

105TH CONGRESS
1ST SESSION

H. R. 2

To repeal 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

JANUARY 7, 1997

Mr. LAZIO of New York introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To repeal 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,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Opportunity and Responsibility Act of 1997”.

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

- Sec. 261. Requirements for demolition and disposition of developments.
- Sec. 262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.
- Sec. 263. Voluntary voucher system for public housing.

Subtitle F—General Provisions

- Sec. 271. Payment of non-Federal share.
- Sec. 272. Authorization of appropriations for block grants.
- Sec. 273. Funding for operation safe home.
- Sec. 274. Funding for relocation of victims of domestic violence.

TITLE III—CHOICE-BASED RENTAL HOUSING AND
HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES

Subtitle A—Allocation

- Sec. 301. Authority to provide housing assistance amounts.
- Sec. 302. Contracts with PHA's.
- Sec. 303. Eligibility of PHA's for assistance amounts.
- Sec. 304. Allocation of amounts.
- Sec. 305. Administrative fees.
- Sec. 306. Authorizations of appropriations.
- Sec. 307. Conversion of section 8 assistance.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

- Sec. 321. Eligible families and preferences for assistance.
- Sec. 322. Resident contribution.
- Sec. 323. Rental indicators.
- Sec. 324. Lease terms.
- Sec. 325. Termination of tenancy.
- Sec. 326. Eligible owners.
- Sec. 327. Selection of dwelling units.
- Sec. 328. Eligible dwelling units.
- Sec. 329. Homeownership option.
- Sec. 330. Assistance for rental of manufactured homes.

Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families

- Sec. 351. Housing assistance payments contracts.
- Sec. 352. Amount of monthly assistance payment.
- Sec. 353. Payment standards.
- Sec. 354. Reasonable rents.
- Sec. 355. Prohibition of assistance for vacant rental units.

Subtitle D—General and Miscellaneous Provisions

- Sec. 371. Definitions.
- Sec. 372. Rental assistance fraud recoveries.
- Sec. 373. Study regarding geographic concentration of assisted families.

TITLE IV—HOME RULE FLEXIBLE GRANT OPTION

- Sec. 401. Purpose.
- Sec. 402. Flexible grant program.
- Sec. 403. Covered housing assistance.
- Sec. 404. Program requirements.

- Sec. 405. Applicability of certain provisions.
- Sec. 406. Application.
- Sec. 407. Training.
- Sec. 408. Accountability.
- Sec. 409. Definitions.

TITLE V—ACCOUNTABILITY AND OVERSIGHT OF PUBLIC HOUSING AGENCIES

Subtitle A—Study of Alternative Methods for Evaluating Public Housing Agencies

- Sec. 501. In general.
- Sec. 502. Purposes.
- Sec. 503. Evaluation of various performance evaluation systems.
- Sec. 504. Consultation.
- Sec. 505. Contract to conduct study.
- Sec. 506. Report.
- Sec. 507. Funding.
- Sec. 508. Effective date.

Subtitle B—Housing Evaluation and Accreditation Board

- Sec. 521. Establishment.
- Sec. 522. Membership.
- Sec. 523. Functions.
- Sec. 524. Powers.
- Sec. 525. Fees.
- Sec. 526. GAO audit.

Subtitle C—Interim Applicability of Public Housing Management Assessment Program

- Sec. 531. Interim applicability.
- Sec. 532. Management assessment indicators.
- Sec. 533. Designation of PHA's.
- Sec. 534. On-site inspection of troubled PHA's.
- Sec. 535. Administration.

Subtitle D—Accountability and Oversight Standards and Procedures

- Sec. 541. Audits.
- Sec. 542. Performance agreements for authorities at risk of becoming troubled.
- Sec. 543. Performance agreements and CDBG sanctions for troubled PHA's.
- Sec. 544. Option to demand conveyance of title to or possession of public housing.
- Sec. 545. Removal of ineffective PHA's.
- Sec. 546. Mandatory takeover of chronically troubled PHA's.
- Sec. 547. Treatment of troubled PHA's.
- Sec. 548. Maintenance of records.
- Sec. 549. Annual reports regarding troubled PHA's.
- Sec. 550. Applicability to resident management corporations.

TITLE VI—REPEALS AND RELATED AMENDMENTS

Subtitle A—Repeals, Effective Date, and Savings Provisions

- Sec. 601. Effective date and repeal of United States Housing Act of 1937.

Sec. 602. Other repeals.

Subtitle B—Other Provisions Relating to Public Housing and Rental Assistance Programs

Sec. 621. Allocation of elderly housing amounts.

Sec. 622. Pet ownership.

Sec. 623. Review of drug elimination program contracts.

Sec. 624. Amendments to Public and Assisted Housing Drug Elimination Act of 1990.

Subtitle C—Limitations Relating to Occupancy in Federally Assisted Housing

Sec. 641. Screening of applicants.

Sec. 642. Termination of tenancy and assistance for illegal drug users and alcohol abusers.

Sec. 643. Lease requirements.

Sec. 644. Availability of criminal records for tenant screening and eviction.

Sec. 645. Definitions.

TITLE VII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS

Sec. 701. Rural housing assistance.

Sec. 702. Treatment of occupancy standards.

Sec. 703. Implementation of plan.

Sec. 704. Income eligibility for HOME and CDBG programs.

Sec. 705. Prohibition of use of CDBG grants for employment relocation activities.

Sec. 706. Use of American products.

Sec. 707. Consultation with affected areas in settlement of litigation.

Sec. 708. Use of assisted housing by aliens.

Sec. 709. Use of Federal excess and surplus property for self-help housing programs.

Sec. 710. Effective date.

1 **SEC. 2. DECLARATION OF POLICY TO RENEW AMERICAN**
 2 **NEIGHBORHOODS.**

3 The Congress hereby declares that—

4 (1) the Federal Government has a responsibility
 5 to promote the general welfare of the Nation—

6 (A) by using Federal resources to aid fami-
 7 lies and individuals seeking affordable homes
 8 that are safe, clean, and healthy and, in par-
 9 ticular, assisting responsible, deserving citizens
 10 who cannot provide fully for themselves because

1 of temporary circumstances or factors beyond
2 their control;

3 (B) by working to ensure a thriving na-
4 tional economy and a strong private housing
5 market; and

6 (C) by developing effective partnerships
7 among the Federal Government, State and local
8 governments, and private entities that allow
9 government to accept responsibility for foster-
10 ing the development of a healthy marketplace
11 and allow families to prosper without govern-
12 ment involvement in their day-to-day activities;

13 (2) the Federal Government cannot through its
14 direct action alone provide for the housing of every
15 American citizen, or even a majority of its citizens,
16 but it is the responsibility of the Government to pro-
17 mote and protect the independent and collective ac-
18 tions of private citizens to develop housing and
19 strengthen their own neighborhoods;

20 (3) the Federal Government should act where
21 there is a serious need that private citizens or
22 groups cannot or are not addressing responsibly;

23 (4) housing is a fundamental and necessary
24 component of bringing true opportunity to people
25 and communities in need, but providing physical

1 structures to house low-income families will not by
2 itself pull generations up from poverty;

3 (5) it is a goal of our Nation that all citizens
4 have decent and affordable housing; and

5 (6) our Nation should promote the goal of pro-
6 viding decent and affordable housing for all citizens
7 through the efforts and encouragement of Federal,
8 State, and local governments, and by the independ-
9 ent and collective actions of private citizens, organi-
10 zations, and the private sector.

11 **TITLE I—GENERAL PROVISIONS**

12 **SEC. 101. STATEMENT OF PURPOSE.**

13 The purpose of this Act is to promote safe, clean, and
14 healthy housing that is affordable to low-income families,
15 and thereby contribute to the supply of affordable housing,
16 by—

17 (1) deregulating and decontrolling public hous-
18 ing agencies, thereby enabling them to perform as
19 property and asset managers;

20 (2) providing for more flexible use of Federal
21 assistance to public housing agencies, allowing the
22 authorities to leverage and combine assistance
23 amounts with amounts obtained from other sources;

24 (3) facilitating mixed income communities;

1 (4) increasing accountability and rewarding ef-
2 fective management of public housing agencies;

3 (5) creating incentives and economic opportuni-
4 ties for residents of dwelling units assisted by public
5 housing agencies to work, become self-sufficient, and
6 transition out of public housing and federally as-
7 sisted dwelling units;

8 (6) recreating the existing rental assistance
9 voucher program so that the use of vouchers and re-
10 lationships between landlords and tenants under the
11 program operate in a manner that more closely re-
12 sembles the private housing market; and

13 (7) remedying troubled public housing agencies
14 and replacing or revitalizing severely distressed pub-
15 lic housing developments.

16 **SEC. 102. DEFINITIONS.**

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

19 (1) **ACQUISITION COST.**—When used in ref-
20 erence to public housing, the term “acquisition cost”
21 means the amount prudently expended by a public
22 housing agency in acquiring property for a public
23 housing development.

1 (2) DEVELOPMENT.—The terms “public hous-
2 ing development” and “development” (when used in
3 reference to public housing) mean—

4 (A) public housing; and

5 (B) the improvement of any such housing.

6 (3) DISABLED FAMILY.—The term “disabled
7 family” means a family whose head (or his or her
8 spouse), or whose sole member, is a person with dis-
9 abilities. Such term includes 2 or more persons with
10 disabilities living together, and 1 or more such per-
11 sons living with 1 or more persons determined under
12 the regulations of the Secretary to be essential to
13 their care or well-being.

14 (4) DRUG-RELATED CRIMINAL ACTIVITY.—The
15 term “drug-related criminal activity” means the ille-
16 gal manufacture, sale, distribution, use, or posses-
17 sion with intent to manufacture, sell, distribute, or
18 use, of a controlled substance (as such term is de-
19 fined in section 102 of the Controlled Substances
20 Act).

21 (5) EFFECTIVE DATE.—The term “effective
22 date”, when used in reference to this Act, means the
23 effective date determined under section 601(a).

24 (6) ELDERLY FAMILIES AND NEAR ELDERLY
25 FAMILIES.—The terms “elderly family” and “near-

1 elderly family” mean a family whose head (or his or
2 her spouse), or whose sole member, is an elderly per-
3 son or a near-elderly person, respectively. Such
4 terms include 2 or more elderly persons or near-el-
5 derly persons living together, and 1 or more such
6 persons living with 1 or more persons determined
7 under the regulations of the Secretary to be essential
8 to their care or well-being.

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

11 (8) ELIGIBLE PUBLIC HOUSING AGENCY.—The
12 term “eligible public housing agency” means, with
13 respect to a fiscal year, a public housing agency that
14 is eligible under section 202(d) for a grant under
15 this title.

16 (9) FAMILY.—The term “family” includes a
17 family with or without children, an elderly family, a
18 near-elderly family, a disabled family, and a single
19 person.

20 (10) GROUP HOME AND INDEPENDENT LIVING
21 FACILITY.—The terms “group home” and “inde-
22 pendent living facility” have the meanings given
23 such terms in section 811(k) of the Cranston-Gon-
24 zalez National Affordable Housing Act.

1 (11) INCOME.—The term “income” means, with
2 respect to a family, income from all sources of each
3 member of the household, as determined in accord-
4 ance with criteria prescribed by the applicable public
5 housing agency and the Secretary, except that the
6 following amounts shall be excluded:

7 (A) Any amounts not actually received by
8 the family.

9 (B) Any amounts that would be eligible for
10 exclusion under section 1613(a)(7) of the Social
11 Security Act.

12 (12) LOCAL HOUSING MANAGEMENT PLAN.—
13 The term “local housing management plan” means,
14 with respect to any fiscal year, the plan under sec-
15 tion 106 of a public housing agency for such fiscal
16 year.

17 (13) LOW-INCOME FAMILY.—The term “low-in-
18 come family” means a family whose income does not
19 exceed 80 percent of the median income for the
20 area, as determined by the Secretary with adjust-
21 ments for smaller and larger families, except that
22 the Secretary may, for purposes of this paragraph,
23 establish income ceilings higher or lower than 80
24 percent of the median for the area on the basis of

1 the public housing agency's findings that such vari-
2 ations are necessary because of unusually high or
3 low family incomes.

4 (14) **LOW-INCOME HOUSING.**—The term “low-
5 income housing” means dwellings that comply with
6 the requirements—

7 (A) under title II for assistance under such
8 title for the dwellings; or

9 (B) under title III for rental assistance
10 payments under such title for the dwellings.

11 (15) **NEAR-ELDERLY PERSON.**—The term
12 “near-elderly person” means a person who is at least
13 55 years of age.

14 (16) **OPERATION.**—When used in reference to
15 public housing, the term “operation” means any or
16 all undertakings appropriate for management, oper-
17 ation, services, maintenance, security (including the
18 cost of security personnel), or financing in connec-
19 tion with a public housing development, including
20 the financing of resident programs and services.

21 (17) **PERSON WITH DISABILITIES.**—The term
22 “person with disabilities” means a person who—

23 (A) has a disability as defined in section
24 223 of the Social Security Act; or

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

4 Such term shall not exclude persons who have the
5 disease of acquired immunodeficiency syndrome or
6 any conditions arising from the etiologic agent for
7 acquired immunodeficiency syndrome. Notwithstand-
8 ing any other provision of law, no individual shall be
9 considered a person with disabilities, for purposes of
10 eligibility for public housing under title II of this
11 Act, solely on the basis of any drug or alcohol de-
12 pendence. The Secretary shall consult with other ap-
13 propriate Federal agencies to implement the preced-
14 ing sentence.

15 (18) PRODUCTION.—When used in reference to
16 public housing, the term “production” means any or
17 all undertakings necessary for planning, land acqui-
18 sition, financing, demolition, construction, or equip-
19 ment, in connection with the construction, acquisi-
20 tion, or rehabilitation of a property for use as a pub-
21 lic housing development, including activity in connec-
22 tion with a public housing development that is con-
23 fined to the reconstruction, remodeling, or repair of
24 existing buildings.

1 (19) PRODUCTION COST.—When used in ref-
2 erence to public housing, the term “production cost”
3 means the costs incurred by a public housing agency
4 for production of public housing and the necessary
5 financing for production (including the payment of
6 carrying charges and acquisition costs).

7 (20) PUBLIC HOUSING.—The term “public
8 housing” means housing, and all necessary appur-
9 tenances thereto, that—

10 (A) is low-income housing or low-income
11 dwelling units in mixed income housing (as pro-
12 vided in section 221(c)(2)); and

13 (B)(i) is subject to an annual block grant
14 contract under title II; or

15 (ii) was subject to an annual block grant
16 contract under title II (or an annual contribu-
17 tions contract under the United States Housing
18 Act of 1937) which is not in effect, but for
19 which occupancy is limited in accordance with
20 the requirements under section 222(a).

21 (21) PUBLIC HOUSING AGENCY.—The term
22 “public housing agency” is defined in section 103.

23 (22) RESIDENT COUNCIL.—The term “resident
24 council” means an organization or association that
25 meets the requirements of section 234(a).

1 (23) RESIDENT MANAGEMENT CORPORATION.—

2 The term “resident management corporation” means
3 a corporation that meets the requirements of section
4 234(b)(2).

5 (24) RESIDENT PROGRAM.—The term “resident
6 programs and services” means programs and serv-
7 ices for families residing in public housing develop-
8 ments. Such term includes (A) the development and
9 maintenance of resident organizations which partici-
10 pate in the management of public housing develop-
11 ments, (B) the training of residents to manage and
12 operate the public housing development and the uti-
13 lization of their services in management and oper-
14 ation of the development, (C) counseling on house-
15 hold management, housekeeping, budgeting, money
16 management, homeownership issues, child care, and
17 similar matters, (D) advice regarding resources for
18 job training and placement, education, welfare,
19 health, and other community services, (E) services
20 that are directly related to meeting resident needs
21 and providing a wholesome living environment; and
22 (F) referral to appropriate agencies in the commu-
23 nity when necessary for the provision of such serv-
24 ices. To the maximum extent available and appro-
25 priate, existing public and private agencies in the

1 community shall be used for the provision of such
2 services.

3 (25) SECRETARY.—The term “Secretary”
4 means the Secretary of Housing and Urban Develop-
5 ment.

6 (26) STATE.—The term “State” means the
7 States of the United States, the District of Colum-
8 bia, the Commonwealth of Puerto Rico, the Com-
9 monwealth of the Northern Mariana Islands, Guam,
10 the Virgin Islands, American Samoa, and any other
11 territory or possession of the United States and In-
12 dian tribes.

13 (27) VERY LOW-INCOME FAMILY.—The term
14 “very low-income family” means a low-income family
15 whose income does not exceed 50 percent of the me-
16 dian family income for the area, as determined by
17 the Secretary with adjustments for smaller and larg-
18 er families, except that the Secretary may, for pur-
19 poses of this paragraph, establish income ceilings
20 higher or lower than 50 percent of the median for
21 the area on the basis of the public housing agency’s
22 findings that such variations are necessary because
23 of unusually high or low family incomes.

1 **SEC. 103. ORGANIZATION OF PUBLIC HOUSING AGENCIES.**

2 (a) REQUIREMENTS.—For purposes of this Act, the
3 terms “public housing agency” and “agency” mean any
4 entity that—

5 (1) is—

6 (A) a public housing agency that was au-
7 thorized under the United States Housing Act
8 of 1937 to engage in or assist in the develop-
9 ment or operation of low-income housing;

10 (B) authorized under this Act to engage in
11 or assist in the development or operation of
12 low-income housing by any State, county, mu-
13 nicipality, or other governmental body or public
14 entity;

15 (C) an entity authorized by State law to
16 administer choice-based housing assistance
17 under title III; or

18 (D) an entity selected by the Secretary,
19 pursuant to subtitle D of title V, to manage
20 housing; and

21 (2) complies with the requirements under sub-
22 section (b).

23 The term does not include any entity that is an Indian
24 housing authority for purposes of the United States Hous-
25 ing Act of 1937 (as in effect before the effectiveness of

1 the Native American Housing Assistance and Self-Deter-
2 mination Act of 1996) or a tribally designated housing en-
3 tity, as such term is defined in section 4 of the Native
4 American Housing Assistance and Self-Determination Act
5 of 1996.

6 (b) GOVERNANCE.—

7 (1) BOARD OF DIRECTORS.—Each public hous-
8 ing agency shall have a board of directors or other
9 form of governance as prescribed in State or local
10 law. No person may be barred from serving on such
11 board or body because of such person’s residency in
12 a public housing development or status as an as-
13 sisted family under title III.

14 (2) RESIDENT MEMBERSHIP.—

15 (A) IN GENERAL.—Except as provided in
16 subparagraph (B), in localities in which a pub-
17 lic housing agency is governed by a board of di-
18 rectors or other similar body, the board or body
19 shall include not less than 1 member who is an
20 elected public housing resident member (as such
21 term is defined in paragraph (5)).

22 (B) EXCEPTIONS.—The requirement in
23 subparagraph (A) with respect to elected public
24 housing resident members shall not apply to—

1 (i) any State or local governing body
2 that serves as a public housing agency for
3 purposes of this Act and whose responsibil-
4 ities include substantial activities other
5 than acting as the public housing agency,
6 except that such requirement shall apply to
7 any advisory committee or organization
8 that is established by such governing body
9 and whose responsibilities relate only to
10 the governing body's functions as a public
11 housing agency for purposes of this Act;

12 (ii) any public housing agency that
13 owns or operates less than 250 public
14 housing dwelling units (including any
15 agency that does not own or operate public
16 housing); or

17 (iii) any public housing agency in a
18 State that requires the members of the
19 board of directors or other similar body of
20 a public housing agency to be salaried and
21 to serve on a full-time basis.

22 (3) FULL PARTICIPATION.—No public housing
23 agency may limit or restrict the capacity or offices
24 in which a member of such board or body may serve

1 on such board or body solely because of the mem-
2 ber's status as a resident member.

3 (4) CONFLICTS OF INTEREST.—The Secretary
4 shall establish guidelines to prevent conflicts of in-
5 terest on the part of members of the board or direc-
6 tors or governing body of a public housing agency.

7 (5) DEFINITIONS.—For purposes of this sub-
8 section, the following definitions shall apply:

9 (A) ELECTED PUBLIC HOUSING RESIDENT
10 MEMBER.—The term “elected public housing
11 resident member” means, with respect to the
12 public housing agency involved, an individual
13 who is a resident member of the board of direc-
14 tors (or other similar governing body of the
15 agency) by reason of election to such position
16 pursuant to an election—

17 (i) in which eligibility for candidacy in
18 such election is limited to individuals
19 who—

20 (I) maintain their principal resi-
21 dence in a dwelling unit of public
22 housing administered or assisted by
23 the agency; and

24 (II) have not been convicted of a
25 felony;

1 (ii) in which only residents of dwelling
2 units of public housing administered by the
3 agency may vote; and

4 (iii) that is conducted in accordance
5 with standards and procedures for such
6 election, which shall be established by the
7 Secretary.

8 (B) RESIDENT MEMBER.—The term “resi-
9 dent member” means a member of the board of
10 directors or other similar governing body of a
11 public housing agency who is a resident of a
12 public housing dwelling unit owned, adminis-
13 tered, or assisted by the agency or is a member
14 of an assisted family (as such term is defined
15 in section 371) assisted by the agency.

16 (c) ESTABLISHMENT OF POLICIES.—Any rules, regu-
17 lations, policies, standards, and procedures necessary to
18 implement policies required under section 106 to be in-
19 cluded in the local housing management plan for a public
20 housing agency shall be approved by the board of directors
21 or similar governing body of the agency and shall be pub-
22 licly available for review upon request.

1 **SEC. 104. DETERMINATION OF ADJUSTED INCOME AND ME-**
2 **DIAN INCOME.**

3 (a) **ADJUSTED INCOME.**—For purposes of this Act,
4 the term “adjusted income” means, with respect to a fam-
5 ily, the difference between the income of the members of
6 the family residing in a dwelling unit or the persons on
7 a lease and the amount of any income exclusions for the
8 family under subsections (b) and (c), as determined by the
9 public housing agency.

10 (b) **MANDATORY EXCLUSIONS FROM INCOME.**—In
11 determining adjusted income, a public housing agency
12 shall exclude from the annual income of a family the fol-
13 lowing amounts:

14 (1) **ELDERLY AND DISABLED FAMILIES.**—\$400
15 for any elderly or disabled family.

16 (2) **MEDICAL EXPENSES.**—The amount by
17 which 3 percent of the annual family income is ex-
18 ceeded by the sum of—

19 (A) unreimbursed medical expenses of any
20 elderly family;

21 (B) unreimbursed medical expenses of any
22 nonelderly family, except that this subpara-
23 graph shall apply only to the extent approved in
24 appropriation Acts; and

25 (C) unreimbursed reasonable attendant
26 care and auxiliary apparatus expenses for each

1 handicapped member of the family, to the ex-
2 tent necessary to enable any member of such
3 family (including such handicapped member) to
4 be employed.

5 (3) CHILD CARE EXPENSES.—Any reasonable
6 child care expenses necessary to enable a member of
7 the family to be employed or to further his or her
8 education.

9 (4) MINORS, STUDENTS, AND PERSONS WITH
10 DISABILITIES.—\$480 for each member of the family
11 residing in the household (other than the head of the
12 household or his or her spouse) who is less than 18
13 years of age or is attending school or vocational
14 training on a full-time basis, or who is 18 years of
15 age or older and is a person with disabilities.

16 (5) CHILD SUPPORT PAYMENTS.—Any payment
17 made by a member of the family for the support and
18 maintenance of any child who does not reside in the
19 household, except that the amount excluded under
20 this paragraph may not exceed \$480 for each child
21 for whom such payment is made.

22 (6) EARNED INCOME OF MINORS.—The amount
23 of any earned income of a member of the family who
24 is not—

25 (A) 18 years of age or older; and

1 (B) the head of the household (or the
2 spouse of the head of the household).

3 (c) PERMISSIVE EXCLUSIONS FROM INCOME.—In de-
4 termining adjusted income, a public housing agency may,
5 in the discretion of the agency, establish exclusions from
6 the annual income of a family. Such exclusions may in-
7 clude the following amounts:

8 (1) EXCESSIVE TRAVEL EXPENSES.—Excessive
9 travel expenses in an amount not to exceed \$25 per
10 family per week, for employment- or education-relat-
11 ed travel.

12 (2) EARNED INCOME.—An amount of any
13 earned income of the family, established at the dis-
14 cretion of the public housing agency, which may be
15 based on—

16 (A) all earned income of the family,

17 (B) the amount earned by particular mem-
18 bers of the family;

19 (C) the amount earned by families having
20 certain characteristics; or

21 (D) the amount earned by families or
22 members during certain periods or from certain
23 sources.

1 agency and each family on behalf of whom the agency pro-
2 vides housing assistance under title III. Under the agree-
3 ment the family shall agree that, as a condition of occu-
4 pancy of the public housing dwelling unit or of receiving
5 such housing assistance, the family will comply with the
6 terms of the agreement.

7 (b) TERMS.—Agreements entered into pursuant to
8 this section shall—

9 (1) be designed to encourage and facilitate the
10 economic self-sufficiency of the assisted family enter-
11 ing into the agreement and graduating the family
12 from assisted housing to unassisted housing;

13 (2) provide that each adult member of the fam-
14 ily shall contribute not less than 8 hours of work per
15 month (not including political activities) within the
16 community in which the family resides;

17 (3) provide a target date by which the family
18 intends to graduate from or terminate tenancy in
19 the assisted housing; and

20 (4) provide for any resources, services, and as-
21 sistance relating to self-sufficiency that will be made
22 available to the family.

23 (c) INCORPORATION INTO LEASE.—A self-sufficiency
24 contract under this subsection shall be incorporated by

1 reference into a lease under section 226 or 324, as applica-
2 ble.

