
14 any such unauthorized action resides, shall have jurisdic-
15 tion in such matters. Appropriate relief that may be or-
16 dered by such district courts shall include reasonable at-
17 torney’s fees and other litigation costs.

18 (h) DEFINITION OF ADULT.—For purposes of this
19 section, the term “adult” means a person who is 18 years
20 of age or older, or who has been convicted of a crime as
21 an adult under any Federal, State, or tribal law.

22 **SEC. 305. DEFINITIONS.**

23 For purposes of this title, the following definitions
24 shall apply:

1 (a) **FEDERALLY ASSISTED HOUSING.**—The term
2 “federally assisted housing” means a unit in—

3 (1) public housing under the United States
4 Housing Act of 1937;

5 (2) housing assisted under section 8 of the
6 United States Housing Act of 1937 including both
7 tenant-based assistance and project-based assistance;

8 (3) housing that is assisted under section 202
9 of the Housing act of 1959 (as amended by section
10 801 of the Cranston-Gonzalez National Affordable
11 Housing Act);

12 (4) housing that is assisted under section 202
13 of the Housing Act of 1959, as such section existed
14 before enactment of the Cranston-Gonzalez National
15 Affordable Housing Act;

16 (5) housing that is assisted under section 811
17 of the Cranston-Gonzalez National Affordable Hous-
18 ing Act;

19 (6) housing financed by a loan or mortgage in-
20 sured under section 221(d)(3) of the National Hous-
21 ing Act that bears interest at a rate determined
22 under the proviso of section 221(d)(5) of such Act;

23 (7) housing with a mortgage insured, assisted,
24 or held by the Secretary or a State or State agency
25 under section 236 of the National Housing Act; and

1 (8) for purposes only of subsections 301(c),
2 301(d), 303, and 304, housing assisted under sec-
3 tion 515 of the Housing Act of 1949.

4 (b) DRUG-RELATED CRIMINAL ACTIVITY.—The term
5 “drug-related criminal activity” means the illegal manu-
6 facture, sale, distribution, use, or possession with intent
7 to manufacture, sell, distribute, or use, of a controlled sub-
8 stance (as defined in section 102 of the Controlled Sub-
9 stances Act (21 U.S.C. 802)).

10 (c) OWNER.—The term “owner” means, with respect
11 to federally assisted housing, the entity or private person,
12 including a cooperative or public housing agency, that has
13 the legal right to lease or sublease dwelling units in such
14 housing.

15 **SEC. 306. CONFORMING AMENDMENTS.**

16 (a) CONSOLIDATION OF PUBLIC HOUSING ONE
17 STRIKE PROVISIONS.—Section 6 of the United States
18 Housing act of 1937 is amended—

19 (1) by striking subsections (l)(4) and (l)(5) and
20 the last sentence of subsection (l), and redesignating
21 paragraphs (6) and (7) as paragraphs (4) and (5);

22 (2) by striking subsection (q); and

23 (3) by striking subsection (r).

1 (b) CONSOLIDATION OF SECTION 8 ONE STRIKE
2 PROVISIONS.—Section 8 of the United States Housing Act
3 of 1937 (42 U.S.C. 1437f) is amended—

4 (1) by striking subsections (d)(1)(B)(ii) and
5 (d)(1)(B)(iii), and redesignating clauses (iv) and (v)
6 as clauses (ii) and (iii); and

7 (2) by striking subsections (f)(5) and redesignig-
8 nating Paragraphs (6) and (7) as paragraphs (5)
9 and (6), respectively.

10 (c) CONSOLIDATION OF ONE STRIKE ELIGIBILITY
11 PROVISIONS.—Section 16 of the United States Housing
12 Act of 1937 is amended by striking subsection (e).

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