3 (d) EXEMPTIONS.—A public housing agency shall
4 provide for the exemption, from the applicability of the
5 requirements under subsections (a), (b), and (c) of each
6 individual who is—

7 (1) an elderly person and unable, as determined
8 in accordance with guidelines established by the Sec-
9 retary, to comply with the requirement;

10 (2) a person with disabilities and unable (as so
11 determined) to comply with the requirement;

12 (3) working, attending school or vocational
13 training, or otherwise complying with work require-
14 ments applicable under other public assistance pro-
15 grams, and unable (as so determined) to comply
16 with the requirement; or

17 (4) otherwise physically impaired, as certified
18 by a doctor, and is therefore unable to comply with
19 the requirement.

20 **SEC. 106. LOCAL HOUSING MANAGEMENT PLANS.**

21 (a) 5-YEAR PLAN.—The Secretary shall provide for
22 each public housing agency to submit to the Secretary,
23 once every 5 years, a plan under this subsection for the
24 agency covering a period consisting of 5 fiscal years. Each

1 such plan shall contain, with respect to the 5-year period
2 covered by the plan, the following information:

3 (1) STATEMENT OF MISSION.—A statement of
4 the mission of the agency for serving the needs of
5 low-income families in the jurisdiction of the agency
6 during such period.

7 (2) GOALS AND OBJECTIVES.—A statement of
8 the goals and objectives of the agency that will en-
9 able the agency to serve the needs identified pursu-
10 ant to paragraph (1) during such period.

11 (3) CAPITAL IMPROVEMENT OVERVIEW.—If the
12 agency will provide capital improvements for public
13 housing developments during such period, an over-
14 view of such improvements, the rationale for such
15 improvements, and an analysis of how such improve-
16 ments will enable the agency to meet its goals, objec-
17 tives, and mission.

18 The first 5-year plan under this subsection for a public
19 housing agency shall be submitted for the 5-year period
20 beginning with the first fiscal year for which the agency
21 receives assistance under this Act.

22 (b) ANNUAL PLAN.—The Secretary shall provide for
23 each public housing agency to submit to the Secretary a
24 local housing management plan under this section for each
25 fiscal year that contains the information required under

1 subsection (d). For each fiscal year after the initial sub-
2 mission of a plan under this section by a public housing
3 agency, the agency may comply with requirements for sub-
4 mission of a plan under this subsection by submitting an
5 update of the plan for the fiscal year.

6 (c) PROCEDURES.—The Secretary shall establish re-
7 quirements and procedures for submission and review of
8 plans, including requirements for timing and form of sub-
9 mission, and for the contents of such plans. Such proce-
10 dures shall provide that a public housing agency—

11 (1) shall, in conjunction with the relevant State
12 or unit of general local government, establish proce-
13 dures to ensure that the plan under this section is
14 consistent with the applicable comprehensive housing
15 affordability strategy (or any consolidated plan in-
16 corporating such strategy) for the jurisdiction in
17 which the public housing agency is located, in ac-
18 cordance with title I of the Cranston-Gonzalez Na-
19 tional Affordable Housing Act; and

20 (2) may, at the option of the agency, submit a
21 plan under this section together with, or as part of,
22 the comprehensive housing affordability strategy (or
23 any consolidated plan incorporating such strategy)
24 for the relevant jurisdiction, and for concomitant re-
25 view of such plans submitted together.

1 (d) CONTENTS.—An annual local housing manage-
2 ment plan under this section for a public housing agency
3 shall contain the following information relating to the up-
4 coming fiscal year for which the assistance under this Act
5 is to be made available:

6 (1) NEEDS.—A statement of the housing needs
7 of low-income and very low-income families residing
8 in the community served by the agency, and of other
9 low-income families on the waiting list of the agency
10 (including the housing needs of elderly families and
11 disabled families), and the means by which the agen-
12 cy intends, to the maximum extent practicable, to
13 address such needs.

14 (2) FINANCIAL RESOURCES.—A statement of fi-
15 nancial resources available for the agency the
16 planned uses of such resources that includes—

17 (A) a description of the financial resources
18 available to the agency;

19 (B) the uses to which such resources will
20 be committed, including all proposed eligible
21 and required activities under section 203 and
22 housing assistance to be provided under title
23 III; and

1 (C) an estimate of the costs of operation
2 and the market rental value of each public
3 housing development.

4 (3) POPULATION SERVED.—A statement of the
5 policies of the agency governing eligibility, admis-
6 sions, and occupancy of families with respect to pub-
7 lic housing dwelling units and housing assistance
8 under title III, including—

9 (A) the requirements for eligibility for such
10 units and assistance and the method and proce-
11 dures by which eligibility and income will be de-
12 termined and verified;

13 (B) the requirements for selection and ad-
14 missions of eligible families for such units and
15 assistance, including any preferences and proce-
16 dures established by the agency and any out-
17 reach efforts;

18 (C) the procedures for assignment of fami-
19 lies admitted to dwelling units owned, leased,
20 managed, operated, or assisted by the agency;

21 (D) any standards and requirements for
22 occupancy of public housing dwelling units and
23 units assisted under title III, including resident
24 screening policies, standard lease provisions,
25 conditions for continued occupancy, termination

1 of tenancy, eviction, and conditions for termi-
2 nation of housing assistance;

3 (E) the procedures for maintaining waiting
4 lists for admissions to public housing develop-
5 ments of the agency, which may include a sys-
6 tem of site-based waiting lists under section
7 224(c);

8 (F) the criteria for providing and denying
9 housing assistance under title III to families
10 moving into the jurisdiction of the agency; and

11 (G) the fair housing policy of the agency.

12 (4) RENT DETERMINATION.—A statement of
13 the policies of the agency governing rents charged
14 for public housing dwelling units and rental con-
15 tributions of assisted families under title III and the
16 system used by the agency to ensure that such rents
17 comply with the requirements of this Act.

18 (5) OPERATION AND MANAGEMENT.—A state-
19 ment of the rules, standards, and policies of the pub-
20 lic housing agency governing maintenance and man-
21 agement of housing owned and operated by the
22 agency, and management of the public housing agen-
23 cy and programs of the agency, including—

24 (A) a description of the manner in which
25 the agency is organized (including any consortia

1 or joint ventures) and staffed to perform the
2 duties and functions of the public housing agen-
3 cy and to administer the operating fund dis-
4 tributions of the agency;

5 (B) policies relating to the rental of dwell-
6 ing units, including policies designed to reduce
7 vacancies;

8 (C) housing quality standards in effect
9 pursuant to sections 232 and 328 and any cer-
10 tifications required under such sections;

11 (D) emergency and disaster plans for pub-
12 lic housing;

13 (E) priorities and improvements for man-
14 agement of public housing, including initiatives
15 to control costs; and

16 (F) policies of the agency requiring the
17 loss or termination of housing assistance and
18 tenancy under sections 641 and 642 (relating to
19 occupancy standards for federally assisted hous-
20 ing).

21 (6) GRIEVANCE PROCEDURE.—A statement of
22 the grievance procedures of the agency under section
23 110.

24 (7) CAPITAL IMPROVEMENTS.—With respect to
25 public housing developments owned or operated by

1 the agency, a plan describing the capital improve-
2 ments necessary to ensure long-term physical and
3 social viability of the developments.

4 (8) DEMOLITION AND DISPOSITION.—With re-
5 spect to public housing developments owned or oper-
6 ated by the agency—

7 (A) a description of any such housing to be
8 demolished or disposed of under subtitle E of
9 title II; and

10 (B) a timetable for such demolition or dis-
11 position.

12 (9) DESIGNATION OF HOUSING FOR ELDERLY
13 AND DISABLED FAMILIES.—With respect to public
14 housing developments owned or operated by the
15 agency, a description of any developments (or por-
16 tions thereof) that the agency has designated or will
17 designate for occupancy by elderly and disabled fam-
18 ilies in accordance with section 227 and any infor-
19 mation required under section 227(d) for such des-
20 ignated developments.

21 (10) CONVERSION OF PUBLIC HOUSING.—With
22 respect to public housing owned or operated by the
23 agency, a description of any building or buildings
24 that the agency is required, under section 203(b), to
25 convert to housing assistance under title III or that

1 the agency voluntarily converts, an analysis of such
2 buildings required under such section for conversion,
3 and a statement of the amount of grant amounts
4 under title II to be used for rental assistance or
5 other housing assistance.

6 (11) HOMEOWNERSHIP ACTIVITIES.—A descrip-
7 tion of any homeownership programs of the agency
8 under subtitle D of title II or section 329 for the
9 agency and the requirements and assistance avail-
10 able under such programs.

11 (12) ECONOMIC SELF-SUFFICIENCY AND CO-
12 ORDINATION WITH WELFARE AND OTHER APPRO-
13 PRIATE AGENCIES.—A description of—

14 (A) policies relating to services and amen-
15 ities provided or offered to assisted families, in-
16 cluding the provision of service coordinators
17 and services designed for certain populations
18 (such as the elderly and disabled);

19 (B) how the agency will coordinate with
20 State, local, and other agencies providing assist-
21 ance to families participating in welfare or pub-
22 lic assistance programs;

23 (C) how the agency will implement and ad-
24 minister section 105; and

1 (D) any policies, programs, plans, and ac-
2 tivities of the agency for the enhancement of
3 the economic and social self-sufficiency of resi-
4 dents assisted by the programs of the agency,
5 including rent structures to encourage self-suf-
6 ficiency.

7 (13) SAFETY AND CRIME PREVENTION.—A de-
8 scription of the policies established by the agency
9 that increase or maintain the safety of public hous-
10 ing residents and allow for creative methods to in-
11 crease public housing resident safety by coordinating
12 crime prevention efforts between the agency and
13 Federal, State, and local law enforcement officials.

14 (14) ANNUAL AUDIT.—The results of the most
15 recent fiscal year audit of the agency required under
16 section 541(b).

17 (15) TROUBLED AGENCIES.—Such other addi-
18 tional information as the Secretary may determine
19 to be appropriate for each public housing agency
20 that is designated—

21 (A) under section 533(c) as at risk of be-
22 coming troubled; or

23 (B) under section 533(a) as troubled.

24 (e) CITIZEN PARTICIPATION.—

1 (1) PUBLICATION OF NOTICE.—Not later than
2 45 days before the date of a hearing conducted
3 under paragraph (2) by the governing body of a
4 public housing agency, the agency shall—

5 (A) publish a notice informing the public
6 that the proposed local housing management
7 plan or amendment is available for inspection at
8 the principal office of the public housing agency
9 during normal business hours and make the
10 plan or amendment so available for inspection
11 during such period; and

12 (B) publish a notice informing the public
13 that a public hearing will be conducted to dis-
14 cuss the local housing management plan and to
15 invite public comment regarding that plan.

16 (2) PUBLIC HEARING.—Before submitting a
17 plan under this section or a significant amendment
18 under section 107(f) to a plan, a public housing
19 agency shall, at a location that is convenient to resi-
20 dents, conduct a public hearing, as provided in the
21 notice published under paragraph (1), regarding the
22 public housing plan or the amendment of the agen-
23 cy.

24 (3) CONSIDERATION OF COMMENTS.—A public
25 housing agency shall consider any comments or

1 views made available pursuant to paragraphs (1)
2 and (2) in preparing a final plan or amendment for
3 submission to the Secretary. A summary of such
4 comments or views shall be attached to the plan,
5 amendment, or report submitted.

6 (4) ADOPTION OF PLAN.—After conducting the
7 public hearing under paragraph (2) and considering
8 public comments in accordance with paragraph (3),
9 the public housing agency shall make any appro-
10 priate changes to the local housing management
11 plan or amendment and shall—

12 (A) adopt the local housing management
13 plan;

14 (B) submit the plan to the Secretary in ac-
15 cordance with this section; and

16 (C) make the submitted plan or amend-
17 ment publicly available.

18 (f) LOCAL REVIEW.—The public housing agency shall
19 submit a plan under this subsection to any local elected
20 official or officials responsible for appointing the members
21 of the board of directors (or other similar governing body)
22 of the public housing agency for review and comment for
23 a 30-day period beginning on the date that the plan is
24 submitted to such local official or officials (which period

1 may run concurrently with any period under subsection
2 (e) for public comment).

3 (g) PLANS FOR SMALL PHA'S AND PHA'S ADMIN-
4 ISTERING ONLY RENTAL ASSISTANCE.—The Secretary
5 shall establish requirements for submission of plans under
6 this section and the information to be included in such
7 plans applicable to public housing agencies that own or
8 operate less than 250 public housing dwelling units and
9 shall establish requirements for such submission and in-
10 formation applicable to agencies that only administer
11 housing assistance under title III (and do not own or oper-
12 ate public housing). Such requirements shall waive any re-
13 quirements under this section that the Secretary deter-
14 mines are burdensome or unnecessary for such agencies.

15 **SEC. 107. REVIEW OF PLANS.**

16 (a) REVIEW AND NOTICE.—

17 (1) REVIEW.—The Secretary shall conduct a
18 limited review of each local housing management
19 plan submitted to the Secretary to ensure that the
20 plan is complete and complies with the requirements
21 of section 106. The Secretary shall have the discre-
22 tion to review a plan to the extent that the Secretary
23 considers review is necessary.

24 (2) NOTICE.—The Secretary shall notify each
25 public housing agency submitting a plan whether the

1 plan complies with such requirements not later than
2 75 days after receiving the plan. If the Secretary
3 does not notify the public housing agency, as re-
4 quired under this subsection and subsection (b), the
5 plan shall be considered, for purposes of this Act, to
6 have been determined to comply with the require-
7 ments under section 106 and the agency shall be
8 considered to have been notified of compliance upon
9 the expiration of such 75-day period.

10 (b) NOTICE OF REASONS FOR DETERMINATION OF
11 NONCOMPLIANCE.—If the Secretary determines that a
12 plan, as submitted, does not comply with the requirements
13 under section 106, the Secretary shall specify in the notice
14 under subsection (a) the reasons for the noncompliance
15 and any modifications necessary for the plan to meet the
16 requirements under section 106.

17 (c) STANDARDS FOR DETERMINATION OF NON-
18 COMPLIANCE.—The Secretary may determine that a plan
19 does not comply with the requirements under section 106
20 only if—

21 (1) the plan is incomplete in significant matters
22 required under such section;

23 (2) there is evidence available to the Secretary
24 that challenges, in a substantial manner, any infor-
25 mation provided in the plan;

1 (3) the Secretary determines that the plan does
2 not comply with Federal law or violates the purposes
3 of this Act because it fails to provide housing that
4 will be viable on a long-term basis at a reasonable
5 cost;

6 (4) the plan plainly fails to adequately identify
7 the needs of low-income families for housing assist-
8 ance in the jurisdiction of the agency;

9 (5) the plan plainly fails to adequately identify
10 the capital improvement needs for public housing de-
11 velopments in the jurisdiction of the agency;

12 (6) the activities identified in the plan are
13 plainly inappropriate to address the needs identified
14 in the plan; or

15 (7) the plan is inconsistent with the require-
16 ments of this Act.

17 (d) TREATMENT OF EXISTING PLANS.—Notwith-
18 standing any other provision of this title, a public housing
19 agency shall be considered to have submitted a plan under
20 this section if the agency has submitted to the Secretary
21 a comprehensive plan under section 14(e) of the United
22 States Housing Act of 1937 (as in effect immediately be-
23 fore the effective date of this Act) or under the com-
24 prehensive improvement assistance program under such

1 section 14, and the Secretary has approved such plan, be-
2 fore January 1, 1997. The Secretary shall provide specific
3 procedures and requirements for such authorities to
4 amend such plans by submitting only such additional in-
5 formation as is necessary to comply with the requirements
6 of section 106.

7 (e) ACTIONS TO CHANGE PLAN.—A public housing
8 agency that has submitted a plan under section 106 may
9 change actions or policies described in the plan before sub-
10 mission and review of the plan of the agency for the next
11 fiscal year only if—

12 (1) in the case of costly or nonroutine changes,
13 the agency submits to the Secretary an amendment
14 to the plan under subsection (f) which is reviewed in
15 accordance with such subsection; or

16 (2) in the case of inexpensive or routine
17 changes, the agency describes such changes in such
18 local housing management plan for the next fiscal
19 year.

20 (f) AMENDMENTS TO PLAN.—

21 (1) IN GENERAL.—During the annual or 5-year
22 period covered by the plan for a public housing
23 agency, the agency may submit to the Secretary any
24 amendments to the plan.

1 (2) REVIEW.—The Secretary shall conduct a
2 limited review of each proposed amendment submit-
3 ted under this subsection to determine whether the
4 plan, as amended by the amendment, complies with
5 the requirements of section 106 and notify each pub-
6 lic housing agency submitting the amendment
7 whether the plan, as amended, complies with such
8 requirements not later than 30 days after receiving
9 the amendment. If the Secretary determines that a
10 plan, as amended, does not comply with the require-
11 ments under section 106, such notice shall indicate
12 the reasons for the noncompliance and any modifica-
13 tions necessary for the plan to meet the require-
14 ments under section 106. If the Secretary does not
15 notify the public housing agency as required under
16 this paragraph, the plan, as amended, shall be con-
17 sidered, for purposes of this section, to comply with
18 the requirements under section 106.

19 (3) STANDARDS FOR DETERMINATION OF NON-
20 COMPLIANCE.—The Secretary may determine that a
21 plan, as amended by a proposed amendment, does
22 not comply with the requirements under section 106
23 only if—

1 (A) the plan, as amended, would be subject
2 to a determination of noncompliance in accord-
3 ance with the provisions of subsection (c);

4 (B) the Secretary determines that—

5 (i) the proposed amendment is plainly
6 inconsistent with the activities specified in
7 the plan; or

8 (ii) there is evidence that challenges,
9 in a substantial manner, any information
10 contained in the amendment; or

11 (C) the Secretary determines that the plan,
12 as amended, violates the purposes of this Act
13 because it fails to provide housing that will be
14 viable on a long-term basis at a reasonable cost.

15 (4) AMENDMENTS TO EXTEND TIME OF PER-
16 FORMANCE.—Notwithstanding any other provision of
17 this subsection, the Secretary may not determine
18 that any amendment to the plan of a public housing
19 agency that extends the time for performance of ac-
20 tivities assisted with amounts provided under this
21 title fails to comply with the requirements under sec-
22 tion 106 if the Secretary has not provided the
23 amount of assistance set forth in the plan or has not
24 provided the assistance in a timely manner.

1 **SEC. 108. REPORTING REQUIREMENTS.**

2 (a) **PERFORMANCE AND EVALUATION REPORT.**—

3 Each public housing agency shall annually submit to the
4 Secretary, on a date determined by the Secretary, a per-
5 formance and evaluation report concerning the use of
6 funds made available under this Act. The report of the
7 public housing agency shall include an assessment by the
8 agency of the relationship of such use of funds made avail-
9 able under this Act, as well as the use of other funds,
10 to the needs identified in the local housing management
11 plan and to the purposes of this Act. The public housing
12 agency shall certify that the report was available for re-
13 view and comment by affected tenants prior to its submis-
14 sion to the Secretary.

15 (b) **REVIEW OF PHA'S.**—The Secretary shall, at
16 least on an annual basis, make such reviews as may be
17 necessary or appropriate to determine whether each public
18 housing agency receiving assistance under this section—

19 (1) has carried out its activities under this Act
20 in a timely manner and in accordance with its local
21 housing management plan; and

22 (2) has a continuing capacity to carry out its
23 local housing management plan in a timely manner.

24 (c) **RECORDS.**—Each public housing agency shall col-
25 lect, maintain, and submit to the Secretary such data and
26 other program records as the Board may require, in such

1 form and in accordance with such schedule as the Sec-
2 retary may establish.

3 **SEC. 109. PET OWNERSHIP.**

4 Pet ownership in housing assisted under this Act that
5 is federally assisted rental housing (as such term is de-
6 fined in section 227 of the Housing and Urban-Rural Re-
7 covery Act of 1983) shall be governed by the provisions
8 of section 227 of such Act.

9 **SEC. 110. ADMINISTRATIVE GRIEVANCE PROCEDURE.**

10 (a) REQUIREMENTS.—Each public housing agency
11 receiving assistance under this Act shall establish and im-
12 plement an administrative grievance procedure under
13 which residents of public housing will—

14 (1) be advised of the specific grounds of any
15 proposed adverse public housing agency action;

16 (2) have an opportunity for a hearing before an
17 impartial party (including appropriate employees of
18 the public housing agency) upon timely request with-
19 in a reasonable period of time;

20 (3) have an opportunity to examine any docu-
21 ments or records or regulations related to the pro-
22 posed action;

23 (4) be entitled to be represented by another
24 person of their choice at any hearing;

1 (5) be entitled to ask questions of witnesses and
2 have others make statements on their behalf; and

3 (6) be entitled to receive a written decision by
4 the public housing agency on the proposed action.

5 (b) **EXCLUSION FROM ADMINISTRATIVE PROCEDURE**
6 **OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC**
7 **HOUSING.**—A public housing agency shall exclude from its
8 procedure established under subsection (a) any grievance
9 concerning an eviction from or termination of tenancy in
10 public housing in any State which requires that, prior to
11 eviction, a resident be provided a hearing in court which
12 the Secretary determines provides the basic elements of
13 due process.

14 (c) **INAPPLICABILITY TO CHOICE-BASED RENTAL**
15 **HOUSING ASSISTANCE.**—This section may not be con-
16 strued to require any public housing agency to establish
17 or implement an administrative grievance procedure with
18 respect to assisted families under title III.

19 **SEC. 111. HEADQUARTERS RESERVE FUND.**

20 (a) **ANNUAL RESERVATION OF AMOUNTS.**—Notwith-
21 standing any other provision of law, the Secretary may
22 retain not more than 2 percent of the amounts appro-
23 priated to carry out title II for any fiscal year for use
24 in accordance with this section.

1 (b) USE OF AMOUNTS.—Any amounts that are re-
2 tained under subsection (a) or appropriated for use under
3 this section shall be available for subsequent allocation to
4 specific areas and communities, and may only be used for
5 the Department of Housing and Urban Development
6 and—

7 (1) for unforeseen housing needs resulting from
8 natural and other disasters;

9 (2) for housing needs resulting from emer-
10 gencies, as determined by the Secretary, other than
11 such disasters;

12 (3) for housing needs related to a settlement of
13 litigation, including settlement of fair housing litiga-
14 tion; and

15 (4) for needs related to the Secretary's actions
16 under this Act regarding troubled and at-risk public
17 housing agencies.

18 Housing needs under this subsection may be met through
19 the provision of assistance in accordance with title II or
20 title III, or both.

21 **SEC. 112. LABOR STANDARDS.**

22 (a) IN GENERAL.—Any contract for grants, sale, or
23 lease pursuant to this Act relating to public housing shall
24 contain the following provisions:

1 (1) OPERATION.—A provision requiring that
2 not less than the wages prevailing in the locality, as
3 determined or adopted (subsequent to a determina-
4 tion under applicable State or local law) by the Sec-
5 retary, shall be paid to all contractors and persons
6 employed in the operation of the low-income housing
7 development involved.

8 (2) PRODUCTION.—A provision that not less
9 than the wages prevailing in the locality, as pre-
10 determined by the Secretary of Labor pursuant to
11 the Davis-Bacon Act (40 U.S.C. 276a–276a–5),
12 shall be paid to all laborers and mechanics employed
13 in the production of the development involved.

14 The Secretary shall require certification as to compliance
15 with the provisions of this section before making any pay-
16 ment under such contract.

17 (b) EXCEPTIONS.—Subsection (a) and the provisions
18 relating to wages (pursuant to subsection (a)) in any con-
19 tract for grants, sale, or lease pursuant to this Act relating
20 to public housing, shall not apply to any of the following
21 individuals:

22 (1) VOLUNTEERS.—Any individual who—

23 (A) performs services for which the indi-
24 vidual volunteered;

1 (B)(i) does not receive compensation for
2 such services; or

3 (ii) is paid expenses, reasonable benefits,
4 or a nominal fee for such services; and

5 (C) is not otherwise employed at any time
6 in the construction work.

7 (2) RESIDENTS EMPLOYED BY PHA.—Any resi-
8 dent of a public housing development who (A) is an
9 employee of the public housing agency for the devel-
10 opment, (B) performs services in connection with the
11 operation of a low-income housing project owned or
12 managed by such agency, and (C) is not a member
13 of a bargaining unit represented by a union that has
14 a collective bargaining agreement with the public
15 housing agency.

16 (3) RESIDENTS IN TRAINING PROGRAMS.—Any
17 individuals participating in a job training program
18 or other program designed to promote economic self-
19 sufficiency.

20 **SEC. 113. NONDISCRIMINATION.**

21 (a) IN GENERAL.—No person in the United States
22 shall on the grounds of race, color, national origin, reli-
23 gion, or sex be excluded from participation in, be denied
24 the benefits of, or be subjected to discrimination under
25 any program or activity funded in whole or in part with

1 amounts made available under this Act. Any prohibition
2 against discrimination on the basis of age under the Age
3 Discrimination Act of 1975 or with respect to an otherwise
4 qualified handicapped individual as provided in section
5 504 of the Rehabilitation Act of 1973 shall also apply to
6 any such program or activity.

7 (b) CIVIL RIGHTS COMPLIANCE.—Each public hous-
8 ing agency that receives grant amounts under this Act
9 shall use such amounts and carry out its local housing
10 management plan approved under section 107 in conform-
11 ity with title VI of the Civil Rights Act of 1964, the Fair
12 Housing Act, section 504 of the Rehabilitation Act of
13 1973, the Age Discrimination Act of 1975, and the Ameri-
14 cans With Disabilities Act of 1990, and shall affirmatively
15 further fair housing.

16 **SEC. 114. PROHIBITION ON USE OF FUNDS.**

17 None of the funds made available to the Department
18 of Housing and Urban Development to carry out this Act,
19 which are obligated to State or local governments, public
20 housing agencies, housing finance agencies, or other public
21 or quasi-public housing agencies, shall be used to indem-
22 nify contractors or subcontractors of the government or
23 agency against costs associated with judgments of in-
24 fringement of intellectual property rights.

1 **SEC. 115. INAPPLICABILITY TO INDIAN HOUSING.**

2 Except as specifically provided by law, the provisions
 3 of this title, and titles II, III, IV, and V shall not apply
 4 to public housing developed or operated pursuant to a con-
 5 tract between the Secretary and an Indian housing author-
 6 ity under the United States Housing Act of 1937 or to
 7 housing assisted under the Native American Housing As-
 8 sistance and Self-Determination Act of 1996.

9 **SEC. 116. REGULATIONS.**

10 (a) **IN GENERAL.**—The Secretary may issue any reg-
 11 ulations necessary to carry out this Act. This subsection
 12 shall take effect on the date of the enactment of this Act.

13 (b) **RULE OF CONSTRUCTION.**—Any failure by the
 14 Secretary to issue any regulations authorized under sub-
 15 section (a) shall not affect the effectiveness of any provi-
 16 sion of this Act or any amendment made by this Act.

17 **TITLE II—PUBLIC HOUSING**

18 **Subtitle A—Block Grants**

19 **SEC. 201. BLOCK GRANT CONTRACTS.**

20 (a) **IN GENERAL.**—The Secretary shall enter into
 21 contracts with public housing agencies under which—

22 (1) the Secretary agrees to make a block grant
 23 under this title, in the amount provided under sec-
 24 tion 202(c), for assistance for low-income housing to
 25 the public housing agency for each fiscal year cov-
 26 ered by the contract; and

1 (2) the agency agrees—

2 (A) to provide safe, clean, and healthy
3 housing that is affordable to low-income fami-
4 lies and services for families in such housing;

5 (B) to operate, or provide for the oper-
6 ation, of such housing in a financially sound
7 manner;

8 (C) to use the block grant amounts in ac-
9 cordance with this title and the local housing
10 management plan for the agency that complies
11 with the requirements of section 106;

12 (D) to involve residents of housing assisted
13 with block grant amounts in functions and deci-
14 sions relating to management and the quality of
15 life in such housing;

16 (E) that the management of the public
17 housing of the agency shall be subject to ac-
18 tions authorized under subtitle D of title V;

19 (F) that the Secretary may take actions
20 under section 205 with respect to improper use
21 of grant amounts provided under the contract;
22 and

23 (G) to otherwise comply with the require-
24 ments under this title.

1 (b) MODIFICATION.—Contracts and agreements be-
2 tween the Secretary and a public housing agency may not
3 be amended in a manner which would—

4 (1) impair the rights of—

5 (A) leaseholders for units assisted pursu-
6 ant to a contract or agreement; or

7 (B) the holders of any outstanding obliga-
8 tions of the public housing agency involved for
9 which annual contributions have been pledged;
10 or

11 (2) provide for payment of block grant amounts
12 under this title in an amount exceeding the alloca-
13 tion for the agency determined under section 204.

14 Any rule of law contrary to this subsection shall be deemed
15 inapplicable.

16 **SEC. 202. GRANT AUTHORITY, AMOUNT, AND ELIGIBILITY.**

17 (a) AUTHORITY.—The Secretary shall make block
18 grants under this title to eligible public housing agencies
19 in accordance with block grant contracts under section
20 201.

21 (b) PERFORMANCE FUNDS.—

22 (1) IN GENERAL.—The Secretary shall establish
23 2 funds for the provision of grants to eligible public
24 housing agencies under this title, as follows:

1 (A) CAPITAL FUND.—A capital fund to
2 provide capital and management improvements
3 to public housing developments.

4 (B) OPERATING FUND.—An operating
5 fund for public housing operations.

6 (2) FLEXIBILITY OF FUNDING.—A public hous-
7 ing agency may use up to 10 percent of the amounts
8 from a grant under this title that are allocated and
9 provided from the capital fund for activities that are
10 eligible under section 203(a)(2) to be funded with
11 amounts from the operating fund.

12 (c) AMOUNT OF GRANTS.—The amount of the grant
13 under this title for a public housing agency for a fiscal
14 year shall be the amount of the allocation for the agency
15 determined under section 204, except as otherwise pro-
16 vided in this title and title V.

17 (d) ELIGIBILITY.—A public housing agency shall be
18 an eligible public housing agency with respect to a fiscal
19 year for purposes of this title only if—

20 (1) the Secretary has entered into a block grant
21 contract with the agency;

22 (2) the agency has submitted a local housing
23 management plan to the Secretary for such fiscal
24 year;

1 (3) the plan has been determined to comply
2 with the requirements under section 106 and the
3 Secretary has not notified the agency that the plan
4 fails to comply with such requirements;

5 (4) the agency is exempt from local taxes, as
6 provided under subsection (e), or receives a contribu-
7 tion, as provided under such subsection;

8 (5) no member of the board of directors or
9 other governing body of the agency, or the executive
10 director, has been convicted of a felony;

11 (6) the agency has entered into an agreement
12 providing for local cooperation in accordance with
13 subsection (f); and

14 (7) the agency has not been disqualified for a
15 grant pursuant to section 205(a) or title V.

16 (e) PAYMENTS IN LIEU OF STATE AND LOCAL TAX-
17 ATION OF PUBLIC HOUSING DEVELOPMENTS.—

18 (1) EXEMPTION FROM TAXATION.—A public
19 housing agency may receive a block grant under this
20 title only if—

21 (A)(i) the developments of the agency (ex-
22 clusive of any portions not assisted with
23 amounts provided under this title) are exempt
24 from all real and personal property taxes levied

1 or imposed by the State, city, county, or other
2 political subdivision; and

3 (ii) the public housing agency makes pay-
4 ments in lieu of taxes to such taxing authority
5 equal to 10 percent of the sum, for units
6 charged in the developments of the agency, of
7 the difference between the gross rent and the
8 utility cost, or such lesser amount as is—

9 (I) prescribed by State law;

10 (II) agreed to by the local governing
11 body in its agreement under subsection (f)
12 for local cooperation with the public hous-
13 ing agency or under a waiver by the local
14 governing body; or

15 (III) due to failure of a local public
16 body or bodies other than the public hous-
17 ing agency to perform any obligation under
18 such agreement; or

19 (B) the agency complies with the require-
20 ments under subparagraph (A) with respect to
21 public housing developments (including public
22 housing units in mixed-income developments),
23 but the agency agrees that the units other than
24 public housing units in any mixed-income devel-
25 opments (as such term is defined in section

1 221(c)(2)) shall be subject to any otherwise ap-
2 plicable real property taxes imposed by the
3 State, city, county or other political subdivision.

4 (2) EFFECT OF FAILURE TO EXEMPT FROM
5 TAXATION.—Notwithstanding paragraph (1), a pub-
6 lic housing agency that does not comply with the re-
7 quirements under such paragraph may receive a
8 block grant under this title, but only if the State,
9 city, county, or other political subdivision in which
10 the development is situated contributes, in the form
11 of cash or tax remission, the amount by which the
12 taxes paid with respect to the development exceed 10
13 percent of the gross rent and utility cost charged in
14 the development.

15 (f) LOCAL COOPERATION.—In recognition that there
16 should be local determination of the need for low-income
17 housing to meet needs not being adequately met by private
18 enterprise, the Secretary may not make any grant under
19 this title to a public housing agency unless the governing
20 body of the locality involved has entered into an agreement
21 with the agency providing for the local cooperation re-
22 quired by the Secretary pursuant to this title.

23 (g) EXCEPTION.—Notwithstanding subsection (a),
24 the Secretary may make a grant under this title for a pub-
25 lic housing agency that is not an eligible public housing

1 agency but only for the period necessary to secure, in ac-
2 cordance with this title, an alternative public housing
3 agency for the public housing of the ineligible agency.

4 **SEC. 203. ELIGIBLE AND REQUIRED ACTIVITIES.**

5 (a) **ELIGIBLE ACTIVITIES.**—Except as provided in
6 subsection (b) and in section 202(b)(2), grant amounts al-
7 located and provided from the capital fund and grant
8 amounts allocated and provided from the operating fund
9 may be used only for the following activities:

10 (1) **CAPITAL FUND ACTIVITIES.**—Grant
11 amounts from the capital fund may be used for—

12 (A) the production and modernization of
13 public housing developments, including the re-
14 design, reconstruction, and reconfiguration of
15 public housing sites and buildings and the pro-
16 duction of mixed-income developments;

17 (B) vacancy reduction;

18 (C) addressing deferred maintenance needs
19 and the replacement of dwelling equipment;

20 (D) planned code compliance;

21 (E) management improvements;

22 (F) demolition and replacement under sec-
23 tion 261;

24 (G) tenant relocation;

1 (H) capital expenditures to facilitate pro-
2 grams to improve the economic empowerment
3 and self-sufficiency of public housing tenants;
4 and

5 (I) capital expenditures to improve the se-
6 curity and safety of residents.

7 (2) OPERATING FUND ACTIVITIES.—Grant
8 amounts from the operating fund may be used for—

9 (A) procedures and systems to maintain
10 and ensure the efficient management and oper-
11 ation of public housing units;

12 (B) activities to ensure a program of rou-
13 tine preventative maintenance;

14 (C) anti-crime and anti-drug activities, in-
15 cluding the costs of providing adequate security
16 for public housing tenants;

17 (D) activities related to the provision of
18 services, including service coordinators for el-
19 derly persons or persons with disabilities;

20 (E) activities to provide for management
21 and participation in the management of public
22 housing by public housing tenants;

23 (F) the costs associated with the operation
24 and management of mixed-income develop-
25 ments;

1 (G) the costs of insurance;

2 (H) the energy costs associated with public
3 housing units, with an emphasis on energy con-
4 servation;

5 (I) the costs of administering a public
6 housing community work program under section
7 105, including the costs of any related insur-
8 ance needs; and

9 (J) activities in connection with a home-
10 ownership program for public housing residents
11 under subtitle D, including providing financing
12 or assistance for purchasing housing, or the
13 provision of financial assistance to resident
14 management corporations or resident councils
15 to obtain training, technical assistance, and
16 educational assistance to promote homeown-
17 ership opportunities.

18 (b) REQUIRED CONVERSION OF ASSISTANCE FOR
19 PUBLIC HOUSING TO RENTAL HOUSING ASSISTANCE.—

20 (1) REQUIREMENT.—A public housing agency
21 that receives grant amounts under this title shall
22 provide assistance in the form of rental housing as-
23 sistance under title III, or appropriate site revital-
24 ization or other appropriate capital improvements
25 approved by the Secretary, in lieu of assisting the

1 operation and modernization of any building or
2 buildings of public housing, if the agency provides
3 sufficient evidence to the Secretary that the building
4 or buildings—

5 (A) are on the same or contiguous sites;

6 (B) consist of more than 300 dwelling
7 units;

8 (C) have a vacancy rate of at least 10 per-
9 cent for dwelling units not in funded, on-sched-
10 ule modernization programs;

11 (D) are identified as distressed housing for
12 which the public housing agency cannot assure
13 the long-term viability as public housing
14 through reasonable revitalization, density reduc-
15 tion, or achievement of a broader range of
16 household income; and

17 (E) have an estimated cost of continued
18 operation and modernization as public housing
19 that exceeds the cost of providing choice-based
20 rental assistance under title III for all families
21 in occupancy, based on appropriate indicators
22 of cost (such as the percentage of the total de-
23 velopment cost required for modernization).

1 Local housing and management agencies shall identify
2 properties that meet the definition of subparagraphs
3 (A) through (E).

4 (2) USE OF OTHER AMOUNTS.—In addition to
5 grant amounts under this title attributable (pursuant
6 to the formulas under section 204) to the building
7 or buildings identified under paragraph (1), the
8 Secretary may use amounts provided in appropriation
9 Acts for choice-based housing assistance under
10 title III for families residing in such building or
11 buildings or for appropriate site revitalization or
12 other appropriate capital improvements approved by
13 the Secretary.

14 (3) ENFORCEMENT.—The Secretary shall take
15 appropriate action to ensure conversion of any building
16 or buildings identified under paragraph (1) and
17 any other appropriate action under this subsection,
18 if the public housing agency fails to take appropriate
19 action under this subsection.

20 (4) FAILURE OF PHA'S TO COMPLY WITH CON-
21 VERSION REQUIREMENT.—If the Secretary determines
22 that—

23 (A) a public housing agency has failed
24 under paragraph (1) to identify a building or
25 buildings in a timely manner,

1 (B) a public housing agency has failed to
2 identify one or more buildings which the Sec-
3 retary determines should have been identified
4 under paragraph (1), or

5 (C) one or more of the buildings identified
6 by the public housing agency pursuant to para-
7 graph (1) should not, in the determination of
8 the Secretary, have been identified under that
9 paragraph,

10 the Secretary may identify a building or buildings
11 for conversion and take other appropriate action
12 pursuant to this subsection.

13 (5) CESSATION OF UNNECESSARY SPENDING.—
14 Notwithstanding any other provision of law, if, in
15 the determination of the Secretary, a building or
16 buildings meets or is likely to meet the criteria set
17 forth in paragraph (1), the Secretary may direct the
18 public housing agency to cease additional spending
19 in connection with such building or buildings, except
20 to the extent that additional spending is necessary
21 to ensure safe, clean, and healthy housing until the
22 Secretary determines or approves an appropriate
23 course of action with respect to such building or
24 buildings under this subsection.

1 (6) USE OF BUDGET AUTHORITY.—Notwith-
2 standing any other provision of law, if a building or
3 buildings are identified pursuant to paragraph (1),
4 the Secretary may authorize or direct the transfer,
5 to the choice-based or tenant-based assistance pro-
6 gram of such agency or to appropriate site revital-
7 ization or other capital improvements approved by
8 the Secretary, of—

9 (A) in the case of an agency receiving as-
10 sistance under the comprehensive improvement
11 assistance program, any amounts obligated by
12 the Secretary for the modernization of such
13 building or buildings pursuant to section 14 of
14 the United States Housing Act of 1937 (as in
15 effect immediately before the effective date of
16 the repeal under section 601(b));

17 (B) in the case of an agency receiving pub-
18 lic housing modernization assistance by formula
19 pursuant to such section 14, any amounts pro-
20 vided to the agency which are attributable pur-
21 suant to the formula for allocating such assist-
22 ance to such building or buildings;

23 (C) in the case of an agency receiving as-
24 sistance for the major reconstruction of obsolete

1 projects, any amounts obligated by the Sec-
2 retary for the major reconstruction of such
3 building or buildings pursuant to section 5(j)(2)
4 of the United States Housing Act of 1937, as
5 in effect immediately before the effective date of
6 the repeal under section 601(b); and

7 (D) in the case of an agency receiving as-
8 sistance pursuant to the formulas under section
9 204, any amounts provided to the agency which
10 are attributable pursuant to the formulas for
11 allocating such assistance to such building or
12 buildings.

13 (7) TRANSITION.—Any amounts made available
14 to a public housing agency to carry out section 202
15 of the Departments of Veterans Affairs and Housing
16 and Urban Development, and Independent Agencies
17 Appropriations Act, 1996 (enacted as section 101(e)
18 of Omnibus Consolidated Rescissions and Appropria-
19 tions Act of 1996 (Public Law 104–134; 110 Stat.
20 1321–279)) may be used to carry out this section.
21 The Secretary shall provide for public housing agen-
22 cies to conform and continue actions taken under
23 such section 202 in accordance with the require-
24 ments under this section.

1 (c) EXTENSION OF DEADLINES.—The Secretary
2 may, for a public housing agency, extend any deadline es-
3 tablished pursuant to this section or a local housing man-
4 agement plan for up to an additional 5 years if the Sec-
5 retary makes a determination that the deadline is imprac-
6 ticable.

7 (d) COMPLIANCE WITH PLAN.—The local housing
8 management plan submitted by a public housing agency
9 (including any amendments to the plan), unless deter-
10 mined under section 107 not to comply with the require-
11 ments under section 106, shall be binding upon the Sec-
12 retary and the public housing agency and the agency shall
13 use any grant amounts provided under this title for eligi-
14 ble activities under subsection (a) in accordance with the
15 plan. This subsection may not be construed to preclude
16 changes or amendments to the plan, as authorized under
17 section 107 or any actions authorized by this Act to be
18 taken without regard to a local housing management plan.

19 **SEC. 204. DETERMINATION OF GRANT ALLOCATION.**

20 (a) IN GENERAL.—For each fiscal year, after reserv-
21 ing amounts under section 111 from the aggregate
22 amount made available for the fiscal year for carrying out
23 this title, the Secretary shall allocate any remaining

1 amounts among eligible public housing agencies in accord-
2 ance with this section, so that the sum of all of the alloca-
3 tions for all eligible authorities is equal to such remaining
4 amount.

5 (b) ALLOCATION AMOUNT.—The Secretary shall de-
6 termine the amount of the allocation for each eligible pub-
7 lic housing agency, which shall be—

8 (1) for any fiscal year beginning after the en-
9 actment of a law containing the formulas described
10 in paragraphs (1) and (2) of subsection (c), the sum
11 of the amounts determined for the agency under
12 each such formula; or

13 (2) for any fiscal year beginning before the ex-
14 piration of such period, the sum of—

15 (A) the operating allocation determined
16 under subsection (d)(1) for the agency; and

17 (B) the capital improvement allocation de-
18 termined under subsection (d)(2) for the agen-
19 cy.

20 (c) PERMANENT ALLOCATION FORMULAS FOR CAP-
21 ITAL AND OPERATING FUNDS.—

22 (1) ESTABLISHMENT OF CAPITAL FUND FOR-
23 MULA.—The formula under this paragraph shall
24 provide for allocating assistance under the capital

1 fund for a fiscal year. The formula may take into
2 account such factors as—

3 (A) the number of public housing dwelling
4 units owned or operated by the public housing
5 agency, the characteristics and locations of the
6 developments, and the characteristics of the
7 families served and to be served (including the
8 incomes of the families);

9 (B) the need of the public housing agency
10 to carry out rehabilitation and modernization
11 activities, and reconstruction, production, and
12 demolition activities related to public housing
13 dwelling units owned or operated by the public
14 housing agency, including backlog and projected
15 future needs of the agency;

16 (C) the cost of constructing and rehabili-
17 tating property in the area; and

18 (D) the need of the public housing agency
19 to carry out activities that provide a safe and
20 secure environment in public housing units
21 owned or operated by the public housing agen-
22 cy.

23 (2) ESTABLISHMENT OF OPERATING FUND
24 FORMULA.—The formula under this paragraph shall
25 provide for allocating assistance under the operating

1 fund for a fiscal year. The formula may take into
2 account such factors as—

3 (A) standards for the costs of operating
4 and reasonable projections of income, taking
5 into account the characteristics and locations of
6 the public housing developments and character-
7 istics of the families served and to be served
8 (including the incomes of the families), or the
9 costs of providing comparable services as deter-
10 mined in accordance with criteria or a formula
11 representing the operations of a prototype well-
12 managed public housing development;

13 (B) the number of public housing dwelling
14 units owned or operated by the public housing
15 agency;

16 (C) the need of the public housing agency
17 to carry out anti-crime and anti-drug activities,
18 including providing adequate security for public
19 housing residents;

20 (D) any record by the public housing agen-
21 cy of exemplary performance in the operation of
22 public housing; and

23 (E) the amount of nonrental income of the
24 public housing agency, except that in consider-
25 ing such amount the formula—

1 (i) shall provide an incentive to en-
2 courage agencies to increase nonrental in-
3 come and to increase rental income attrib-
4 utable to their units by encouraging occu-
5 pancy by families with a broad range of in-
6 comes, including families whose incomes
7 have increased while in occupancy and
8 newly admitted families; and

9 (ii) shall provide that the agency shall
10 derive the full benefit of any increase in
11 nonrental income, and such increase shall
12 not directly result in a decrease in
13 amounts provided to the agency pursuant
14 to the formula.

15 The formula shall not take into account the amount
16 of any cost reductions for a public housing agency
17 due to the difference between projected and actual
18 utility rates attributable to actions that are taken by
19 the agency which lead to such reductions, as deter-
20 mined by the Secretary. In the case of any public
21 housing agency that receives financing from any per-
22 son or entity other than the Secretary or enters into
23 a performance contract to undertake energy con-
24 servation improvements in a public housing develop-
25 ment, under which the payment does not exceed the

1 cost of the energy saved as a result of the improve-
2 ments during a reasonable negotiated contract pe-
3 riod, the formula shall not take into account the
4 amount of any cost reductions for the agency due to
5 the differences between projected and actual utility
6 consumption attributable to actions that are taken
7 by the agency which lead to such reductions, as de-
8 termined by the Secretary. Notwithstanding the pre-
9 ceding 2 sentences, after the expiration of the 10-
10 year period beginning upon the savings initially tak-
11 ing effect, the Secretary may reduce the amount al-
12 located to the agency under the formula by up to 50
13 percent of such differences.

14 (3) DEVELOPMENT UNDER NEGOTIATED RULE-
15 MAKING PROCEDURE.—The formulas under this sub-
16 section shall be developed according to procedures
17 for issuance of regulations under the negotiated
18 rulemaking procedure under subchapter III of chap-
19 ter 5 of title 5, United States Code, except that the
20 formulas shall not be contained in a regulation.

21 (4) REPORT.—Not later than the expiration of
22 the 12-month period beginning upon the enactment
23 of this Act, the Secretary shall submit a report to

1 the Congress containing the proposed formulas es-
2 tablished pursuant to paragraph (3) that meets the
3 requirements of this subsection.

4 (d) INTERIM ALLOCATION REQUIREMENTS.—

5 (1) OPERATING ALLOCATION.—

6 (A) APPLICABILITY TO 50 PERCENT OF AP-
7 PROPRIATED AMOUNTS.—Of any amounts avail-
8 able for allocation under this subsection for a
9 fiscal year, 50 percent shall be used only to pro-
10 vide amounts for operating allocations under
11 this paragraph for eligible public housing agen-
12 cies.

13 (B) DETERMINATION.—The operating allo-
14 cation under this paragraph for a public hous-
15 ing agency for a fiscal year shall be an amount
16 determined by applying, to the amount to be al-
17 located under this paragraph, the formula used
18 for determining the distribution of operating
19 subsidies for fiscal year 1997 to public housing
20 agencies (as modified under subparagraph (C))
21 under section 9 of the United States Housing
22 Act of 1937, as in effect immediately before the
23 effective date of the repeal under section
24 601(b).

1 (C) TREATMENT OF CHRONICALLY VACANT
2 UNITS.—The Secretary shall revise the formula
3 referred to in subparagraph (B) so that the for-
4 mula does not provide any amounts, other than
5 utility costs and other necessary costs (such as
6 costs necessary for the protection of persons
7 and property), attributable to any dwelling unit
8 of a public housing agency that has been vacant
9 continuously for 6 or more months. A unit shall
10 not be considered vacant for purposes of this
11 paragraph if the unit is unoccupied because of
12 rehabilitation or renovation that is on schedule.

13 (D) INCREASES IN INCOME.—The Sec-
14 retary may revise the formula referred to in
15 subparagraph (B) to provide an incentive to en-
16 courage public housing agencies to increase
17 nonrental income and to increase rental income
18 attributable to their units by encouraging occu-
19 pancy by families with a broad range of in-
20 comes, including families whose incomes have
21 increased while in occupancy and newly admit-
22 ted families. Any such incentive shall provide
23 that the public housing agency shall derive the
24 full benefit of an increase in nonrental income,
25 and such increase shall not directly result in a

1 decrease in amounts provided to the agency
2 under this title.

3 (2) CAPITAL IMPROVEMENT ALLOCATION.—

4 (A) APPLICABILITY TO 50 PERCENT OF AP-
5 PROPRIATED AMOUNTS.—Of any amounts avail-
6 able for allocation under this subsection for a
7 fiscal year, 50 percent shall be used only to pro-
8 vide amounts for capital improvement alloca-
9 tions under this paragraph for eligible public
10 housing agencies.

11 (B) DETERMINATION.—The capital im-
12 provement allocation under this paragraph for
13 an eligible public housing agency for a fiscal
14 year shall be determined by applying, to the
15 amount to be allocated under this paragraph,
16 the formula used for determining the distribu-
17 tion of modernization assistance for fiscal year
18 1997 to public housing agencies under section
19 14 of the United States Housing Act of 1937,
20 as in effect immediately before the effective
21 date of the repeal under section 601(b), except
22 that the Secretary shall establish a method for
23 taking into consideration allocation of amounts
24 under the comprehensive improvement assist-
25 ance program.

1 (e) ELIGIBILITY OF UNITS ACQUIRED FROM PRO-
2 CEEDS OF SALES UNDER DEMOLITION OR DISPOSITION
3 PLAN.—If a public housing agency uses proceeds from the
4 sale of units under a homeownership program in accord-
5 ance with section 251 to acquire additional units to be
6 sold to low-income families, the additional units shall be
7 counted as public housing for purposes of determining the
8 amount of the allocation to the agency under this section
9 until sale by the agency, but in any case no longer than
10 5 years.

11 **SEC. 205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.**

12 (a) IN GENERAL.—In addition to any other actions
13 authorized under this title, if the Secretary finds pursuant
14 to an audit under section 541 that a public housing agency
15 receiving grant amounts under this title has failed to com-
16 ply substantially with any provision of this title, the Sec-
17 retary may—

18 (1) terminate payments under this title to the
19 agency;

20 (2) withhold from the agency amounts from the
21 total allocation for the agency pursuant to section
22 204;

23 (3) reduce the amount of future grant pay-
24 ments under this title to the agency by an amount

1 equal to the amount of such payments that were not
2 expended in accordance with this title;

3 (4) limit the availability of grant amounts pro-
4 vided to the agency under this title to programs,
5 projects, or activities not affected by such failure to
6 comply;

7 (5) withhold from the agency amounts allocated
8 for the agency under title III; or

9 (6) order other corrective action with respect to
10 the agency.

11 (b) TERMINATION OF COMPLIANCE ACTION.—If the
12 Secretary takes action under subsection (a) with respect
13 to a public housing agency, the Secretary shall—

14 (1) in the case of action under subsection
15 (a)(1), resume payments of grant amounts under
16 this title to the agency in the full amount of the
17 total allocation under section 204 for the agency at
18 the time that the Secretary first determines that the
19 agency will comply with the provisions of this title;

20 (2) in the case of action under paragraph (2),
21 (5), or (6) of subsection (a), make withheld amounts
22 available as the Secretary considers appropriate to
23 ensure that the agency complies with the provisions
24 of this title; or

1 (3) in the case of action under subsection
2 (a)(4), release such restrictions at the time that the
3 Secretary first determines that the agency will com-
4 ply with the provisions of this title.

5 **Subtitle B—Admissions and**
6 **Occupancy Requirements**

7 **SEC. 221. LOW-INCOME HOUSING REQUIREMENT.**

8 (a) **PRODUCTION ASSISTANCE.**—Any public housing
9 produced using amounts provided under a grant under
10 this title or under the United States Housing Act of 1937
11 shall be operated as public housing for the 40-year period
12 beginning upon such production.

13 (b) **OPERATING ASSISTANCE.**—No portion of any
14 public housing development operated with amounts from
15 a grant under this title or operating assistance provided
16 under the United States Housing Act of 1937 may be dis-
17 posed of before the expiration of the 10-year period begin-
18 ning upon the conclusion of the fiscal year for which the
19 grant or such assistance was provided, except as provided
20 in this Act.

21 (c) **CAPITAL IMPROVEMENTS ASSISTANCE.**—
22 Amounts may be used for eligible activities under section
23 203(a)(1) only for the following housing developments:

1 (1) LOW-INCOME DEVELOPMENTS.—Amounts
2 may be used for a low-income housing development
3 that—

4 (A) is owned by public housing agencies;

5 (B) is operated as low-income rental hous-
6 ing and produced or operated with assistance
7 provided under a grant under this title; and

8 (C) is consistent with the purposes of this
9 title.

10 Any development, or portion thereof, referred to in
11 this paragraph for which activities under section
12 203(a)(1) are conducted using amounts from a
13 grant under this title shall be maintained and used
14 as public housing for the 20-year period beginning
15 upon the receipt of such grant. Any public housing
16 development, or portion thereof, that received the
17 benefit of a grant pursuant to section 14 of the
18 United States Housing Act of 1937 shall be main-
19 tained and used as public housing for the 20-year
20 period beginning upon receipt of such amounts.

21 (2) MIXED INCOME DEVELOPMENTS.—Amounts
22 may be used for eligible activities under section
23 203(a)(1) for mixed-income developments, which
24 shall be a housing development that—

1 (A) contains dwelling units that are avail-
2 able for occupancy by families other than low-
3 income families;

4 (B) contains a number of dwelling units—

5 (i) which units are made available (by
6 master contract or individual lease) for oc-
7 cupancy only by low- and very low-income
8 families identified by the public housing
9 agency;

10 (ii) which number is not less than a
11 reasonable number of units, including re-
12 lated amenities, taking into account the
13 amount of the assistance provided by the
14 agency compared to the total investment
15 (including costs of operation) in the devel-
16 opment;

17 (iii) which units are subject to the
18 statutory and regulatory requirements of
19 the public housing program, except that
20 the Secretary may grant appropriate waiv-
21 ers to such statutory and regulatory re-
22 quirements if reductions in funding or
23 other changes to the program make contin-
24 ued application of such requirements im-
25 practicable;

1 (iv) which units are specially des-
2 ignated as dwelling units under this sub-
3 paragraph, except the equivalent units in
4 the development may be substituted for
5 designated units during the period the
6 units are subject to the requirements of
7 the public housing program; and

8 (v) which units shall be eligible for as-
9 sistance under this title; and

10 (C) is owned by the public housing agency,
11 an affiliate controlled by it, or another appro-
12 priate entity.

13 Notwithstanding any other provision of this title, to
14 facilitate the establishment of socioeconomically
15 mixed communities, a public housing agency that
16 uses grant amounts under this title for a mixed in-
17 come development under this paragraph may, to the
18 extent that income from such a development reduces
19 the amount of grant amounts used for operating or
20 other costs relating to public housing, use such re-
21 sulting savings to rent privately developed dwelling
22 units in the neighborhood of the mixed income devel-
23 opment. Such units shall be made available for occu-
24 pancy only by low-income families eligible for resi-
25 dency in public housing.

1 **SEC. 222. FAMILY ELIGIBILITY.**

2 (a) IN GENERAL.—Dwelling units in public housing
3 may be rented only to families who are low-income families
4 at the time of their initial occupancy of such units.

5 (b) INCOME MIX WITHIN DEVELOPMENTS.—A public
6 housing agency may establish and utilize income-mix cri-
7 teria for the selection of residents for dwelling units in
8 public housing developments that limit admission to a de-
9 velopment by selecting applicants having incomes appro-
10 priate so that the mix of incomes of families occupying
11 the development at any time is proportional to the income
12 mix in the eligible population of the jurisdiction of the
13 agency at such time, as adjusted to take into consideration
14 the severity of housing need. Any criteria established
15 under this subsection shall be subject to the provisions of
16 subsection (c).

17 (c) INCOME MIX.—

18 (1) PHA INCOME MIX.—Except as provided in
19 paragraph (2), at all times not less than 35 percent
20 of the public housing dwelling units of a public hous-
21 ing agency shall be occupied by low-income families
22 whose incomes at such time do not exceed 30 per-
23 cent of the area median income, as determined by
24 the Secretary with adjustments for smaller and larg-
25 er families, except that the Secretary, may for pur-
26 poses of this subsection, establish income ceilings

1 higher or lower than 30 percent of the median for
2 the area on the basis of the Secretary's findings that
3 such variations are necessary because of unusually
4 high or low family incomes. This paragraph may not
5 be construed to create any authority on the part of
6 any public housing agency to evict any family resid-
7 ing in public housing solely because of the income of
8 the family or because of any noncompliance or over-
9 compliance with the requirement of this paragraph.

10 (2) INCREASES IN TENANT INCOMES.—A public
11 housing agency may fail to comply with the require-
12 ment under paragraph (1) if such noncompliance is
13 temporary in nature because—

14 (A) the incomes of existing public housing
15 residents have increased; and

16 (B) during such temporary noncompliance,
17 the agency makes any dwelling units that be-
18 come available for occupancy available only to
19 families having incomes referred to in para-
20 graph (1).

21 (3) PROHIBITION OF CONCENTRATION OF LOW-
22 INCOME FAMILIES.—A public housing agency may
23 not, in complying with the requirements under para-
24 graph (1), concentrate very low-income families (or
25 other families with relatively low incomes) in public

1 housing dwelling units in certain public housing de-
2 velopments or certain buildings within developments.
3 The Secretary may review the income and occupancy
4 characteristics of the public housing developments,
5 and the buildings of such developments, of public
6 housing agencies to ensure compliance with the pro-
7 visions of this paragraph.

8 (d) WAIVER OF ELIGIBILITY REQUIREMENTS FOR
9 OCCUPANCY BY POLICE OFFICERS.—

10 (1) AUTHORITY AND WAIVER.—To provide oc-
11 cupancy in public housing dwelling units to police of-
12 ficers and other law enforcement or security person-
13 nel (who are not otherwise eligible for residence in
14 public housing) and to increase security for other
15 public housing residents in developments where
16 crime has been a problem, a public housing agency
17 may, with respect to such units and subject to para-
18 graph (2)—

19 (A) waive—

20 (i) the provisions of subsection (a) of
21 this section and section 225(a); and

22 (ii) the applicability of—

23 (I) any preferences for occupancy
24 established under section 223;

1 (II) the minimum rental amount
2 established pursuant to section 225(c)
3 and any maximum monthly rental
4 amount established pursuant to sec-
5 tion 225(b);

6 (III) any criteria relating to in-
7 come mix within developments estab-
8 lished under subsection (b);

9 (IV) the income mix require-
10 ments under subsection (c); and

11 (V) any other occupancy limita-
12 tions or requirements; and

13 (B) establish special rent requirements and
14 other terms and conditions of occupancy.

15 (2) CONDITIONS OF WAIVER.—A public housing
16 agency may take the actions authorized in para-
17 graph (1) only if agency determines that such ac-
18 tions will increase security in the public housing de-
19 velopments involved and will not result in a signifi-
20 cant reduction of units available for residence by
21 low-income families.

22 **SEC. 223. PREFERENCES FOR OCCUPANCY.**

23 (a) AUTHORITY TO ESTABLISH.—Each public hous-
24 ing agency may establish a system for making dwelling

1 units in public housing available for occupancy that pro-
2 vides preference for such occupancy to families having cer-
3 tain characteristics.

4 (b) CONTENT.—Each system of preferences estab-
5 lished pursuant to this section shall be based upon local
6 housing needs and priorities, as determined by the public
7 housing agency using generally accepted data sources, in-
8 cluding any information obtained pursuant to an oppor-
9 tunity for public comment as provided under section
10 106(e) or under the requirements applicable to com-
11 prehensive housing affordability strategy for the relevant
12 jurisdiction.

13 **SEC. 224. ADMISSION PROCEDURES.**

14 (a) ADMISSION REQUIREMENTS.—A public housing
15 agency shall ensure that each family residing in a public
16 housing development owned or administered by the agency
17 is admitted in accordance with the procedures established
18 under this title by the agency and the income limits under
19 section 222.

20 (b) NOTIFICATION OF APPLICATION DECISIONS.—A
21 public housing agency shall establish procedures designed
22 to provide for notification to an applicant for admission
23 to public housing of the determination with respect to such
24 application, the basis for the determination, and, if the
25 applicant is determined to be eligible for admission, the

1 projected date of occupancy (to the extent such date can
2 reasonably be determined). If an agency denies an appli-
3 cant admission to public housing, the agency shall notify
4 the applicant that the applicant may request an informal
5 hearing on the denial within a reasonable time of such
6 notification.

7 (c) SITE-BASED WAITING LISTS.—A public housing
8 agency may establish procedures for maintaining waiting
9 lists for admissions to public housing developments of the
10 agency, which may include (notwithstanding any other
11 law, regulation, handbook, or notice to the contrary) a sys-
12 tem of site-based waiting lists whereby applicants may
13 apply directly at or otherwise designate the development
14 or developments in which they seek to reside.

15 (d) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC
16 VIOLENCE.—A public housing agency shall be subject to
17 the restrictions regarding release of information relating
18 to the identity and new residence of any family in public
19 housing that was a victim of domestic violence that are
20 applicable to shelters pursuant to the Family Violence
21 Prevention and Services Act. The agency shall work with
22 the United States Postal Service to establish procedures
23 consistent with the confidentiality provisions in the Vio-
24 lence Against Women Act of 1994.

1 (e) TRANSFERS.—A public housing agency may
2 apply, to each public housing resident seeking to transfer
3 from one development to another development owned or
4 operated by the agency, the screening procedures applica-
5 ble at such time to new applicants for public housing.

6 **SEC. 225. FAMILY CHOICE OF RENTAL PAYMENT.**

7 (a) RENTAL CONTRIBUTION BY RESIDENT.—A fam-
8 ily residing in a public housing dwelling shall pay as
9 monthly rent for the unit the amount determined under
10 paragraph (1) or (2) of subsection (b), subject to the re-
11 quirement under subsection (c). Each public housing agen-
12 cy shall provide for each family residing in a public hous-
13 ing dwelling unit owned or administered by the agency to
14 elect annually whether the rent paid by such family shall
15 be determined under paragraph (1) or (2) of subsection
16 (b).

17 (b) ALLOWABLE RENT STRUCTURES.—

18 (1) FLAT RENTS.—Each public housing agency
19 shall establish, for each dwelling unit in public hous-
20 ing owned or administered by the agency, a flat
21 rental amount for the dwelling unit, which shall—

22 (A) be based on the rental value of the
23 unit, as determined by the public housing agen-
24 cy; and

1 (B) be designed in accordance with sub-
2 section (e) so that the rent structures do not
3 create a disincentive for continued residency in
4 public housing by families who are attempting
5 to become economically self-sufficient through
6 employment or who have attained a level of self-
7 sufficiency through their own efforts.

8 The rental amount for a dwelling unit shall be con-
9 sidered to comply with the requirements of this
10 paragraph if such amount does not exceed the actual
11 monthly costs to the public housing agency attrib-
12 utable to providing and operating the dwelling unit.
13 The preceding sentence may not be construed to re-
14 quire establishment of rental amounts equal to or
15 based on operating costs.

16 (2) INCOME-BASED RENTS.—The monthly rent-
17 al amount determined under this paragraph for a
18 family shall be an amount, determined by the public
19 housing agency, that does not exceed the greatest of
20 the following amounts (rounded to the nearest dol-
21 lar):

22 (A) 30 percent of the monthly adjusted in-
23 come of the family.

24 (B) 10 percent of the monthly income of
25 the family.

1 (C) If the family is receiving payments for
2 welfare assistance from a public agency and a
3 part of such payments, adjusted in accordance
4 with the actual housing costs of the family, is
5 specifically designated by such agency to meet
6 the housing costs of the family, the portion of
7 such payments that is so designated.

8 (c) MINIMUM RENTAL AMOUNT.—Notwithstanding
9 the method for rent determination elected by a family pur-
10 suant to subsection (a), each public housing agency shall
11 require that the monthly rent for each dwelling unit in
12 public housing owned or administered by the agency shall
13 not be less than a minimum amount, which shall be an
14 amount determined by the agency that is not less than
15 \$25 nor more than \$50.

16 (d) HARDSHIP PROVISIONS.—

17 (1) MINIMUM RENTAL.—Notwithstanding sub-
18 section (c), a public housing agency may, in its sole
19 discretion, grant an exemption in whole or in part
20 from application of the minimum monthly rental
21 under such subsection to any family unable to pay
22 such amount because of severe financial hardships,
23 as such term is defined in paragraph (3).

24 (2) SWITCHING RENT DETERMINATION METH-
25 ODS.—Notwithstanding subsection (a), in the case of

1 a family that has elected to pay rent in the amount
2 determined under subsection (b)(1), a public housing
3 agency may, in its sole discretion, provide for the
4 family to pay rent in the amount determined under
5 subsection (b)(2) during the period for which such
6 election was made if the family is unable to pay the
7 amount determined under subsection (b)(1) because
8 of severe financial hardships, as such term is defined
9 in paragraph (3).

10 (3) DEFINITION OF SEVERE FINANCIAL HARD-
11 SHIPS.—For purposes of this subsection, the term
12 “severe financial hardships” may include situations
13 in which—

14 (A) the family is awaiting an eligibility de-
15 termination for a Federal, State, or local assist-
16 ance program;

17 (B) the family would be evicted as a result
18 of imposition of the minimum rent;

19 (C) the income of the family has decreased
20 because of changed circumstances, including
21 loss of employment, death in the family, and
22 other situations as may be determined by the
23 agency; and

24 (D) such other situations, as may be deter-
25 mined by the agency.

1 (e) ENCOURAGEMENT OF SELF-SUFFICIENCY.—The
2 rental policy developed by each public housing agency shall
3 encourage and reward employment and economic self-suf-
4 ficiency.

5 (f) INCOME REVIEWS.—Each public housing agency
6 shall review the income of each family occupying a dwell-
7 ing unit in public housing owned or administered by the
8 agency not less than annually, except that, in the case of
9 families that are paying rent in the amount determined
10 under subsection (b)(1), the agency shall review the in-
11 come of such family not less than once every 3 years.

12 (g) DISALLOWANCE OF EARNED INCOME FROM
13 RENT DETERMINATIONS.—

14 (1) IN GENERAL.—Notwithstanding any other
15 provision of law, the rent payable under this section
16 by a family whose income increases as a result of
17 employment of a member of the family who was pre-
18 viously unemployed for 1 or more years (including a
19 family whose income increases as a result of the par-
20 ticipation of a family member in any family self-suf-
21 ficiency or other job training program) may not be
22 increased as a result of the increased income due to
23 such employment during the 18-month period begin-
24 ning on the date on which the employment is com-
25 menced.

1 (2) PHASE-IN OF RENT INCREASES.—After the
2 expiration of the 18-month period referred to in
3 paragraph (1), rent increases due to the continued
4 employment of the family member described in para-
5 graph (1)(B) shall be phased in over a subsequent
6 3-year period.

7 (3) TRANSITION.—Notwithstanding the provi-
8 sions of paragraphs (1) and (2), any resident of
9 public housing participating in the program under
10 the authority contained in the undesignated para-
11 graph at the end of section 3(e)(3) of the United
12 States Housing Act of 1937 (as in effect before the
13 effective date of this Act) shall be governed by such
14 authority after such date.

15 (h) PHASE-IN OF RENT CONTRIBUTION INCREASES
16 AFTER EFFECTIVE DATE.—

17 (1) IN GENERAL.—Except as provided in para-
18 graph (2), for any family residing in a dwelling unit
19 in public housing upon the effective date of this Act,
20 if the monthly contribution for rental of an assisted
21 dwelling unit to be paid by the family upon initial
22 applicability of this title is greater than the amount
23 paid by the family under the provisions of the Unit-
24 ed States Housing Act of 1937 immediately before

1 such applicability, any such resulting increase in
2 rent contribution shall be—

3 (A) phased in equally over a period of not
4 less than 3 years, if such increase is 30 percent
5 or more of such contribution before initial ap-
6 plicability; and

7 (B) limited to not more than 10 percent
8 per year if such increase is more than 10 per-
9 cent but less than 30 percent of such contribu-
10 tion before initial applicability.

11 (2) EXCEPTION.—The minimum rental amount
12 under subsection (c) shall apply to each family de-
13 scribed in paragraph (1) of this subsection, notwith-
14 standing such paragraph.

15 **SEC. 226. LEASE REQUIREMENTS.**

16 In renting dwelling units in a public housing develop-
17 ment, each public housing agency shall utilize leases
18 that—

19 (1) do not contain unreasonable terms and con-
20 ditions;

21 (2) obligate the public housing agency to main-
22 tain the development in compliance with the housing
23 quality requirements under section 232;

1 (3) require the public housing agency to give
2 adequate written notice of termination of the lease,
3 which shall not be less than—

4 (A) the period provided under the applica-
5 ble law of the jurisdiction or 14 days, whichever
6 is less, in the case of nonpayment of rent;

7 (B) a reasonable period of time, but not to
8 exceed 14 days, when the health or safety of
9 other residents or public housing agency em-
10 ployees is threatened; and

11 (C) the period of time provided under the
12 applicable law of the jurisdiction, in any other
13 case;

14 (4) contain the provisions required under sec-
15 tions 642 and 643 (relating to limitations on occu-
16 pancy in federally assisted housing); and

17 (5) specify that, with respect to any notice of
18 eviction or termination, notwithstanding any State
19 law, a public housing resident shall be informed of
20 the opportunity, prior to any hearing or trial, to ex-
21 amine any relevant documents, records or regula-
22 tions directly related to the eviction or termination.

1 **SEC. 227. DESIGNATED HOUSING FOR ELDERLY AND DIS-**
2 **ABLED FAMILIES.**

3 (a) **AUTHORITY TO PROVIDE DESIGNATED HOUS-**
4 **ING.—**

5 (1) **IN GENERAL.—**Subject only to provisions of
6 this section and notwithstanding any other provision
7 of law, a public housing agency for which the infor-
8 mation required under subsection (d) is in effect
9 may provide public housing developments (or por-
10 tions of developments) designated for occupancy by
11 (A) only elderly families, (B) only disabled families,
12 or (C) elderly and disabled families.

13 (2) **PRIORITY FOR OCCUPANCY.—**In determin-
14 ing priority for admission to public housing develop-
15 ments (or portions of developments) that are des-
16 ignated for occupancy as provided in paragraph (1),
17 the public housing agency may make units in such
18 developments (or portions) available only to the
19 types of families for whom the development is des-
20 ignated.

21 (3) **ELIGIBILITY OF NEAR-ELDERLY FAMI-**
22 **LIES.—**If a public housing agency determines that
23 there are insufficient numbers of elderly families to
24 fill all the units in a development (or portion of a
25 development) designated under paragraph (1) for oc-
26 cupancy by only elderly families, the agency may

1 provide that near-elderly families may occupy dwell-
2 ing units in the development (or portion).

3 (b) STANDARDS REGARDING EVICTIONS.—Except as
4 provided in subtitle C of title VI, any tenant who is law-
5 fully residing in a dwelling unit in a public housing devel-
6 opment may not be evicted or otherwise required to vacate
7 such unit because of the designation of the development
8 (or portion of a development) pursuant to this section or
9 because of any action taken by the Secretary or any public
10 housing agency pursuant to this section.

11 (c) RELOCATION ASSISTANCE.—A public housing
12 agency that designates any existing development or build-
13 ing, or portion thereof, for occupancy as provided under
14 subsection (a)(1) shall provide, to each person and family
15 who agrees to be relocated in connection with such des-
16 ignation—

17 (1) notice of the designation and an explanation
18 of available relocation benefits, as soon as is prac-
19 ticable for the agency and the person or family;

20 (2) access to comparable housing (including ap-
21 propriate services and design features), which may
22 include choice-based rental housing assistance under
23 title III, at a rental rate paid by the tenant that is
24 comparable to that applicable to the unit from which
25 the person or family has vacated; and

1 (3) payment of actual, reasonable moving ex-
2 penses.

3 (d) **REQUIRED INCLUSIONS IN LOCAL HOUSING**
4 **MANAGEMENT PLAN.**—A public housing agency may des-
5 ignate a development (or portion of a development) for
6 occupancy under subsection (a)(1) only if the agency, as
7 part of the agency’s local housing management plan—

8 (1) establishes that the designation of the devel-
9 opment is necessary—

10 (A) to achieve the housing goals for the ju-
11 risdiction under the comprehensive housing af-
12 fordability strategy under section 105 of the
13 Cranston-Gonzalez National Affordable Hous-
14 ing Act; or

15 (B) to meet the housing needs of the low-
16 income population of the jurisdiction; and

17 (2) includes a description of—

18 (A) the development (or portion of a devel-
19 opment) to be designated;

20 (B) the types of tenants for which the de-
21 velopment is to be designated;

22 (C) any supportive services to be provided
23 to tenants of the designated development (or
24 portion);

1 (D) how the design and related facilities
2 (as such term is defined in section 202(d)(8) of
3 the Housing Act of 1959) of the development
4 accommodate the special environmental needs
5 of the intended occupants; and

6 (E) any plans to secure additional re-
7 sources or housing assistance to provide assist-
8 ance to families that may have been housed if
9 occupancy in the development were not re-
10 stricted pursuant to this section.

11 For purposes of this subsection, the term “supportive
12 services” means services designed to meet the special
13 needs of residents. Notwithstanding section 107, the Sec-
14 retary may approve a local housing management plan
15 without approving the portion of the plan covering des-
16 ignation of a development pursuant to this section.

17 (e) EFFECTIVENESS.—

18 (1) INITIAL 5-YEAR EFFECTIVENESS.—The in-
19 formation required under subsection (d) shall be in
20 effect for purposes of this section during the 5-year
21 period that begins upon notification under section
22 107(a) of the public housing agency that the infor-
23 mation complies with the requirements under section
24 106 and this section.

1 (2) RENEWAL.—Upon the expiration of the 5-
2 year period under paragraph (1) or any 2-year pe-
3 riod under this paragraph, an agency may extend
4 the effectiveness of the designation and information
5 for an additional 2-year period (that begins upon
6 such expiration) by submitting to the Secretary any
7 information needed to update the information. The
8 Secretary may not limit the number of times a pub-
9 lic housing agency extends the effectiveness of a des-
10 ignation and information under this paragraph.

11 (3) TREATMENT OF EXISTING PLANS.—Not-
12 withstanding any other provision of this section, a
13 public housing agency shall be considered to have
14 submitted the information required under this sec-
15 tion if the agency has submitted to the Secretary an
16 application and allocation plan under section 7 of
17 the United States Housing Act of 1937 (as in effect
18 before the effective date of this Act) that has not
19 been approved or disapproved before such effective
20 date.

21 (4) TRANSITION PROVISION.—Any application
22 and allocation plan approved under section 7 of the
23 United States Housing Act of 1937 (as in effect be-
24 fore the effective date of this Act) before such effec-
25 tive date shall be considered to be the information

1 required to be submitted under this section and that
 2 is in effect for purposes of this section for the 5-year
 3 period beginning upon such approval.

4 (f) INAPPLICABILITY OF UNIFORM RELOCATION AS-
 5 SISTANCE AND REAL PROPERTY ACQUISITIONS POLICY
 6 ACT OF 1970.—No resident of a public housing develop-
 7 ment shall be considered to be displaced for purposes of
 8 the Uniform Relocation Assistance and Real Property Ac-
 9 quisitions Policy Act of 1970 because of the designation
 10 of any existing development or building, or portion thereof,
 11 for occupancy as provided under subsection (a) of this sec-
 12 tion.

13 (g) USE OF AMOUNTS.—Any amounts appropriated
 14 pursuant to section 10(b) of the Housing Opportunity
 15 Program Extension Act of 1996 (Public Law 104–120)
 16 may also be used for choice-based rental housing assist-
 17 ance under title III for public housing agencies to imple-
 18 ment this section.

19 **Subtitle C—Management**

20 **SEC. 231. MANAGEMENT PROCEDURES.**

21 (a) SOUND MANAGEMENT.—A public housing agency
 22 that receives grant amounts under this title shall establish
 23 and comply with procedures and practices sufficient to en-
 24 sure that the public housing developments owned or ad-
 25 ministered by the agency are operated in a sound manner.

1 (b) ACCOUNTING SYSTEM FOR RENTAL COLLEC-
2 TIONS AND COSTS.—

3 (1) ESTABLISHMENT.—Each public housing
4 agency that receives grant amounts under this title
5 shall establish and maintain a system of accounting
6 for rental collections and costs (including adminis-
7 trative, utility, maintenance, repair, and other oper-
8 ating costs) for each project and operating cost cen-
9 ter (as determined by the Secretary).

10 (2) ACCESS TO RECORDS.—Each public housing
11 agency shall make available to the general public the
12 information required pursuant to paragraph (1) re-
13 garding collections and costs.

14 (3) EXEMPTION.—The Secretary may permit
15 authorities owning or operating fewer than 500
16 dwelling units to comply with the requirements of
17 this subsection by accounting on an agency-wide
18 basis.

19 (c) MANAGEMENT BY OTHER ENTITIES.—Except as
20 otherwise provided under this Act, a public housing agency
21 may contract with any other entity to perform any of the
22 management functions for public housing owned or oper-
23 ated by the public housing agency.

1 **SEC. 232. HOUSING QUALITY REQUIREMENTS.**

2 (a) IN GENERAL.—Each public housing agency that
3 receives grant amounts under this Act shall maintain its
4 public housing in a condition that complies—

5 (1) in the case of public housing located in a ju-
6 risdiction which has in effect laws, regulations,
7 standards, or codes regarding habitability of residen-
8 tial dwellings, with such applicable laws, regulations,
9 standards, or codes; or

10 (2) in the case of public housing located in a ju-
11 risdiction which does not have in effect laws, regula-
12 tions, standards, or codes described in paragraph
13 (1), with the housing quality standards established
14 under subsection (b).

15 (b) FEDERAL HOUSING QUALITY STANDARDS.—The
16 Secretary shall establish housing quality standards under
17 this subsection that ensure that public housing dwelling
18 units are safe, clean, and healthy. Such standards shall
19 include requirements relating to habitability, including
20 maintenance, health and sanitation factors, condition, and
21 construction of dwellings, and shall, to the greatest extent
22 practicable, be consistent with the standards established
23 under section 328(c). The Secretary shall differentiate be-
24 tween major and minor violations of such standards.

25 (c) DETERMINATIONS.—Each public housing agency
26 providing housing assistance shall identify, in the local

1 housing management plan of the agency, whether the
2 agency is utilizing the standard under paragraph (1) or
3 (2) of subsection (a).

4 (d) ANNUAL INSPECTIONS.—Each public housing
5 agency that owns or operates public housing shall make
6 an annual inspection of each public housing development
7 to determine whether units in the development are main-
8 tained in accordance with the requirements under sub-
9 section (a). The agency shall submit the results of such
10 inspections to the Secretary and the Inspector General for
11 the Department of Housing and Urban Development and
12 such results shall be available to any auditor conducting
13 an audit under section 541.

14 **SEC. 233. EMPLOYMENT OF RESIDENTS.**

15 Section 3 of the Housing and Urban Development
16 Act of 1968 (12 U.S.C. 1701u) is amended—

17 (1) in subsection (c)(1)—

18 (A) in subparagraph (A)—

19 (i) by striking “public and Indian
20 housing agencies” and inserting “public
21 housing agencies and recipients of grants
22 under the Native American Housing As-
23 sistance and Self-Determination Act of
24 1996”; and

1 (ii) by striking “development assist-
2 ance” and all that follows through the end
3 and inserting “assistance provided under
4 title II of the Housing Opportunity and
5 Responsibility Act of 1997 and used for
6 the housing production, operation, or cap-
7 ital needs.”; and

8 (B) in subparagraph (B)(ii), by striking
9 “managed by the public or Indian housing
10 agency” and inserting “assisted by the public
11 housing agency or the recipient of a grant
12 under the Native American Housing Assistance
13 and Self-Determination Act of 1996”; and

14 (2) in subsection (d)(1)—

15 (A) in subparagraph (A)—

16 (i) by striking “public and Indian
17 housing agencies” and inserting “public
18 housing agencies and recipients of grants
19 under the Native American Housing As-
20 sistance and Self-Determination Act of
21 1996”; and

22 (ii) by striking “development assist-
23 ance” and all that follows through “section
24 14 of that Act” and inserting “assistance

1 provided under title II of the Housing Op-
2 portunity and Responsibility Act of 1997
3 and used for the housing production, oper-
4 ation, or capital needs”; and

5 (B) in subparagraph (B)(ii), by striking
6 “operated by the public or Indian housing agen-
7 cy” and inserting “assisted by the public hous-
8 ing agency or the recipient of a grant under the
9 Native American Housing Assistance and Self-
10 Determination Act of 1996”.

11 **SEC. 234. RESIDENT COUNCILS AND RESIDENT MANAGE-**
12 **MENT CORPORATIONS.**

13 (a) RESIDENT COUNCILS.—The residents of a public
14 housing development may establish a resident council for
15 the development for purposes of consideration of issues re-
16 lating to residents, representation of resident interests,
17 and coordination and consultation with a public housing
18 agency. A resident council shall be an organization or as-
19 sociation that—

20 (1) is nonprofit in character;

21 (2) is representative of the residents of the eli-
22 gible housing;

23 (3) adopts written procedures providing for the
24 election of officers on a regular basis; and

1 (4) has a democratically elected governing
2 board, which is elected by the residents of the eligi-
3 ble housing on a regular basis.

4 (b) RESIDENT MANAGEMENT CORPORATIONS.—

5 (1) ESTABLISHMENT.—The residents of a pub-
6 lic housing development may establish a resident
7 management corporation for the purpose of assum-
8 ing the responsibility for the management of the de-
9 velopment under section 235 or purchasing a devel-
10 opment.

11 (2) REQUIREMENTS.—A resident management
12 corporation shall be a corporation that—

13 (A) is nonprofit in character;

14 (B) is organized under the laws of the
15 State in which the development is located;

16 (C) has as its sole voting members the
17 residents of the development; and

18 (D) is established by the resident council
19 for the development or, if there is not a resident
20 council, by a majority of the households of the
21 development.

1 **SEC. 235. MANAGEMENT BY RESIDENT MANAGEMENT COR-**
2 **PORATION.**

3 (a) **AUTHORITY.**—A public housing agency may enter
4 into a contract under this section with a resident manage-
5 ment corporation to provide for the management of public
6 housing developments by the corporation.

7 (b) **CONTRACT.**—A contract under this section for
8 management of public housing developments by a resident
9 management corporation shall establish the respective
10 management rights and responsibilities of the corporation
11 and the public housing agency. The contract shall be con-
12 sistent with the requirements of this Act applicable to pub-
13 lic housing development and may include specific terms
14 governing management personnel and compensation, ac-
15 cess to public housing records, submission of and adher-
16 ence to budgets, rent collection procedures, resident in-
17 come verification, resident eligibility determinations, resi-
18 dent eviction, the acquisition of supplies and materials and
19 such other matters as may be appropriate. The contract
20 shall be treated as a contracting out of services.

21 (c) **BONDING AND INSURANCE.**—Before assuming
22 any management responsibility for a public housing devel-
23 opment, the resident management corporation shall pro-
24 vide fidelity bonding and insurance, or equivalent protec-
25 tion. Such bonding and insurance, or its equivalent, shall

1 be adequate to protect the Secretary and the public hous-
2 ing agency against loss, theft, embezzlement, or fraudulent
3 acts on the part of the resident management corporation
4 or its employees.

5 (d) BLOCK GRANT ASSISTANCE AND INCOME.—A
6 contract under this section shall provide for—

7 (1) the public housing agency to provide a por-
8 tion of the block grant assistance under this title to
9 the resident management corporation for purposes of
10 operating the public housing development covered by
11 the contract and performing such other eligible ac-
12 tivities with respect to the development as may be
13 provided under the contract;

14 (2) the amount of income expected to be de-
15 rived from the development itself (from sources such
16 as rents and charges);

17 (3) the amount of income to be provided to the
18 development from the other sources of income of the
19 public housing agency (such as interest income, ad-
20 ministrative fees, and rents); and

21 (4) any income generated by a resident man-
22 agement corporation of a public housing develop-
23 ment that exceeds the income estimated under the
24 contract shall be used for eligible activities under
25 section 203(a).

1 (e) CALCULATION OF TOTAL INCOME.—

2 (1) MAINTENANCE OF SUPPORT.—Subject to
3 paragraph (2), the amount of assistance provided by
4 a public housing agency to a public housing develop-
5 ment managed by a resident management corpora-
6 tion may not be reduced during the 3-year period be-
7 ginning on the date on which the resident manage-
8 ment corporation is first established for the develop-
9 ment.

10 (2) REDUCTIONS AND INCREASES IN SUP-
11 PORT.—If the total income of a public housing agen-
12 cy is reduced or increased, the income provided by
13 the public housing agency to a public housing devel-
14 opment managed by a resident management corpora-
15 tion shall be reduced or increased in proportion to
16 the reduction or increase in the total income of the
17 agency, except that any reduction in block grant
18 amounts under this title to the agency that occurs
19 as a result of fraud, waste, or mismanagement by
20 the agency shall not affect the amount provided to
21 the resident management corporation.

1 **SEC. 236. TRANSFER OF MANAGEMENT OF CERTAIN HOUS-**
2 **ING TO INDEPENDENT MANAGER AT RE-**
3 **QUEST OF RESIDENTS.**

4 (a) **AUTHORITY.**—The Secretary may transfer the re-
5 sponsibility and authority for management of specified
6 housing (as such term is defined in subsection (h)) from
7 a public housing agency to an eligible management entity,
8 in accordance with the requirements of this section, if—

9 (1) such housing is owned or operated by a
10 public housing agency that is designated as a trou-
11 bled agency under section 533(a); and

12 (2) the Secretary determines that—

13 (A) such housing has deferred mainte-
14 nance, physical deterioration, or obsolescence of
15 major systems and other deficiencies in the
16 physical plant of the project;

17 (B) such housing is occupied predomi-
18 nantly by families with children who are in a
19 severe state of distress, characterized by such
20 factors as high rates of unemployment, teenage
21 pregnancy, single-parent households, long-term
22 dependency on public assistance and minimal
23 educational achievement;

1 (C) such housing is located in an area such
2 that the housing is subject to recurrent vandal-
3 ism and criminal activity (including drug-relat-
4 ed criminal activity); and

5 (D) the residents can demonstrate that the
6 elements of distress for such housing specified
7 in subparagraphs (A) through (C) can be rem-
8 edied by an entity that has a demonstrated ca-
9 pacity to manage, with reasonable expenses for
10 modernization.

11 Such a transfer may be made only as provided in this sec-
12 tion, pursuant to the approval by the Secretary of a re-
13 quest for the transfer made by a majority vote of the resi-
14 dents for the specified housing, after consultation with the
15 public housing agency for the specified housing.

16 (b) BLOCK GRANT ASSISTANCE.—Pursuant to a con-
17 tract under subsection (c), the Secretary shall require the
18 public housing agency for specified housing to provide to
19 the manager for the housing, from any block grant
20 amounts under this title for the agency, fair and reason-
21 able amounts for operating costs for the housing. The
22 amount made available under this subsection to a manager
23 shall be determined by the Secretary based on the share
24 for the specified housing of the total block grant amounts
25 for the public housing agency transferring the housing,

1 taking into consideration the operating and capital im-
2 provement needs of the specified housing, the operating
3 and capital improvement needs of the remaining public
4 housing units managed by the public housing agency, and
5 the local housing management plan of such agency.

6 (c) CONTRACT BETWEEN SECRETARY AND MAN-
7 AGER.—

8 (1) REQUIREMENTS.—Pursuant to the approval
9 of a request under this section for transfer of the
10 management of specified housing, the Secretary shall
11 enter into a contract with the eligible management
12 entity.

13 (2) TERMS.— A contract under this subsection
14 shall contain provisions establishing the rights and
15 responsibilities of the manager with respect to the
16 specified housing and the Secretary and shall be
17 consistent with the requirements of this Act applica-
18 ble to public housing developments.

19 (d) COMPLIANCE WITH LOCAL HOUSING MANAGE-
20 MENT PLAN.—A manager of specified housing under this
21 section shall comply with the approved local housing man-
22 agement plan applicable to the housing and shall submit
23 such information to the public housing agency from which
24 management was transferred as may be necessary for such

1 agency to prepare and update its local housing manage-
2 ment plan.

3 (e) DEMOLITION AND DISPOSITION BY MANAGER.—

4 A manager under this section may demolish or dispose of
5 specified housing only if, and in the manner, provided for
6 in the local housing management plan for the agency
7 transferring management of the housing.

8 (f) LIMITATION ON PHA LIABILITY.—A public hous-

9 ing agency that is not a manager for specified housing
10 shall not be liable for any act or failure to act by a man-
11 ager or resident council for the specified housing.

12 (g) TREATMENT OF MANAGER.—To the extent not

13 inconsistent with this section and to the extent the Sec-
14 retary determines not inconsistent with the purposes of
15 this Act, a manager of specified housing under this section
16 shall be considered to be a public housing agency for pur-
17 poses of this title.

18 (h) DEFINITIONS.—For purposes of this section, the

19 following definitions shall apply:

20 (1) ELIGIBLE MANAGEMENT ENTITY.—The

21 term “eligible management entity” means, with re-
22 spect to any public housing development, any of the
23 following entities:

24 (A) NONPROFIT ORGANIZATION.—A public

25 or private nonprofit organization, which shall—

1 (i) include a resident management
2 corporation or resident management orga-
3 nization and, as determined by the Sec-
4 retary, a public or private nonprofit orga-
5 nization sponsored by the public housing
6 agency that owns the development; and

7 (ii) not include the public housing
8 agency that owns the development.

9 (B) FOR-PROFIT ENTITY.—A for-profit en-
10 tity that has demonstrated experience in provid-
11 ing low-income housing.

12 (C) STATE OR LOCAL GOVERNMENT.—A
13 State or local government, including an agency
14 or instrumentality thereof.

15 (D) PUBLIC HOUSING AGENCY.—A public
16 housing agency (other than the public housing
17 agency that owns the development).

18 The term does not include a resident council.

19 (2) MANAGER.—The term “manager” means
20 any eligible management entity that has entered into
21 a contract under this section with the Secretary for
22 the management of specified housing.

23 (3) NONPROFIT.—The term “nonprofit” means,
24 with respect to an organization, association, corpora-
25 tion, or other entity, that no part of the net earnings

1 of the entity inures to the benefit of any member,
2 founder, contributor, or individual.

3 (4) PRIVATE NONPROFIT ORGANIZATION.—The
4 term “private nonprofit organization” means any
5 private organization (including a State or locally
6 chartered organization) that—

7 (A) is incorporated under State or local
8 law;

9 (B) is nonprofit in character;

10 (C) complies with standards of financial
11 accountability acceptable to the Secretary; and

12 (D) has among its purposes significant ac-
13 tivities related to the provision of decent hous-
14 ing that is affordable to low-income families.

15 (5) PUBLIC HOUSING AGENCY.—The term
16 “public housing agency” has the meaning given such
17 term in section 103(a).

18 (6) PUBLIC NONPROFIT ORGANIZATION.—The
19 term “public nonprofit organization” means any
20 public entity that is nonprofit in character.

21 (7) SPECIFIED HOUSING.—The term “specified
22 housing” means a public housing development or de-
23 velopments, or a portion of a development or devel-
24 opments, for which the transfer of management is
25 requested under this section. The term includes one

1 or more contiguous buildings and an area of contig-
2 uous row houses, but in the case of a single building,
3 the building shall be sufficiently separable from the
4 remainder of the development of which it is part to
5 make transfer of the management of the building
6 feasible for purposes of this section.

7 **SEC. 237. RESIDENT OPPORTUNITY PROGRAM.**

8 (a) PURPOSE.—The purpose of this section is to en-
9 courage increased resident management of public housing
10 developments, as a means of improving existing living con-
11 ditions in public housing developments, by providing in-
12 creased flexibility for public housing developments that are
13 managed by residents by—

14 (1) permitting the retention, and use for certain
15 purposes, of any revenues exceeding operating and
16 project costs; and

17 (2) providing funding, from amounts otherwise
18 available, for technical assistance to promote forma-
19 tion and development of resident management enti-
20 ties.

21 For purposes of this section, the term “public housing de-
22 velopment” includes one or more contiguous buildings or
23 an area of contiguous row houses the elected resident
24 councils of which approve the establishment of a resident

1 management corporation and otherwise meet the require-
2 ments of this section.

3 (b) PROGRAM REQUIREMENTS.—

4 (1) RESIDENT COUNCIL.—As a condition of en-
5 tering into a resident opportunity program, the
6 elected resident council of a public housing develop-
7 ment shall approve the establishment of a resident
8 management corporation that complies with the re-
9 quirements of section 234(b)(2). When such ap-
10 proval is made by the elected resident council of a
11 building or row house area, the resident opportunity
12 program shall not interfere with the rights of other
13 families residing in the development or harm the ef-
14 ficient operation of the development. The resident
15 management corporation and the resident council
16 may be the same organization, if the organization
17 complies with the requirements applicable to both
18 the corporation and council.

19 (2) PUBLIC HOUSING MANAGEMENT SPECIAL-
20 IST.—The resident council of a public housing devel-
21 opment, in cooperation with the public housing agen-
22 cy, shall select a qualified public housing manage-
23 ment specialist to assist in determining the feasibil-
24 ity of, and to help establish, a resident management

1 corporation and to provide training and other duties
2 agreed to in the daily operations of the development.

3 (3) MANAGEMENT RESPONSIBILITIES.—A resi-
4 dent management corporation that qualifies under
5 this section, and that supplies insurance and bond-
6 ing or equivalent protection sufficient to the Sec-
7 retary and the public housing agency, shall enter
8 into a contract with the agency establishing the re-
9 spective management rights and responsibilities of
10 the corporation and the agency. The contract shall
11 be treated as a contracting out of services and shall
12 be subject to the requirements under section 235 for
13 such contracts.

14 (4) ANNUAL AUDIT.—The books and records of
15 a resident management corporation operating a pub-
16 lic housing development shall be audited annually by
17 a certified public accountant. A written report of
18 each such audit shall be forwarded to the public
19 housing agency and the Secretary.

20 (c) COMPREHENSIVE IMPROVEMENT ASSISTANCE.—
21 Public housing developments managed by resident man-
22 agement corporations may be provided with modernization
23 assistance from grant amounts under this title for pur-
24 poses of renovating such developments. If such renovation
25 activities (including the planning and architectural design

1 of the rehabilitation) are administered by a resident man-
2 agement corporation, the public housing agency involved
3 may not retain, for any administrative or other reason,
4 any portion of the assistance provided pursuant to this
5 subsection unless otherwise provided by contract.

6 (d) WAIVER OF FEDERAL REQUIREMENTS.—

7 (1) WAIVER OF REGULATORY REQUIRE-
8 MENTS.—Upon the request of any resident manage-
9 ment corporation and public housing agency, and
10 after notice and an opportunity to comment is af-
11 farded to the affected residents, the Secretary may
12 waive (for both the resident management corporation
13 and the public housing agency) any requirement es-
14 tablished by the Secretary (and not specified in any
15 statute) that the Secretary determines to unneces-
16 sarily increase the costs or restrict the income of a
17 public housing development.

18 (2) WAIVER TO PERMIT EMPLOYMENT.—Upon
19 the request of any resident management corporation,
20 the Secretary may, subject to applicable collective
21 bargaining agreements, permit residents of such de-
22 velopment to volunteer a portion of their labor.

23 (3) EXCEPTIONS.—The Secretary may not
24 waive under this subsection any requirement with re-
25 spect to income eligibility for purposes of section

1 222, family rental payments under section 225, ten-
2 ant or applicant protections, employee organizing
3 rights, or rights of employees under collective bar-
4 gaining agreements.

5 (e) OPERATING ASSISTANCE AND DEVELOPMENT IN-
6 COME.—

7 (1) CALCULATION OF OPERATING SUBSIDY.—

8 Subject only to the exception provided in paragraph
9 (3), the grant amounts received under this title by
10 a public housing agency used for operating fund ac-
11 tivities under section 203(a)(2) that are allocated to
12 a public housing development managed by a resident
13 management corporation shall not be less than per
14 unit monthly amount of such assistance used by the
15 public housing agency in the previous year, as deter-
16 mined on an individual development basis.

17 (2) CONTRACT REQUIREMENTS.—Any contract
18 for management of a public housing development en-
19 tered into by a public housing agency and a resident
20 management corporation shall specify the amount of
21 income expected to be derived from the development
22 itself (from sources such as rents and charges) and
23 the amount of income funds to be provided to the
24 development from the other sources of income of the
25 agency (such as assistance for operating activities

1 under section 203(a)(2), interest income, adminis-
2 trative fees, and rents).

3 (f) RESIDENT MANAGEMENT TECHNICAL ASSIST-
4 ANCE AND TRAINING.—

5 (1) FINANCIAL ASSISTANCE.—To the extent
6 budget authority is available under this title, the
7 Secretary shall provide financial assistance to resi-
8 dent management corporations or resident councils
9 that obtain, by contract or otherwise, technical as-
10 sistance for the development of resident management
11 entities, including the formation of such entities, the
12 development of the management capability of newly
13 formed or existing entities, the identification of the
14 social support needs of residents of public housing
15 developments, and the securing of such support. In
16 addition, the Secretary may provide financial assist-
17 ance to resident management corporations or resi-
18 dent councils for activities sponsored by resident or-
19 ganizations for economic uplift, such as job training,
20 economic development, security, and other self-suffi-
21 ciency activities beyond those related to the manage-
22 ment of public housing. The Secretary may require
23 resident councils or resident management corpora-
24 tions to utilize public housing agencies or other
25 qualified organizations as contract administrators

1 with respect to financial assistance provided under
2 this paragraph.

3 (2) LIMITATION ON ASSISTANCE.—The finan-
4 cial assistance provided under this subsection with
5 respect to any public housing development may not
6 exceed \$100,000.

7 (3) PROHIBITION.—A resident management
8 corporation or resident council may not, before the
9 award to the corporation or council of a grant
10 amount under this subsection, enter into any con-
11 tract or other agreement with any entity to provide
12 such entity with amounts from the grant for provid-
13 ing technical assistance or carrying out other activi-
14 ties eligible for assistance with amounts under this
15 subsection. Any such agreement entered into in vio-
16 lation of this paragraph shall be void and unenforce-
17 able.

18 (4) FUNDING.—Of any amounts made available
19 for financial assistance under this title, the Sec-
20 retary may use to carry out this subsection
21 \$15,000,000 for fiscal year 1998.

22 (5) LIMITATION REGARDING ASSISTANCE
23 UNDER HOPE GRANT PROGRAM.—The Secretary may
24 not provide financial assistance under this sub-
25 section to any resident management corporation or

1 resident council with respect to which assistance for
2 the development or formation of such entity is pro-
3 vided under title III of the United States Housing
4 Act of 1937 (as in effect before the effective date of
5 this Act).

6 (6) TECHNICAL ASSISTANCE AND CLEARING-
7 HOUSE.—The Secretary may use up to 10 percent of
8 the amount made available pursuant to paragraph
9 (4)—

10 (A) to provide technical assistance, directly
11 or by grant or contract, and

12 (B) to receive, collect, process, assemble,
13 and disseminate information,

14 in connection with activities under this subsection.

15 (g) ASSESSMENT AND REPORT BY SECRETARY.—Not
16 later than 3 years after the date of the enactment of this
17 Act, the Secretary shall—

18 (1) conduct an evaluation and assessment of
19 resident management, and particularly of the effect
20 of resident management on living conditions in pub-
21 lic housing; and

22 (2) submit to the Congress a report setting
23 forth the findings of the Secretary as a result of the

1 evaluation and assessment and including any rec-
2 ommendations the Secretary determines to be appro-
3 priate.

4 (h) **APPLICABILITY.**—Any management contract be-
5 tween a public housing agency and a resident management
6 corporation that is entered into after the date of the enact-
7 ment of the Stewart B. McKinney Homeless Assistance
8 Amendments Act of 1988 shall be subject to this section
9 and any regulations issued to carry out this section.

10 **Subtitle D—Homeownership**

11 **SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.**

12 (a) **IN GENERAL.**—A public housing agency may
13 carry out a homeownership program in accordance with
14 this section and the local housing management plan of the
15 agency to make public housing dwelling units, public hous-
16 ing developments, and other housing projects available for
17 purchase by low-income families. An agency may transfer
18 a unit only pursuant to a homeownership program ap-
19 proved by the Secretary. Notwithstanding section 107, the
20 Secretary may approve a local housing management plan
21 without approving the portion of the plan regarding a
22 homeownership program pursuant to this section.

23 (b) **PARTICIPATING UNITS.**—A program under this
24 section may cover any existing public housing dwelling
25 units or projects, and may include other dwelling units and

1 housing owned, operated, or assisted, or otherwise ac-
2 quired for use under such program, by the public housing
3 agency.

4 (c) ELIGIBLE PURCHASERS.—

5 (1) LOW-INCOME REQUIREMENT.—Only low-in-
6 come families assisted by a public housing agency,
7 other low-income families, and entities formed to fa-
8 cilitate such sales by purchasing units for resale to
9 low-income families shall be eligible to purchase
10 housing under a homeownership program under this
11 section.

12 (2) OTHER REQUIREMENTS.—A public housing
13 agency may establish other requirements or limita-
14 tions for families to purchase housing under a home-
15 ownership program under this section, including re-
16 quirements or limitations regarding employment or
17 participation in employment counseling or training
18 activities, criminal activity, participation in home-
19 ownership counseling programs, evidence of regular
20 income, and other requirements. In the case of pur-
21 chase by an entity for resale to low-income families,
22 the entity shall sell the units to low-income families
23 within 5 years from the date of its acquisition of the
24 units. The entity shall use any net proceeds from the
25 resale and from managing the units, as determined

1 in accordance with guidelines of the Secretary, for
2 housing purposes, such as funding resident organiza-
3 tions and reserves for capital replacements.

4 (d) FINANCING AND ASSISTANCE.—A homeownership
5 program under this section may provide financing for ac-
6 quisition of housing by families purchasing under the pro-
7 gram or by the public housing agency for sale under this
8 program in any manner considered appropriate by the
9 agency (including sale to a resident management corpora-
10 tion).

11 (e) DOWNPAYMENT REQUIREMENT.—

12 (1) IN GENERAL.—Each family purchasing
13 housing under a homeownership program under this
14 section shall be required to provide from its own re-
15 sources a downpayment in connection with any loan
16 for acquisition of the housing, in an amount deter-
17 mined by the public housing agency. Except as pro-
18 vided in paragraph (2), the agency shall permit the
19 family to use grant amounts, gifts from relatives,
20 contributions from private sources, and similar
21 amounts as downpayment amounts in such pur-
22 chase,

23 (2) DIRECT FAMILY CONTRIBUTION.—In pur-
24 chasing housing pursuant to this section, each fam-
25 ily shall contribute an amount of the downpayment,

1 from resources of the family other than grants, gifts,
2 contributions, or other similar amounts referred to
3 in paragraph (1), that is not less than 1 percent of
4 the purchase price.

5 (f) OWNERSHIP INTERESTS.—A homeownership pro-
6 gram under this section may provide for sale to the pur-
7 chasing family of any ownership interest that the public
8 housing agency considers appropriate under the program,
9 including ownership in fee simple, a condominium interest,
10 an interest in a limited dividend cooperative, a shared ap-
11 preciation interest with a public housing agency providing
12 financing.

13 (g) RESALE.—

14 (1) AUTHORITY AND LIMITATION.—A home-
15 ownership program under this section shall permit
16 the resale of a dwelling unit purchased under the
17 program by an eligible family, but shall provide such
18 limitations on resale as the agency considers appro-
19 priate (whether the family purchases directly from
20 the agency or from another entity) for the agency to
21 recapture—

22 (A) from any economic gain derived from
23 any such resale occurring during the 5-year pe-
24 riod beginning upon purchase of the dwelling
25 unit by the eligible family, a portion of the

1 amount of any financial assistance provided
2 under the program by the agency to the eligible
3 family; and

4 (B) after the expiration of such 5-year pe-
5 riod, only such amounts as are equivalent to the
6 assistance provided under this section by the
7 agency to the purchaser.

8 (2) CONSIDERATIONS.—The limitations referred
9 to in paragraph (1) may provide for consideration of
10 the aggregate amount of assistance provided under
11 the program to the family, the contribution to equity
12 provided by the purchasing eligible family, the period
13 of time elapsed between purchase under the home-
14 ownership program and resale, the reason for resale,
15 any improvements to the property made by the eligi-
16 ble family, any appreciation in the value of the prop-
17 erty, and any other factors that the agency considers
18 appropriate.

19 (h) INAPPLICABILITY OF DISPOSITION REQUIRE-
20 MENTS.—The provisions of section 261 shall not apply to
21 disposition of public housing dwelling units under a home-
22 ownership program under this section, except that any
23 dwelling units sold under such a program shall be treated
24 as public housing dwelling units for purposes of sub-
25 sections (e) and (f) of section 261.

1 **Subtitle E—Disposition, Demoli-**
2 **tion, and Revitalization of De-**
3 **velopments**

4 **SEC. 261. REQUIREMENTS FOR DEMOLITION AND DISPOSI-**
5 **TION OF DEVELOPMENTS.**

6 (a) **AUTHORITY AND FLEXIBILITY.**—A public hous-
7 ing agency may demolish, dispose of, or demolish and dis-
8 pose of nonviable or nonmarketable public housing devel-
9 opments of the agency in accordance with this section.

10 (b) **LOCAL HOUSING MANAGEMENT PLAN REQUIRE-**
11 **MENT.**—A public housing agency may take any action to
12 demolish or dispose of a public housing development (or
13 a portion of a development) only if such demolition or dis-
14 position complies with the provisions of this section and
15 is in accordance with the local housing management plan
16 for the agency. Notwithstanding section 107, the Sec-
17 retary may approve a local housing management plan
18 without approving the portion of the plan covering demoli-
19 tion or disposition pursuant to this section.

20 (c) **PURPOSE OF DEMOLITION OR DISPOSITION.**—A
21 public housing agency may demolish or dispose of a public
22 housing development (or portion of a development) only
23 if the agency provides sufficient evidence to the Secretary
24 that—

1 (1) the development (or portion thereof) is se-
2 verely distressed or obsolete;

3 (2) the development (or portion thereof) is in a
4 location making it unsuitable for housing purposes;

5 (3) the development (or portion thereof) has de-
6 sign or construction deficiencies that make cost-ef-
7 fective rehabilitation infeasible;

8 (4) assuming that reasonable rehabilitation and
9 management intervention for the development has
10 been completed and paid for, the anticipated revenue
11 that would be derived from charging market-based
12 rents for units in the development (or portion there-
13 of) would not cover the anticipated operating costs
14 and replacement reserves of the development (or
15 portion) at full occupancy and the development (or
16 portion) would constitute a substantial burden on
17 the resources of the public housing agency;

18 (5) retention of the development (or portion
19 thereof) is not in the best interests of the residents
20 of the public housing agency because—

21 (A) developmental changes in the area sur-
22 rounding the development adversely affect the
23 health or safety of the residents or the feasible
24 operation of the development by the public
25 housing agency;

1 (B) demolition or disposition will allow the
2 acquisition, development, or rehabilitation of
3 other properties which will be more efficiently
4 or effectively operated as low-income housing;
5 or

6 (C) other factors exist that the agency de-
7 termines are consistent with the best interests
8 of the residents and the agency and not incon-
9 sistent with other provisions of this Act;

10 (6) in the case only of demolition or disposition
11 of a portion of a development, the demolition or dis-
12 position will help to ensure the remaining useful life
13 of the remainder of the development; or

14 (7) in the case only of property other than
15 dwelling units—

16 (A) the property is excess to the needs of
17 a development; or

18 (B) the demolition or disposition is inci-
19 dental to, or does not interfere with, continued
20 operation of a development.

21 (d) CONSULTATION.—A public housing agency may
22 demolish or dispose of a public housing development (or
23 portion of a development) only if the agency notifies and
24 confers regarding the demolition or disposition with—

1 (1) the residents of the development (or por-
2 tion); and

3 (2) appropriate local government officials.

4 (e) USE OF PROCEEDS.—Any net proceeds from the
5 disposition of a public housing development (or portion of
6 a development) shall be used for—

7 (1) housing assistance for low-income families
8 that is consistent with the low-income housing needs
9 of the community, through acquisition, development,
10 or rehabilitation of, or homeownership programs for,
11 other low-income housing or the provision of choice-
12 based assistance under title III for such families;

13 (2) supportive services relating to job training
14 or child care for residents of a development or devel-
15 opments; or

16 (3) leveraging amounts for securing commercial
17 enterprises, on-site in public housing developments
18 of the public housing agency, appropriate to serve
19 the needs of the residents.

20 (f) RELOCATION.—A public housing agency that de-
21 molishes or disposes of a public housing development (or
22 portion of a development thereof) shall ensure that—

23 (1) each family that is a resident of the devel-
24 opment (or portion) that is demolished or disposed

1 of is relocated to other safe, clean, healthy, and af-
2 fordable housing, which is, to the maximum extent
3 practicable, housing of the family's choice or is pro-
4 vided with choice-based assistance under title III;

5 (2) the public housing agency does not take any
6 action to dispose of any unit until any resident to
7 be displaced is relocated in accordance with para-
8 graph (1); and

9 (3) each resident family to be displaced is paid
10 relocation expenses, and the rent to be paid initially
11 by the resident following relocation does not exceed
12 the amount permitted under section 225(a).

13 (g) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGA-
14 NIZATIONS AND RESIDENT MANAGEMENT CORPORA-
15 TIONS.—

16 (1) IN GENERAL.—A public housing agency
17 may not dispose of a public housing development (or
18 portion of a development) unless the agency has, be-
19 fore such disposition, offered to sell the property, as
20 provided in this subsection, to each resident organi-
21 zation and resident management corporation operat-
22 ing at the development for continued use as low-in-
23 come housing, and no such organization or corpora-
24 tion purchases the property pursuant to such offer.
25 A resident organization may act, for purposes of this

1 subsection, through an entity formed to facilitate
2 homeownership under subtitle D.

3 (2) TIMING.—Disposition of a development (or
4 portion thereof) under this section may not take
5 place—

6 (A) before the expiration of the period dur-
7 ing which any such organization or corporation
8 may notify the agency of interest in purchasing
9 the property, which shall be the 30-day period
10 beginning on the date that the agency first pro-
11 vides notice of the proposed disposition of the
12 property to such resident organizations and
13 resident management corporations;

14 (B) if an organization or corporation sub-
15 mits notice of interest in accordance with sub-
16 paragraph (A), before the expiration of the pe-
17 riod during which such organization or corpora-
18 tion may obtain a commitment for financing to
19 purchase the property, which shall be the 60-
20 day period beginning upon the submission to
21 the agency of the notice of interest; or

22 (C) if, during the period under subpara-
23 graph (B), an organization or corporation ob-
24 tains such financing commitment and makes a
25 bona fide offer to the agency to purchase the

1 property for a price equal to or exceeding the
2 applicable offer price under paragraph (3).

3 The agency shall sell the property pursuant to any
4 purchase offer described in subparagraph (C).

5 (3) TERMS OF OFFER.—An offer by a public
6 housing agency to sell a property in accordance with
7 this subsection shall involve a purchase price that re-
8 flects the market value of the property, the reason
9 for the sale, the impact of the sale on the surround-
10 ing community, and any other factors that the agen-
11 cy considers appropriate.

12 (h) INFORMATION FOR LOCAL HOUSING MANAGE-
13 MENT PLAN.—A public housing agency may demolish or
14 dispose of a public housing development (or portion there-
15 of) only if it includes in the applicable local housing man-
16 agement plan information sufficient to describe—

17 (1) the housing to be demolished or disposed of;

18 (2) the purpose of the demolition or disposition
19 under subsection (c) and why the demolition or dis-
20 position complies with the requirements under sub-
21 section (c);

22 (3) how the consultations required under sub-
23 section (d) will be made;

24 (4) how the net proceeds of the disposition will
25 be used in accordance with subsection (e);

1 (5) how the agency will relocate residents, if
2 necessary, as required under subsection (f); and

3 (6) that the agency has offered the property for
4 acquisition by resident organizations and resident
5 management corporations in accordance with sub-
6 section (g).

7 (i) **SITE AND NEIGHBORHOOD STANDARDS EXEMP-**
8 **TION.**—Notwithstanding any other provision of law, a
9 public housing agency may provide for development of
10 public housing dwelling units on the same site or in the
11 same neighborhood as any dwelling units demolished, pur-
12 suant to a plan under this section, but only if such devel-
13 opment provides for significantly fewer dwelling units.

14 (j) **TREATMENT OF REPLACEMENT UNITS.**—In con-
15 nection with any demolition or disposition of public hous-
16 ing under this section, a public housing agency may pro-
17 vide for other housing assistance for low-income families
18 that is consistent with the low-income housing needs of
19 the community, including—

20 (1) the provision of choice-based assistance
21 under title III; and

22 (2) the development, acquisition, or lease by the
23 agency of dwelling units, which dwelling units
24 shall—

1 (A) be eligible to receive assistance with
2 grant amounts provided under this title; and

3 (B) be made available for occupancy, oper-
4 ated, and managed in the manner required for
5 public housing, and subject to the other require-
6 ments applicable to public housing dwelling
7 units.

8 (k) PERMISSIBLE RELOCATION WITHOUT PLAN.—If
9 a public housing agency determines that public housing
10 dwelling units are not clean, safe, and healthy or cannot
11 be maintained cost-effectively in a clean, safe, and healthy
12 condition, the public housing agency may relocate resi-
13 dents of such dwelling units before the submission of a
14 local housing management plan providing for demolition
15 or disposition of such units.

16 (l) CONSOLIDATION OF OCCUPANCY WITHIN OR
17 AMONG BUILDINGS.—Nothing in this section may be con-
18 strued to prevent a public housing agency from consolidat-
19 ing occupancy within or among buildings of a public hous-
20 ing development, or among developments, or with other
21 housing for the purpose of improving living conditions of,
22 or providing more efficient services to, residents.

23 (m) DE MINIMIS EXCEPTION TO DEMOLITION RE-
24 QUIREMENTS.—Notwithstanding any other provision of
25 this section, in any 5-year period a public housing agency

1 may demolish not more than the lesser of 5 dwelling units
2 or 5 percent of the total dwelling units owned and oper-
3 ated by the public housing agency, without providing for
4 such demolition in a local housing management plan, but
5 only if the space occupied by the demolished unit is used
6 for meeting the service or other needs of public housing
7 residents or the demolished unit was beyond repair.

8 **SEC. 262. DEMOLITION, SITE REVITALIZATION, REPLACE-**
9 **MENT HOUSING, AND CHOICE-BASED ASSIST-**
10 **ANCE GRANTS FOR DEVELOPMENTS.**

11 (a) **PURPOSES.**—The purpose of this section is to
12 provide assistance to public housing agencies for the pur-
13 poses of—

14 (1) reducing the density and improving the liv-
15 ing environment for public housing residents of se-
16 verely distressed public housing developments
17 through the demolition of obsolete public housing de-
18 velopments (or portions thereof);

19 (2) revitalizing sites (including remaining public
20 housing dwelling units) on which such public hous-
21 ing developments are located and contributing to the
22 improvement of the surrounding neighborhood; and

23 (3) providing housing that will avoid or de-
24 crease the concentration of very low-income families;
25 and

1 (4) providing choice-based assistance in accord-
2 ance with title III for the purpose of providing re-
3 placement housing and assisting residents to be dis-
4 placed by the demolition.

5 (b) GRANT AUTHORITY.—The Secretary may make
6 grants available to public housing agencies as provided in
7 this section.

8 (c) CONTRIBUTION REQUIREMENT.—The Secretary
9 may not make any grant under this section to any appli-
10 cant unless the applicant certifies to the Secretary that
11 the applicant will supplement the amount of assistance
12 provided under this section with an amount of funds from
13 sources other than this section equal to not less than 5
14 percent of the amount provided under this section, includ-
15 ing amounts from other Federal sources, any State or
16 local government sources, any private contributions, and
17 the value of any in-kind services or administrative costs
18 provided.

19 (d) ELIGIBLE ACTIVITIES.—Grants under this sec-
20 tion may be used for activities to carry out revitalization
21 programs for severely distressed public housing, includ-
22 ing—

23 (1) architectural and engineering work, includ-
24 ing the redesign, reconstruction, or redevelopment of

1 a severely distressed public housing development, in-
2 cluding the site on which the development is located;

3 (2) the demolition, sale, or lease of the site, in
4 whole or in part;

5 (3) covering the administrative costs of the ap-
6 plicant, which may not exceed such portion of the
7 assistance provided under this section as the Sec-
8 retary may prescribe;

9 (4) payment of reasonable legal fees;

10 (5) providing reasonable moving expenses for
11 residents displaced as a result of the revitalization of
12 the development;

13 (6) economic development activities that pro-
14 mote the economic self-sufficiency of residents under
15 the revitalization program;

16 (7) necessary management improvements;

17 (8) leveraging other resources, including addi-
18 tional housing resources, retail supportive services,
19 jobs, and other economic development uses on or
20 near the development that will benefit future resi-
21 dents of the site;

22 (9) replacement housing and housing assistance
23 under title III;

24 (10) transitional security activities; and

1 (11) necessary supportive services, except that
2 not more than 10 percent of the amount of any
3 grant may be used for activities under this para-
4 graph.

5 (e) APPLICATION AND SELECTION.—

6 (1) APPLICATION.—An application for a grant
7 under this section shall contain such information
8 and shall be submitted at such time and in accord-
9 ance with such procedures, as the Secretary shall
10 prescribe.

11 (2) SELECTION CRITERIA.—The Secretary shall
12 establish selection criteria for the award of grants
13 under this section, which shall include—

14 (A) the relationship of the grant to the
15 local housing management plan for the public
16 housing agency and how the grant will result in
17 a revitalized site that will enhance the neighbor-
18 hood in which the development is located;

19 (B) the capability and record of the appli-
20 cant public housing agency, or any alternative
21 management agency for the agency, for manag-
22 ing large-scale redevelopment or modernization
23 projects, meeting construction timetables, and
24 obligating amounts in a timely manner;

1 (C) the extent to which the public housing
2 agency could undertake such activities without
3 a grant under this section;

4 (D) the extent of involvement of residents,
5 State and local governments, private service
6 providers, financing entities, and developers, in
7 the development of a revitalization program for
8 the development; and

9 (E) the amount of funds and other re-
10 sources to be leveraged by the grant.

11 The Secretary shall give preference in selection to
12 any public housing agency that has been awarded a
13 planning grant under section 24(c) of the United
14 States Housing Act of 1937 (as in effect before the
15 effective date of this Act).

16 (f) COST LIMITS.—Subject to the provisions of this
17 section, the Secretary—

18 (1) shall establish cost limits on eligible activi-
19 ties under this section sufficient to provide for effec-
20 tive revitalization programs; and

21 (2) may establish other cost limits on eligible
22 activities under this section.

1 (g) DEMOLITION AND REPLACEMENT.—Any severely
2 distressed public housing demolished or disposed of pursu-
3 ant to a revitalization plan and any public housing pro-
4 duced in lieu of such severely distressed housing, shall be
5 subject to the provisions of section 261.

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

13 (i) WITHDRAWAL OF FUNDING.—If a grantee under
14 this section does not proceed expeditiously, in the deter-
15 mination of the Secretary, the Secretary shall withdraw
16 any grant amounts under this section that have not been
17 obligated by the public housing agency. The Secretary
18 shall redistribute any withdrawn amounts to one or more
19 public housing agencies eligible for assistance under this
20 section or to one or more other entities capable of proceed-
21 ing expeditiously in the same locality in carrying out the
22 revitalization plan of the original grantee.

23 (j) DEFINITIONS.—For purposes of this section, the
24 following definitions shall apply:

1 (1) APPLICANT.—The term “applicant”
2 means—

3 (A) any public housing agency that is not
4 designated as troubled pursuant to section
5 533(a);

6 (B) any public housing agency or private
7 housing management agent selected, or receiver
8 appointed pursuant, to section 545; and

9 (C) any public housing agency that is des-
10 ignated as troubled pursuant to section 533(a)
11 that—

12 (i) is so designated principally for rea-
13 sons that will not affect the capacity of the
14 agency to carry out a revitalization pro-
15 gram;

16 (ii) is making substantial progress to-
17 ward eliminating the deficiencies of the
18 agency; or

19 (iii) is otherwise determined by the
20 Secretary to be capable of carrying out a
21 revitalization program.

22 (2) PRIVATE NONPROFIT CORPORATION.—The
23 term “private nonprofit organization” means any
24 private nonprofit organization (including a State or
25 locally chartered nonprofit organization) that—

1 (A) is incorporated under State or local
2 law;

3 (B) has no part of its net earnings inuring
4 to the benefit of any member, founder, contrib-
5 utor, or individual;

6 (C) complies with standards of financial
7 accountability acceptable to the Secretary; and

8 (D) has among its purposes significant ac-
9 tivities related to the provision of decent hous-
10 ing that is affordable to very low-income fami-
11 lies.

12 (3) SEVERELY DISTRESSED PUBLIC HOUS-
13 ING.—The term “severely distressed public housing”
14 means a public housing development (or building in
15 a development) that—

16 (A) requires major redesign, reconstruction
17 or redevelopment, or partial or total demolition,
18 to correct serious deficiencies in the original de-
19 sign (including inappropriately high population
20 density), deferred maintenance, physical dete-
21 rioration or obsolescence of major systems and
22 other deficiencies in the physical plant of the
23 development;

24 (B) is a significant contributing factor to
25 the physical decline of and disinvestment by

1 public and private entities in the surrounding
2 neighborhood;

3 (C)(i) is occupied predominantly by fami-
4 lies who are very low-income families with chil-
5 dren, are unemployed, and dependent on var-
6 ious forms of public assistance; and

7 (ii) has high rates of vandalism and crimi-
8 nal activity (including drug-related criminal ac-
9 tivity) in comparison to other housing in the
10 area;

11 (D) cannot be revitalized through assist-
12 ance under other programs, such as the public
13 housing block grant program under this title, or
14 the programs under sections 9 and 14 of the
15 United States Housing Act of 1937 (as in effect
16 before the effective date of this Act), because of
17 cost constraints and inadequacy of available
18 amounts; and

19 (E) in the case of individual buildings, is,
20 in the Secretary's determination, sufficiently
21 separable from the remainder of the develop-
22 ment of which the building is part to make use
23 of the building feasible for purposes of this sec-
24 tion.

1 (4) SUPPORTIVE SERVICES.—The term “sup-
2 portive services” includes all activities that will pro-
3 mote upward mobility, self-sufficiency, and improved
4 quality of life for the residents of the public housing
5 development involved, including literacy training, job
6 training, day care, and economic development activi-
7 ties.

8 (k) ANNUAL REPORT.—The Secretary shall submit
9 to the Congress an annual report setting forth—

10 (1) the number, type, and cost of public hous-
11 ing units revitalized pursuant to this section;

12 (2) the status of developments identified as se-
13 verely distressed public housing;

14 (3) the amount and type of financial assistance
15 provided under and in conjunction with this section;
16 and

17 (4) the recommendations of the Secretary for
18 statutory and regulatory improvements to the pro-
19 gram established by this section.

20 (l) FUNDING.—

21 (1) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated for grants
23 under this section \$500,000,000 for each of fiscal
24 years 1998, 1999, and 2000.

1 the development (or portion thereof), which assessment
2 and plan shall—

3 (1) be consistent with and part of the local
4 housing management plan for the agency;

5 (2) describe the conversion and future use or
6 disposition of the public housing development, in-
7 cluding an impact analysis on the affected commu-
8 nity;

9 (3) include a cost analysis that demonstrates
10 whether or not the cost (both on a net present value
11 basis and in terms of new budget authority require-
12 ments) of providing choice-based rental housing as-
13 sistance under title III for the same families in sub-
14 stantially similar dwellings over the same period of
15 time is less expensive than continuing public housing
16 assistance in the public housing development pro-
17 posed for conversion for the remaining useful life of
18 the development; and

19 (4) identify the actions, if any, that the public
20 housing agency will take with regard to converting
21 any public housing development or developments (or
22 portions thereof) of the agency to a system of
23 choice-based rental housing assistance under title
24 III.

1 (c) STREAMLINED ASSESSMENT AND PLAN.—At the
2 discretion of the Secretary or at the request of a public
3 housing agency, the Secretary may waive any or all of the
4 requirements of subsection (b) or otherwise require a
5 streamlined assessment with respect to any public housing
6 development or class of public housing developments.

7 (d) IMPLEMENTATION OF CONVERSION PLAN.—

8 (1) IN GENERAL.—A public housing agency
9 may implement a conversion plan only if the conver-
10 sion assessment under this section demonstrates
11 that the conversion—

12 (A) will not be more expensive than con-
13 tinuing to operate the public housing develop-
14 ment (or portion thereof) as public housing;
15 and

16 (B) will principally benefit the residents of
17 the public housing development (or portion
18 thereof) to be converted, the public housing
19 agency, and the community.

20 (2) DISAPPROVAL.—The Secretary shall dis-
21 approve a conversion plan only if the plan is plainly
22 inconsistent with the conversion assessment under
23 subsection (b) or there is reliable information and
24 data available to the Secretary that contradicts that
25 conversion assessment.

1 (e) OTHER REQUIREMENTS.—To the extent approved
2 by the Secretary, the funds used by the public housing
3 agency to provide choice-based rental housing assistance
4 under title III shall be added to the housing assistance
5 payment contract administered by the public housing
6 agency or any entity administering the contract on behalf
7 of the public housing agency.

8 (f) SAVINGS PROVISION.—This section does not af-
9 fect any contract or other agreement entered into under
10 section 22 of the United States Housing Act of 1937 (as
11 such section existed before the effective date of this Act).

12 **Subtitle F—General Provisions**

13 **SEC. 271. PAYMENT OF NON-FEDERAL SHARE.**

14 Rental or use-value of buildings or facilities paid for,
15 in whole or in part, from production, modernization, or
16 operation costs financed under this title may be used as
17 the non-Federal share required in connection with activi-
18 ties undertaken under Federal grant-in-aid programs
19 which provide social, educational, employment, and other
20 services to the residents in a project assisted under this
21 title.

22 **SEC. 272. AUTHORIZATION OF APPROPRIATIONS FOR** 23 **BLOCK GRANTS.**

24 There are authorized to be appropriated for grants
25 under this title, the following amounts:

1 (1) CAPITAL FUND.—For the allocations from
2 the capital fund for grants, \$2,500,000,000 for each
3 of fiscal years 1998, 1999, 2000, 2001, and 2002;
4 and

5 (2) OPERATING FUND.—For the allocations
6 from the operating fund for grants, \$2,900,000,000
7 for each of fiscal years 1998, 1999, 2000, 2001, and
8 2002.

9 **SEC. 273. FUNDING FOR OPERATION SAFE HOME.**

10 Of any amounts made available for fiscal years 1998
11 and 1999 for carrying out the Community Partnerships
12 Against Crime Act of 1997 (as so designated pursuant to
13 section 625(a) of this Act), not more than \$10,000,000
14 shall be available in each such fiscal year, for use under
15 the Operation Safe Home program administered by the
16 Office of the Inspector General of the Department of
17 Housing and Urban Development, for law enforcement ef-
18 forts to combat violent crime on or near the premises of
19 public and federally assisted housing and to provide assist-
20 ance (including housing assistance under title III) for relo-
21 cating witnesses of crimes pursuant to requests from law
22 enforcement or prosecuting agencies.

1 **SEC. 274. FUNDING FOR RELOCATION OF VICTIMS OF DO-**
2 **MESTIC VIOLENCE.**

3 Of any amounts made available for fiscal years 1998,
4 1999, 2000, 2001, and 2002 for choice-based housing as-
5 sistance under title III of this Act, not more than
6 \$700,000 shall be available in each such fiscal year for
7 relocating residents of public housing (including providing
8 assistance for costs of relocation and housing assistance
9 under title III of this Act) who are residing in public hous-
10 ing, who have been subject to domestic violence, and for
11 whom provision of assistance is likely to reduce or elimi-
12 nate the threat of subsequent violence to the members of
13 the family. The Secretary shall establish procedures for
14 eligibility and administration of assistance under this sec-
15 tion.

16 **TITLE III—CHOICE-BASED RENT-**
17 **AL HOUSING AND HOME-**
18 **OWNERSHIP ASSISTANCE FOR**
19 **LOW-INCOME FAMILIES**

20 **Subtitle A—Allocation**

21 **SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE**
22 **AMOUNTS.**

23 To the extent that amounts to carry out this title are
24 made available, the Secretary may enter into contracts
25 with public housing agencies for each fiscal year to provide
26 housing assistance under this title.

1 **SEC. 302. CONTRACTS WITH PHA'S.**

2 (a) **CONDITION OF ASSISTANCE.**—The Secretary may
3 provide amounts under this title to a public housing agen-
4 cy for a fiscal year only if the Secretary has entered into
5 a contract under this section with the public housing agen-
6 cy, under which the Secretary shall provide such agency
7 with amounts (in the amount of the allocation for the
8 agency determined pursuant to section 304) for housing
9 assistance under this title for low-income families.

10 (b) **USE FOR HOUSING ASSISTANCE.**—A contract
11 under this section shall require a public housing agency
12 to use amounts provided under this title to provide hous-
13 ing assistance in any manner authorized under this title.

14 (c) **ANNUAL OBLIGATION OF AUTHORITY.**—A con-
15 tract under this title shall provide amounts for housing
16 assistance for 1 fiscal year covered by the contract.

17 (d) **ENFORCEMENT OF HOUSING QUALITY REQUIRE-**
18 **MENTS.**—Each contract under this section shall require
19 the public housing agency administering assistance pro-
20 vided under the contract—

21 (1) to ensure compliance, under each housing
22 assistance payments contract entered into pursuant
23 to the contract under this section, with the provi-
24 sions of the housing assistance payments contract
25 included pursuant to section 351(c)(4); and

1 (2) to establish procedures for assisted families
2 to notify the agency of any noncompliance with such
3 provisions.

4 **SEC. 303. ELIGIBILITY OF PHA'S FOR ASSISTANCE**
5 **AMOUNTS.**

6 The Secretary may provide amounts available for
7 housing assistance under this title pursuant to the formula
8 established under section 304(a) to a public housing agen-
9 cy only if—

10 (1) the agency has submitted a local housing
11 management plan to the Secretary for such fiscal
12 year and applied to the Secretary for such assist-
13 ance;

14 (2) the plan has been determined to comply
15 with the requirements under section 106 and the
16 Secretary has not notified the agency that the plan
17 fails to comply with such requirements;

18 (3) no member of the board of directors or
19 other governing body of the agency, or the executive
20 director, has been convicted of a felony; and

21 (4) the agency has not been disqualified for as-
22 sistance pursuant to title V.

23 **SEC. 304. ALLOCATION OF AMOUNTS.**

24 (a) **FORMULA ALLOCATION.**—

1 (1) IN GENERAL.—When amounts for assist-
2 ance under this title are first made available for res-
3 ervation, after reserving amounts in accordance with
4 subsections (b)(3) and (c), the Secretary shall allo-
5 cate such amounts, only among public housing agen-
6 cies meeting the requirements under this title to re-
7 ceive such assistance, on the basis of a formula that
8 is established in accordance with paragraph (2) and
9 based upon appropriate criteria to reflect the needs
10 of different States, areas, and communities, using
11 the most recent data available from the Bureau of
12 the Census of the Department of Commerce and the
13 comprehensive housing affordability strategy under
14 section 105 of the Cranston-Gonzalez National Af-
15 fordable Housing Act (or any consolidated plan in-
16 corporating such strategy) for the applicable juris-
17 diction. The Secretary may establish a minimum al-
18 location amount, in which case only the public hous-
19 ing agencies that, pursuant to the formula, are pro-
20 vided an amount equal to or greater than the mini-
21 mum allocation amount, shall receive an allocation.

22 (2) REGULATIONS.—The formula under this
23 subsection shall be established by regulation issued
24 by the Secretary. Notwithstanding sections 563(a)

1 and 565(a) of title 5, United States Code, any pro-
2 posed regulation containing such formula shall be is-
3 sued pursuant to a negotiated rulemaking procedure
4 under subchapter ____ of chapter 5 of such title and
5 the Secretary shall establish a negotiated rulemaking
6 committee for development of any such proposed
7 regulations.

8 (b) ALLOCATION CONSIDERATIONS.—

9 (1) LIMITATION ON REALLOCATION FOR AN-
10 OTHER STATE.—Any amounts allocated for a State
11 or areas or communities within a State that are not
12 likely to be used within the fiscal year for which the
13 amounts are provided shall not be reallocated for use
14 in another State, unless the Secretary determines
15 that other areas or communities within the same
16 State (that are eligible for amounts under this title)
17 cannot use the amounts within the same fiscal year.

18 (2) EFFECT OF RECEIPT OF TENANT-BASED AS-
19 SISTANCE FOR DISABLED FAMILIES.—The Secretary
20 may not consider the receipt by a public housing
21 agency of assistance under section 811(b)(1) of the
22 Cranston-Gonzalez National Affordable Housing
23 Act, or the amount received, in approving amounts
24 under this title for the agency or in determining the

1 amount of such assistance to be provided to the
2 agency.

3 (3) EXEMPTION FROM FORMULA ALLOCA-
4 TION.—The formula allocation requirements of sub-
5 section (a) shall not apply to any assistance under
6 this title that is approved in appropriation Acts for
7 uses that the Secretary determines are incapable of
8 geographic allocation, including amendments of ex-
9 isting housing assistance payments contracts, re-
10 newal of such contracts, assistance to families that
11 would otherwise lose assistance due to the decision
12 of the project owner to prepay the project mortgage
13 or not to renew the housing assistance payments
14 contract, assistance to prevent displacement from
15 public or assisted housing or to provide replacement
16 housing in connection with the demolition or disposi-
17 tion of public housing, assistance for relocation from
18 public housing, assistance in connection with protec-
19 tion of crime witnesses, assistance for conversion
20 from leased housing contracts under section 23 of
21 the United States Housing Act of 1937 (as in effect
22 before the enactment of the Housing and Commu-
23 nity Development Act of 1974), and assistance in
24 support of the property disposition and portfolio
25 management functions of the Secretary.

1 (c) RECAPTURE OF AMOUNTS.—

2 (1) AUTHORITY.—In each fiscal year, from any
3 budget authority made available for assistance under
4 this title or section 8 of the United States Housing
5 Act of 1937 (as in effect before the effective date of
6 this Act) that is obligated to a public housing agency
7 but remains unobligated by the agency upon the ex-
8 piration of the 8-month period beginning upon the
9 initial availability of such amounts for obligation by
10 the agency, the Secretary may deobligate an amount,
11 as determined by the Secretary, not exceeding 50
12 percent of such unobligated amount.

13 (2) USE.—The Secretary may reallocate and
14 transfer any amounts deobligated under paragraph
15 (1) only to public housing agencies in areas that the
16 Secretary determines have received less funding than
17 other areas, based on the relative needs of all areas.

18 **SEC. 305. ADMINISTRATIVE FEES.**

19 (a) FEE FOR ONGOING COSTS OF ADMINISTRA-
20 TION.—

21 (1) IN GENERAL.—The Secretary shall establish
22 fees for the costs of administering the choice-based
23 housing assistance program under this title.

24 (2) FISCAL YEAR 1998.—

1 (A) CALCULATION.—For fiscal year 1998,
2 the fee for each month for which a dwelling
3 unit is covered by a contract for assistance
4 under this title shall be—

5 (i) in the case of a public housing
6 agency that, on an annual basis, is admin-
7 istering a program for not more than 600
8 dwelling units, 7.65 percent of the base
9 amount; and

10 (ii) in the case of an agency that, on
11 an annual basis, is administering a pro-
12 gram for more than 600 dwelling units—

13 (I) for the first 600 units, 7.65
14 percent of the base amount; and

15 (II) for any additional dwelling
16 units under the program, 7.0 percent
17 of the base amount.

18 (B) BASE AMOUNT.—For purposes of this
19 paragraph, the base amount shall be the higher
20 of—

21 (i) the fair market rental established
22 under section 8(c) of the United States
23 Housing Act of 1937 (as in effect imme-
24 diately before the effective date of this Act)

1 for fiscal year 1993 for a 2-bedroom exist-
2 ing rental dwelling unit in the market area
3 of the agency, and

4 (ii) the amount that is the lesser of
5 (I) such fair market rental for fiscal year
6 1994 or (II) 103.5 percent of the amount
7 determined under clause (i),

8 adjusted based on changes in wage data or
9 other objectively measurable data that reflect
10 the costs of administering the program, as de-
11 termined by the Secretary. The Secretary may
12 require that the base amount be not less than
13 a minimum amount and not more than a maxi-
14 mum amount.

15 (3) SUBSEQUENT FISCAL YEARS.—For subse-
16 quent fiscal years, the Secretary shall publish a no-
17 tice in the Federal Register, for each geographic
18 area, establishing the amount of the fee that would
19 apply for public housing agencies administering the
20 program, based on changes in wage data or other
21 objectively measurable data that reflect the costs of
22 administering the program, as determined by the
23 Secretary.

1 (4) INCREASE.—The Secretary may increase
2 the fee if necessary to reflect the higher costs of ad-
3 ministering small programs and programs operating
4 over large geographic areas.

5 (b) FEE FOR PRELIMINARY EXPENSES.—The Sec-
6 retary shall also establish reasonable fees (as determined
7 by the Secretary) for—

8 (1) the costs of preliminary expenses, in the
9 amount of \$500, for a public housing agency, but
10 only in the first year that the agency administers
11 a choice-based housing assistance program under
12 this title, and only if, immediately before the effec-
13 tive date of this Act, the agency was not administer-
14 ing a tenant-based rental assistance program under
15 the United States Housing Act of 1937 (as in effect
16 immediately before such effective date), in connec-
17 tion with its initial increment of assistance received;

18 (2) the costs incurred in assisting families who
19 experience difficulty (as determined by the Sec-
20 retary) in obtaining appropriate housing under the
21 programs; and

22 (3) extraordinary costs approved by the Sec-
23 retary.

24 (c) TRANSFER OF FEES IN CASES OF CONCURRENT
25 GEOGRAPHICAL JURISDICTION.—In each fiscal year, if

1 any public housing agency provides tenant-based rental as-
2 sistance under section 8 of the United States Housing Act
3 of 1937 or housing assistance under this title on behalf
4 of a family who uses such assistance for a dwelling unit
5 that is located within the jurisdiction of such agency but
6 is also within the jurisdiction of another public housing
7 agency, the Secretary shall take such steps as may be nec-
8 essary to ensure that the public housing agency that pro-
9 vides the services for a family receives all or part of the
10 administrative fee under this section (as appropriate).

11 **SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.**

12 (a) IN GENERAL.—There is authorized to be appro-
13 priated for providing public housing agencies with housing
14 assistance under this title, \$1,861,668,000 for each of fis-
15 cal years 1998, 1999, 2000, 2001, and 2002.

16 (b) ASSISTANCE FOR DISABLED FAMILIES.—

17 (1) AUTHORIZATION OF APPROPRIATIONS.—

18 There is authorized to be appropriated, for choice-
19 based housing assistance under this title to be used
20 in accordance with paragraph (2), \$50,000,000 for
21 fiscal year 1998, and such sums as may be nec-
22 essary for each subsequent fiscal year.

1 (2) USE.—The Secretary shall provide amounts
2 made available under paragraph (1) to public hous-
3 ing agencies only for use to provide housing assist-
4 ance under this title for nonelderly disabled families
5 (including such families relocating pursuant to des-
6 ignation of a public housing development under sec-
7 tion 227 and other nonelderly disabled families who
8 have applied to the agency for housing assistance
9 under this title).

10 (3) ALLOCATION OF AMOUNTS.—The Secretary
11 shall allocate and provide amounts made available
12 under paragraph (1) to public housing agencies as
13 the Secretary determines appropriate based on the
14 relative levels of need among the authorities for as-
15 sistance for families described in paragraph (1).

16 **SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.**

17 (a) IN GENERAL.—Any amounts made available to
18 a public housing agency under a contract for annual con-
19 tributions for assistance under section 8 of the United
20 States Housing Act of 1937 (as in effect before the effec-
21 tive date of this Act) that have not been obligated for such
22 assistance by such agency before such effective date shall
23 be used to provide assistance under this title, except to
24 the extent the Secretary determines such use is inconsis-
25 tent with existing commitments.

1 (b) EXCEPTION.—Subsection (a) shall not apply to
2 any amounts made available under a contract for housing
3 constructed or substantially rehabilitated pursuant to sec-
4 tion 8(b)(2) of the United States Housing Act of 1937,
5 as in effect before October 1, 1983.

6 **Subtitle B—Choice-Based Housing**
7 **Assistance for Eligible Families**

8 **SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR AS-**
9 **SISTANCE.**

10 (a) LOW-INCOME REQUIREMENT.—Housing assist-
11 ance under this title may be provided only on behalf of
12 a family that—

13 (1) at the time that such assistance is initially
14 provided on behalf of the family, is determined by
15 the public housing agency to be a low-income family;
16 or

17 (2) qualifies to receive such assistance under
18 any other provision of Federal law.

19 (b) INCOME TARGETING.—Of the families initially as-
20 sisted under this title by a public housing agency in any
21 year, not less than 40 percent shall be families whose in-
22 comes do not exceed 30 percent of the area median in-
23 come, as determined by the Secretary with adjustments
24 for smaller and larger families. The Secretary may estab-
25 lish income ceiling higher or lower than 30 percent of the

1 area median income on the basis of the Secretary's find-
2 ings that such variations are necessary because of unusu-
3 ally high or low family incomes.

4 (c) REVIEWS OF FAMILY INCOMES.—

5 (1) IN GENERAL.—Reviews of family incomes
6 for purposes of this title shall be subject to the pro-
7 visions of section 904 of the Stewart B. McKinney
8 Homeless Assistance Amendments Act of 1988 and
9 shall be conducted upon the initial provision of hous-
10 ing assistance for the family and thereafter not less
11 than annually.

12 (2) PROCEDURES.—Each public housing agency
13 administering housing assistance under this title
14 shall establish procedures that are appropriate and
15 necessary to ensure that income data provided to the
16 agency and owners by families applying for or re-
17 ceiving housing assistance from the agency is com-
18 plete and accurate.

19 (d) PREFERENCES FOR ASSISTANCE.—

20 (1) AUTHORITY TO ESTABLISH.—Any public
21 housing agency that receives amounts under this
22 title may establish a system for making housing as-
23 sistance available on behalf of eligible families that
24 provides preference for such assistance to eligible
25 families having certain characteristics.

1 (2) CONTENT.—Each system of preferences es-
2 tablished pursuant to this subsection shall be based
3 upon local housing needs and priorities, as deter-
4 mined by the public housing agency using generally
5 accepted data sources, including any information ob-
6 tained pursuant to an opportunity for public com-
7 ment as provided under section 106(e) or under the
8 requirements applicable to comprehensive housing
9 affordability strategy for the relevant jurisdiction.

10 (e) PORTABILITY OF HOUSING ASSISTANCE.—

11 (1) NATIONAL PORTABILITY.—An eligible fam-
12 ily that is selected to receive or is receiving assist-
13 ance under this title may rent any eligible dwelling
14 unit in any area where a program is being adminis-
15 tered under this title. Notwithstanding the preceding
16 sentence, a public housing agency may require that
17 any family not living within the jurisdiction of the
18 public housing agency at the time the family applies
19 for assistance from the agency shall, during the 12-
20 month period beginning on the date of initial receipt
21 of housing assistance made available on behalf of the
22 family from such agency, lease and occupy an eligi-
23 ble dwelling unit located within the jurisdiction
24 served by the agency. The agency for the jurisdiction

1 into which the family moves shall have the respon-
2 sibility for administering assistance for the family.

3 (2) SOURCE OF FUNDING FOR A FAMILY THAT
4 MOVES.—For a family that has moved into the juris-
5 diction of a public housing agency and that, at the
6 time of the move, has been selected to receive, or is
7 receiving, assistance provided by another agency, the
8 agency for the jurisdiction into which the family has
9 moved may, in its discretion, cover the cost of assist-
10 ing the family under its contract with the Secretary
11 or through reimbursement from the other agency
12 under that agency's contract.

13 (3) AUTHORITY TO DENY ASSISTANCE TO CER-
14 TAIN FAMILIES WHO MOVE.—A family may not re-
15 ceive housing assistance as provided under this sub-
16 section if the family has moved from a dwelling unit
17 in violation of the lease for the dwelling unit.

18 (4) FUNDING ALLOCATIONS.—In providing as-
19 sistance amounts under this title for public housing
20 agencies for any fiscal year, the Secretary may give
21 consideration to any reduction or increase in the
22 number of resident families under the program of an
23 agency in the preceding fiscal year as a result of this
24 subsection.

1 (f) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC
2 VIOLENCE.—A public housing agency shall be subject to
3 the restrictions regarding release of information relating
4 to the identity and new residence of any family receiving
5 housing assistance who was a victim of domestic violence
6 that are applicable to shelters pursuant to the Family Vio-
7 lence Prevention and Services Act. The agency shall work
8 with the United States Postal Service to establish proce-
9 dures consistent with the confidentiality provisions in the
10 Violence Against Women Act of 1994.

11 **SEC. 322. RESIDENT CONTRIBUTION.**

12 (a) AMOUNT.—

13 (1) MONTHLY RENT CONTRIBUTION.—An as-
14 sisted family shall contribute on a monthly basis for
15 the rental of an assisted dwelling unit an amount
16 that the public housing agency determines is appro-
17 priate with respect to the family and the unit, but
18 which—

19 (A) shall not be less than the minimum
20 monthly rental contribution determined under
21 subsection (b); and

22 (B) shall not exceed the greatest of—

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

1 (ii) 10 percent of the monthly income
2 of the family; and

3 (iii) if the family is receiving pay-
4 ments for welfare assistance from a public
5 agency and a part of such payments, ad-
6 justed in accordance with the actual hous-
7 ing costs of the family, is specifically des-
8 ignated by such agency to meet the hous-
9 ing costs of the family, the portion of such
10 payments that is so designated.

11 (2) EXCESS RENTAL AMOUNT.—In any case in
12 which the monthly rent charged for a dwelling unit
13 pursuant to the housing assistance payments con-
14 tract exceeds the applicable payment standard (es-
15 tablished under section 353) for the dwelling unit,
16 the assisted family residing in the unit shall contrib-
17 ute (in addition to the amount of the monthly rent
18 contribution otherwise determined under paragraph
19 (1) for such family) such entire excess rental
20 amount.

21 (b) MINIMUM MONTHLY RENTAL CONTRIBUTION.—

22 (1) IN GENERAL.—The public housing agency
23 shall determine the amount of the minimum monthly
24 rental contribution of an assisted family (which rent

1 shall include any amount allowed for utilities),
2 which—

3 (A) shall be based upon factors including
4 the adjusted income of the family and any other
5 factors that the agency considers appropriate;

6 (B) shall be not less than \$25, nor more
7 than \$50; and

8 (C) may be increased annually by the
9 agency, except that no such annual increase
10 may exceed 10 percent of the amount of the
11 minimum monthly contribution in effect for the
12 preceding year.

13 (2) **HARDSHIP EXCEPTION.**—Notwithstanding
14 paragraph (1), a public housing agency may, in its
15 sole discretion, grant an exemption in whole or in
16 part from payment of the minimum monthly rental
17 contribution established under this paragraph to any
18 assisted family unable to pay such amount because
19 of severe financial hardships. Severe financial hard-
20 ships may include situations in which the family is
21 awaiting an eligibility determination for a Federal,
22 State, or local assistance program, the family would
23 be evicted as a result of imposition of the minimum
24 rent, the income of the family has decreased because

1 of changed circumstances, including loss of employ-
2 ment, death in the family, and other situations as
3 may be determined by the agency, and such other
4 situations, as may be determined by the agency.

5 (c) TREATMENT OF CHANGES IN RENTAL CON-
6 TRIBUTION.—

7 (1) NOTIFICATION OF CHANGES.—A public
8 housing agency shall promptly notify the owner of
9 an assisted dwelling unit of any change in the resi-
10 dent contribution by the assisted family residing in
11 the unit that takes effect immediately or at a later
12 date.

13 (2) COLLECTION OF RETROACTIVE CHANGES.—
14 In the case of any change in the rental contribution
15 of an assisted family that affects rental payments
16 previously made, the public housing agency shall col-
17 lect any additional amounts required to be paid by
18 the family under such change directly from the fam-
19 ily and shall refund any excess rental contribution
20 paid by the family directly to the family.

21 (d) PHASE-IN OF RENT CONTRIBUTION IN-
22 CREASES.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), for any family that is receiving tenant-

1 based rental assistance under section 8 of the Unit-
2 ed States Housing Act of 1937 upon the initial ap-
3 plicability of the provisions of this title to such fam-
4 ily, if the monthly contribution for rental of an as-
5 sisted dwelling unit to be paid by the family upon
6 such initial applicability is greater than the amount
7 paid by the family under the provisions of the Unit-
8 ed States Housing Act of 1937 immediately before
9 such applicability, any such resulting increase in
10 rent contribution shall be—

11 (A) phased in equally over a period of not
12 less than 3 years, if such increase is 30 percent
13 or more of such contribution before initial ap-
14 plicability; and

15 (B) limited to not more than 10 percent
16 per year if such increase is more than 10 per-
17 cent but less than 30 percent of such contribu-
18 tion before initial applicability.

19 (2) EXCEPTION.—The minimum rent contribu-
20 tion requirement under subsection (b)(1) shall apply
21 to each family described in paragraph (1) of this
22 subsection, notwithstanding such paragraph.

23 **SEC. 323. RENTAL INDICATORS.**

24 (a) IN GENERAL.—The Secretary shall establish and
25 issue rental indicators under this section periodically, but

1 not less than annually, for existing rental dwelling units
2 that are eligible dwelling units. The Secretary shall estab-
3 lish and issue the rental indicators by housing market area
4 (as the Secretary shall establish) for various sizes and
5 types of dwelling units.

6 (b) AMOUNT.—For a market area, the rental indica-
7 tor established under subsection (a) for a dwelling unit
8 of a particular size and type in the market area shall be
9 a dollar amount that reflects the rental amount for a
10 standard quality rental unit of such size and type in the
11 market area that is an eligible dwelling unit.

12 (c) EFFECTIVE DATE.—The Secretary shall cause
13 the proposed rental indicators established under sub-
14 section (a) for each market area to be published in the
15 Federal Register with reasonable time for public comment,
16 and such rental indicators shall become effective upon the
17 date of publication in final form in the Federal Register.

18 (d) ANNUAL ADJUSTMENT.—Each rental indicator in
19 effect under this section shall be adjusted to be effective
20 on October 1 of each year to reflect changes, based on
21 the most recent available data trended so that the indica-
22 tors will be current for the year to which they apply, in
23 rents for existing rental dwelling units of various sizes and
24 types in the market area suitable for occupancy by families
25 assisted under this title.

1 **SEC. 324. LEASE TERMS.**

2 Rental assistance may be provided for an eligible
3 dwelling unit only if the assisted family and the owner of
4 the dwelling unit enter into a lease for the unit that—

5 (1) provides for a single lease term of 12
6 months and continued tenancy after such term
7 under a periodic tenancy on a month-to-month basis;

8 (2) contains terms and conditions specifying
9 that termination of tenancy during the term of a
10 lease shall be subject to the provisions set forth in
11 sections 642 and 643; and

12 (3) is set forth in the standard form, which is
13 used in the local housing market area by the owner
14 and applies generally to any other tenants in the
15 property who are not assisted families, together with
16 any addendum necessary to include the many terms
17 required under this section.

18 A lease may include any addenda appropriate to set forth
19 the provisions under this title.

20 **SEC. 325. TERMINATION OF TENANCY.**

21 Each housing assistance payments contract shall pro-
22 vide that the owner shall conduct the termination of ten-
23 ancy of any tenant of an assisted dwelling unit under the
24 contract in accordance with applicable State or local laws,
25 including providing any notice of termination required
26 under such laws.

1 **SEC. 326. ELIGIBLE OWNERS.**

2 (a) OWNERSHIP ENTITY.—Rental assistance under
3 this title may be provided for any eligible dwelling unit
4 for which the owner is any public agency, private person
5 or entity (including a cooperative), nonprofit organization,
6 agency of the Federal Government, or public housing
7 agency.

8 (b) INELIGIBLE OWNERS.—

9 (1) IN GENERAL.—Notwithstanding subsection
10 (a), a public housing agency—

11 (A) may not enter into a housing assist-
12 ance payments contract (or renew an existing
13 contract) covering a dwelling unit that is owned
14 by an owner who is debarred, suspended, or
15 subject to limited denial of participation under
16 part 24 of title 24, Code of Federal Regula-
17 tions;

18 (B) may prohibit, or authorize the termi-
19 nation or suspension of, payment of housing as-
20 sistance under a housing assistance payments
21 contract in effect at the time such debarment,
22 suspension, or limited denial of participation
23 takes effect.

24 If the public housing agency takes action under sub-
25 paragraph (B), the agency shall take such actions as
26 may be necessary to protect assisted families who

1 are affected by the action, which may include the
2 provision of additional assistance under this title to
3 such families.

4 (2) PROHIBITION OF SALE TO RELATED PAR-
5 TIES.—The Secretary shall establish guidelines to
6 prevent housing assistance payments for a dwelling
7 unit that is owned by any spouse, child, or other
8 party who allows an owner described in paragraph
9 (1) to maintain control of the unit.

10 **SEC. 327. SELECTION OF DWELLING UNITS.**

11 (a) FAMILY CHOICE.—The determination of the
12 dwelling unit in which an assisted family resides and for
13 which housing assistance is provided under this title shall
14 be made solely by the assisted family, subject to the provi-
15 sions of this title and any applicable law.

16 (b) DEED RESTRICTIONS.—Housing assistance may
17 not be used in any manner that abrogates any local deed
18 restriction that applies to any housing consisting of 1 to
19 4 dwelling units. Nothing in this section may be construed
20 to affect the provisions or applicability of the Fair Hous-
21 ing Act.

22 **SEC. 328. ELIGIBLE DWELLING UNITS.**

23 (a) IN GENERAL.—A dwelling unit shall be an eligible
24 dwelling unit for purposes of this title only if the public

1 housing agency to provide housing assistance for the
2 dwelling unit determines that the dwelling unit—

3 (1) is an existing dwelling unit that is not lo-
4 cated within a nursing home or the grounds of any
5 penal, reformatory, medical, mental, or similar pub-
6 lic or private institution; and

7 (2) complies—

8 (A) in the case of a dwelling unit located
9 in a jurisdiction which has in effect laws, regu-
10 lations, standards, or codes regarding habit-
11 ability of residential dwellings, with such appli-
12 cable laws, regulations, standards, or codes; or

13 (B) in the case of a dwelling unit located
14 in a jurisdiction which does not have in effect
15 laws, regulations, standards, or codes described
16 in subparagraph (A), with the housing quality
17 standards established under subsection (c).

18 Each public housing agency providing housing assistance
19 shall identify, in the local housing management plan for
20 the agency, whether the agency is utilizing the standard
21 under subparagraph (A) or (B) of paragraph (2).

22 (b) DETERMINATIONS.—

23 (1) IN GENERAL.—A public housing agency
24 shall make the determinations required under sub-
25 section (a) pursuant to an inspection of the dwelling

1 unit conducted before any assistance payment is
2 made for the unit.

3 (2) EXPEDITIOUS INSPECTION.—Inspections of
4 dwelling units under this subsection shall be made
5 before the expiration of the 15-day period beginning
6 upon a request by the resident or landlord to the
7 public housing agency. The performance of the agen-
8 cy in meeting the 15-day inspection deadline shall
9 be taken into account in assessing the performance
10 of the agency.

11 (c) FEDERAL HOUSING QUALITY STANDARDS.—The
12 Secretary shall establish housing quality standards under
13 this subsection that ensure that assisted dwelling units are
14 safe, clean, and healthy. Such standards shall include re-
15 quirements relating to habitability, including maintenance,
16 health and sanitation factors, condition, and construction
17 of dwellings, and shall, to the greatest extent practicable,
18 be consistent with the standards established under section
19 232(b). The Secretary shall differentiate between major
20 and minor violations of such standards.

21 (d) ANNUAL INSPECTIONS.—Each public housing
22 agency providing housing assistance shall make an annual
23 inspection of each assisted dwelling unit during the term
24 of the housing assistance payments contracts for the unit
25 to determine whether the unit is maintained in accordance

1 with the requirements under subsection (a)(2). The agency
2 shall retain the records of the inspection for a reasonable
3 time and shall make the records available upon request
4 to the Secretary, the Inspector General for the Depart-
5 ment of Housing and Urban Development, and any audi-
6 tor conducting an audit under section 541.

7 (e) INSPECTION GUIDELINES.—The Secretary shall
8 establish procedural guidelines and performance standards
9 to facilitate inspections of dwelling units and conform such
10 inspections with practices utilized in the private housing
11 market. Such guidelines and standards shall take into con-
12 sideration variations in local laws and practices of public
13 housing agencies and shall provide flexibility to authorities
14 appropriate to facilitate efficient provision of assistance
15 under this title.

16 (f) RULE OF CONSTRUCTION.—This section may not
17 be construed to prevent the provision of housing assistance
18 in connection with supportive services for elderly or dis-
19 abled families.

20 **SEC. 329. HOMEOWNERSHIP OPTION.**

21 (a) IN GENERAL.—A public housing agency providing
22 housing assistance under this title may provide home-
23 ownership assistance to assist eligible families to purchase
24 a dwelling unit (including purchase under lease-purchase
25 homeownership plans).

1 (b) REQUIREMENTS.—A public housing agency pro-
2 viding homeownership assistance under this section shall,
3 as a condition of an eligible family receiving such assist-
4 ance, require the family to—

5 (1) demonstrate that the family has sufficient
6 income from employment or other sources (other
7 than public assistance), as determined in accordance
8 with requirements established by the agency; and

9 (2) meet any other initial or continuing require-
10 ments established by the public housing agency.

11 (c) DOWNPAYMENT REQUIREMENT.—

12 (1) IN GENERAL.—A public housing agency
13 may establish minimum downpayment requirements,
14 if appropriate, in connection with loans made for the
15 purchase of dwelling units for which homeownership
16 assistance is provided under this section. If the
17 agency establishes a minimum downpayment re-
18 quirement, the agency shall permit the family to use
19 grant amounts, gifts from relatives, contributions
20 from private sources, and similar amounts as down-
21 payment amounts in such purchase, subject to the
22 requirements of paragraph (2).

23 (2) DIRECT FAMILY CONTRIBUTION.—In pur-
24 chasing housing pursuant to this section subject to

1 a downpayment requirement, each family shall con-
2 tribute an amount of the downpayment, from re-
3 sources of the family other than grants, gifts, con-
4 tributions, or other similar amounts referred to in
5 paragraph (1), that is not less than 1 percent of the
6 purchase price.

7 (d) INELIGIBILITY UNDER OTHER PROGRAMS.—A
8 family may not receive homeownership assistance pursu-
9 ant to this section during any period when assistance is
10 being provided for the family under other Federal home-
11 ownership assistance programs, as determined by the Sec-
12 retary, including assistance under the HOME Investment
13 Partnerships Act, the Homeownership and Opportunity
14 Through HOPE Act, title II of the Housing and Commu-
15 nity Development Act of 1987, and section 502 of the
16 Housing Act of 1949.

17 **SEC. 330. ASSISTANCE FOR RENTAL OF MANUFACTURED**
18 **HOMES.**

19 (a) AUTHORITY.—Nothing in this title may be con-
20 strued to prevent a public housing agency from providing
21 housing assistance under this title on behalf of a low-in-
22 come family for the rental of—

23 (1) a manufactured home that is the principal
24 residence of the family and the real property on
25 which the home is located; or

1 (2) the real property on which is located a man-
2 ufactured home, which is owned by the family and
3 is the principal residence of the family.

4 (b) ASSISTANCE FOR CERTAIN FAMILIES OWNING
5 MANUFACTURED HOMES.—

6 (1) AUTHORITY.—Notwithstanding section 351
7 or any other provision of this title, a public housing
8 agency that receives amounts under a contract
9 under section 302 may enter into a housing assist-
10 ance payment contract to make assistance payments
11 under this title to a family that owns a manufac-
12 tured home, but only as provided in paragraph (2).

13 (2) LIMITATIONS.—In the case only of a low-in-
14 come family that owns a manufactured home, rents
15 the real property on which it is located, and to
16 whom housing assistance under this title has been
17 made available for the rental of such property, the
18 public housing agency making such assistance avail-
19 able shall enter into a contract to make housing as-
20 sistance payments under this title directly to the
21 family (rather than to the owner of such real prop-
22 erty) if—

23 (A) the owner of the real property refuses
24 to enter into a contract to receive housing as-
25 sistance payments pursuant to section 351(a);

1 (B) the family was residing in such manu-
2 factured home on such real property at the time
3 such housing assistance was initially made
4 available on behalf of the family;

5 (C) the family provides such assurances to
6 the agency, as the Secretary may require, to en-
7 sure that amounts from the housing assistance
8 payments are used for rental of the real prop-
9 erty; and

10 (D) the rental of the real property other-
11 wise complies with the requirements for assist-
12 ance under this title.

13 A contract pursuant to this subsection shall be sub-
14 ject to the provisions of section 351 and any other
15 provisions applicable to housing assistance payments
16 contracts under this title, except that the Secretary
17 may provide such exceptions as the Secretary consid-
18 ers appropriate to facilitate the provision of assist-
19 ance under this subsection.

20 **Subtitle C—Payment of Housing**
21 **Assistance on Behalf of Assisted**
22 **Families**

23 **SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.**

24 (a) IN GENERAL.—Each public housing agency that
25 receives amounts under a contract under section 302 may

1 enter into housing assistance payments contracts with
2 owners of existing dwelling units to make housing assist-
3 ance payments to such owners in accordance with this
4 title.

5 (b) PHA ACTING AS OWNER.—A public housing
6 agency may enter into a housing assistance payments con-
7 tract to make housing assistance payments under this title
8 to itself (or any agency or instrumentality thereof) as the
9 owner of dwelling units (other than public housing), and
10 the agency shall be subject to the same requirements that
11 are applicable to other owners, except that the determina-
12 tions under section 328(a) and 354(b) shall be made by
13 a competent party not affiliated with the agency, and the
14 agency shall be responsible for any expenses of such deter-
15 minations.

16 (c) PROVISIONS.—Each housing assistance payments
17 contract shall—

18 (1) have a term of not more than 12 months;

19 (2) require that the assisted dwelling unit may
20 be rented only pursuant to a lease that complies
21 with the requirements of section 324;

22 (3) comply with the requirements of sections
23 325, 642, and 643 (relating to termination of ten-
24 ancy);

1 (4) require the owner to maintain the dwelling
2 unit in accordance with the applicable standards
3 under section 328(a)(2); and

4 (5) provide that the screening and selection of
5 eligible families for assisted dwelling units shall be
6 the function of the owner.

7 **SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**

8 (a) UNITS HAVING GROSS RENT EXCEEDING PAY-
9 MENT STANDARD.—In the case of a dwelling unit bearing
10 a gross rent that exceeds the payment standard estab-
11 lished under section 353 for a dwelling unit of the applica-
12 ble size and located in the market area in which such as-
13 sisted dwelling unit is located, the amount of the monthly
14 assistance payment shall be the amount by which such
15 payment standard exceeds the amount of the resident con-
16 tribution determined in accordance with section 322(a)(1).

17 (b) SHOPPING INCENTIVE FOR UNITS HAVING
18 GROSS RENT NOT EXCEEDING PAYMENT STANDARD.—
19 In the case of an assisted family renting an eligible dwell-
20 ing unit bearing a gross rent that does not exceed the pay-
21 ment standard established under section 353 for a dwell-
22 ing unit of the applicable size and located in the market
23 area in which such assisted dwelling unit is located, the
24 following requirements shall apply:

1 (1) AMOUNT OF MONTHLY ASSISTANCE PAY-
2 MENT.—The amount of the monthly assistance pay-
3 ment for housing assistance under this title on be-
4 half of the assisted family shall be the amount by
5 which the gross rent for the dwelling unit exceeds
6 the amount of the resident contribution.

7 (2) ESCROW OF SHOPPING INCENTIVE SAV-
8 INGS.—An amount equal to 50 percent of the dif-
9 ference between payment standard and the gross
10 rent for the dwelling unit shall be placed in an inter-
11 est bearing escrow account on behalf of such family
12 on a monthly basis by the public housing agency.
13 Amounts in the escrow account shall be made avail-
14 able to the assisted family on an annual basis.

15 (3) DEFICIT REDUCTION.—The public housing
16 agency making housing assistance payments on be-
17 half of such assisted family in a fiscal year shall re-
18 serve from amounts made available to the agency for
19 assistance payments for such fiscal year an amount
20 equal to the amount described in paragraph (2). At
21 the end of each fiscal year, the Secretary shall re-
22 capture any such amounts reserved by public hous-
23 ing agencies and such amounts shall be covered into
24 the General Fund of the Treasury of the United
25 States.

1 For purposes of this section, in the case of a family receiv-
2 ing homeownership assistance under section 329, the term
3 “gross rent” shall mean the homeownership costs to the
4 family as determined in accordance with guidelines of the
5 Secretary.

6 **SEC. 353. PAYMENT STANDARDS.**

7 (a) **ESTABLISHMENT.**—Each public housing agency
8 providing housing assistance under this title shall establish
9 payment standards under this section for various areas,
10 and sizes and types of dwelling units, for use in determin-
11 ing the amount of monthly housing assistance payment
12 to be provided on behalf of assisted families.

13 (b) **USE OF RENTAL INDICATORS.**—The payment
14 standard for each size and type of housing for each market
15 area shall be an amount that is not less than 80 percent,
16 and not greater than 120 percent, of the rental indicator
17 established under section 323 for such size and type for
18 such area.

19 (c) **REVIEW.**—If the Secretary determines, at any
20 time, that a significant percentage of the assisted families
21 who are assisted by a public housing agency and are occu-
22 pying dwelling units of a particular size are paying more
23 than 30 percent of their adjusted incomes for rent, the
24 Secretary shall review the payment standard established
25 by the agency for such size dwellings. If, pursuant to the

1 review, the Secretary determines that such payment stand-
2 ard is not appropriate to serve the needs of the low-income
3 population of the jurisdiction served by the agency (taking
4 into consideration rental costs in the area), as identified
5 in the approved community improvement plan of the agen-
6 cy, the Secretary may require the public housing agency
7 to modify the payment standard.

8 **SEC. 354. REASONABLE RENTS.**

9 (a) ESTABLISHMENT.—The rent charged for a dwell-
10 ing unit for which rental assistance is provided under this
11 title shall be established pursuant to negotiation and
12 agreement between the assisted family and the owner of
13 the dwelling unit.

14 (b) REASONABLENESS.—

15 (1) DETERMINATION.—A public housing agency
16 providing rental assistance under this title for a
17 dwelling unit shall, before commencing assistance
18 payments for a unit (with respect to initial contract
19 rents and any rent revisions), determine whether the
20 rent charged for the unit exceeds the rents charged
21 for comparable units in the applicable private unas-
22 sisted market.

23 (2) UNREASONABLE RENTS.—If the agency de-
24 termines that the rent charged for a dwelling unit
25 exceeds such comparable rents, the agency shall—

1 (A) inform the assisted family renting the
2 unit that such rent exceeds the rents for com-
3 parable unassisted units in the market; and

4 (B) refuse to provide housing assistance
5 payments for such unit.

6 **SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT**
7 **RENTAL UNITS.**

8 If an assisted family vacates a dwelling unit for which
9 rental assistance is provided under a housing assistance
10 payments contract before the expiration of the term of the
11 lease for the unit, rental assistance pursuant to such con-
12 tract may not be provided for the unit after the month
13 during which the unit was vacated.

14 **Subtitle D—General and**
15 **Miscellaneous Provisions**

16 **SEC. 371. DEFINITIONS.**

17 For purposes of this title:

18 (1) ASSISTED DWELLING UNIT.—The term “as-
19 sisted dwelling unit” means a dwelling unit in which
20 an assisted family resides and for which housing as-
21 sistance payments are made under this title.

22 (2) ASSISTED FAMILY.—The term “assisted
23 family” means an eligible family on whose behalf
24 housing assistance payments are made under this

1 title or who has been selected and approved for
2 housing assistance.

3 (3) CHOICE-BASED.—The term “choice-based”
4 means, with respect to housing assistance, that the
5 assistance is not attached to a dwelling unit but can
6 be used for any eligible dwelling unit selected by the
7 eligible family.

8 (4) ELIGIBLE DWELLING UNIT.—The term “eli-
9 gible dwelling unit” means a dwelling unit that com-
10 plies with the requirements under section 328 for
11 consideration as an eligible dwelling unit.

12 (5) ELIGIBLE FAMILY.—The term “eligible
13 family” means a family that meets the requirements
14 under section 321(a) for assistance under this title.

15 (6) HOMEOWNERSHIP ASSISTANCE.—The term
16 “homeownership assistance” means housing assist-
17 ance provided under section 329 for the ownership
18 of a dwelling unit.

19 (7) HOUSING ASSISTANCE.—The term “housing
20 assistance” means choice-based assistance provided
21 under this title on behalf of low-income families for
22 the rental or ownership of an eligible dwelling unit.

23 (8) HOUSING ASSISTANCE PAYMENTS CON-
24 TRACT.—The term “housing assistance payments

1 contract” means a contract under section 351 be-
2 tween a public housing agency (or the Secretary)
3 and an owner to make housing assistance payments
4 under this title to the owner on behalf of an assisted
5 family.

6 (9) PUBLIC HOUSING AGENCY.—The terms
7 “public housing agency” and “agency” have the
8 meaning given such terms in section 103, except
9 that the terms include—

10 (A) a consortia of public housing agencies
11 that the Secretary determines has the capacity
12 and capability to administer a program for
13 housing assistance under this title in an effi-
14 cient manner;

15 (B) any other entity that, upon the effec-
16 tive date of this Act, was administering any
17 program for tenant-based rental assistance
18 under section 8 of the United States Housing
19 Act of 1937 (as in effect before the effective
20 date of this Act), pursuant to a contract with
21 the Secretary or a public housing agency; and

22 (C) with respect to any area in which no
23 public housing agency has been organized or
24 where the Secretary determines that a public

1 housing agency is unwilling or unable to imple-
2 ment this title, or is not performing effec-
3 tively—

4 (i) the Secretary or another entity
5 that by contract agrees to receive assist-
6 ance amounts under this title and enter
7 into housing assistance payments contracts
8 with owners and perform the other func-
9 tions of public housing agency under this
10 title; or

11 (ii) notwithstanding any provision of
12 State or local law, a public housing agency
13 for another area that contracts with the
14 Secretary to administer a program for
15 housing assistance under this title, without
16 regard to any otherwise applicable limita-
17 tions on its area of operation.

18 (10) OWNER.—The term “owner” means the
19 person or entity having the legal right to lease or
20 sublease dwelling units. Such term includes any
21 principals, general partners, primary shareholders,
22 and other similar participants in any entity owning
23 a multifamily housing project, as well as the entity
24 itself.

1 (11) RENT.—The terms “rent” and “rental”
2 include, with respect to members of a cooperative,
3 the charges under the occupancy agreements be-
4 tween such members and the cooperative.

5 (12) RENTAL ASSISTANCE.—The term “rental
6 assistance” means housing assistance provided
7 under this title for the rental of a dwelling unit.

8 **SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

9 (a) AUTHORITY TO RETAIN RECOVERED
10 AMOUNTS.—The Secretary shall permit public housing
11 agencies administering housing assistance under this title
12 to retain, out of amounts obtained by the authorities from
13 tenants that are due as a result of fraud and abuse, an
14 amount (determined in accordance with regulations issued
15 by the Secretary) equal to the greater of—

16 (1) 50 percent of the amount actually collected;

17 or

18 (2) the actual, reasonable, and necessary ex-
19 penses related to the collection, including costs of in-
20 vestigation, legal fees, and collection agency fees.

21 (b) USE.—Amounts retained by an agency shall be
22 made available for use in support of the affected program
23 or project, in accordance with regulations issued by the
24 Secretary. If the Secretary is the principal party initiating

1 or sustaining an action to recover amounts from families
2 or owners, the provisions of this section shall not apply.

3 (c) RECOVERY.—Amounts may be recovered under
4 this section—

5 (1) by an agency through a lawsuit (including
6 settlement of the lawsuit) brought by the agency or
7 through court-ordered restitution pursuant to a
8 criminal proceeding resulting from an agency's in-
9 vestigation where the agency seeks prosecution of a
10 family or where an agency seeks prosecution of an
11 owner;

12 (2) through administrative repayment agree-
13 ments with a family or owner entered into as a re-
14 sult of an administrative grievance procedure con-
15 ducted by an impartial decisionmaker in accordance
16 with section 110; or

17 (3) through an agreement between the parties.

18 **SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRA-**
19 **TION OF ASSISTED FAMILIES.**

20 (a) IN GENERAL.—The Secretary shall conduct a
21 study of the geographic areas in the State of Illinois served
22 by the Housing Authority of Cook County and the Chicago
23 Housing Authority and submit to the Congress a report
24 and a specific proposal, which addresses and resolves the
25 issues of—

1 (1) the adverse impact on local communities
2 due to geographic concentration of assisted house-
3 holds under the tenant-based housing programs
4 under section 8 of the United States Housing Act of
5 1937 (as in effect upon the enactment of this Act)
6 and under this title; and

7 (2) facilitating the deconcentration of such as-
8 sisted households by providing broader housing
9 choices to such households.

10 The study shall be completed, and the report shall be sub-
11 mitted, not later than 90 days after the date of the enact-
12 ment of this Act.

13 (b) CONCENTRATION.—For purposes of this section,
14 the term “concentration” means, with respect to any area
15 within a census tract, that—

16 (1) 15 percent or more of the households resid-
17 ing within such area have incomes which do not ex-
18 ceed the poverty level; or

19 (2) 15 percent or more of the total affordable
20 housing stock located within such area is assisted
21 housing.

22 (c) EFFECTIVE DATE.—This section shall take effect
23 on the date of the enactment of this Act.

1 **TITLE IV—HOME RULE**
2 **FLEXIBLE GRANT OPTION**

3 **SEC. 401. PURPOSE.**

4 The purpose of this title is to give local governments
5 and municipalities the flexibility to design creative ap-
6 proaches for providing and administering Federal housing
7 assistance based on the particular needs of the commu-
8 nities that—

9 (1) give incentives to low-income families with
10 children where the head of household is working,
11 seeking work, or preparing for work by participating
12 in job training, educational programs, or programs
13 that assist people to obtain employment and become
14 economically self-sufficient;

15 (2) reduce cost and achieve greater cost-effec-
16 tiveness in Federal housing assistance expenditures;

17 (3) increase housing choices for low-income
18 families; and

19 (4) reduce excessive geographic concentration of
20 assisted families.

21 **SEC. 402. FLEXIBLE GRANT PROGRAM.**

22 (a) **AUTHORITY AND USE.**—The Secretary shall carry
23 out a program under which a jurisdiction may, upon the
24 application of the jurisdiction and the review and approval

1 of the Secretary, receive, combine, and enter into perform-
2 ance-based contracts for the use of amounts of covered
3 housing assistance in a period consisting of not less than
4 1 nor more than 5 fiscal years in the manner determined
5 appropriate by the participating jurisdiction—

6 (1) to provide housing assistance and services
7 for low-income families in a manner that facilitates
8 the transition of such families work;

9 (2) to reduce homelessness;

10 (3) to increase homeownership among low-in-
11 come families; and

12 (4) for other housing purposes for low-income
13 families determined by the participating jurisdiction.

14 (b) INAPPLICABILITY OF CATEGORICAL PROGRAM
15 REQUIREMENTS.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2) and section 405, the provisions of this Act
18 regarding use of amounts made available under each
19 of the programs included as covered housing assist-
20 ance and the program requirements applicable to
21 each such program shall not apply to amounts re-
22 ceived by a jurisdiction pursuant to this title.

23 (2) APPLICABILITY OF CERTAIN LAWS.—This
24 title may not be construed to exempt assistance

1 under this Act from, or make inapplicable any provi-
2 sion of this Act or of any other law that requires
3 that assistance under this Act be provided in compli-
4 ance with—

5 (A) title VI of the Civil Rights Act of 1964
6 (42 U.S.C. 2000d et seq.);

7 (B) the Fair Housing Act (42 U.S.C. 3601
8 et seq.);

9 (C) section 504 of the Rehabilitation Act
10 of 1973 (29 U.S.C. 701 et seq.);

11 (D) title IX of the Education Amendments
12 of 1972 (86 Stat. 373 et seq.);

13 (E) the Age Discrimination Act of 1975
14 (42 U.S.C. 6101 et seq.);

15 (F) the Americans with Disabilities Act of
16 1990; or

17 (G) the National Environmental Policy Act
18 of 1969 and other provisions of law that further
19 protection of the environment (as specified in
20 regulations that shall be issued by the Sec-
21 retary).

22 (c) EFFECT ON PROGRAM ALLOCATIONS FOR COV-
23 ERED HOUSING ASSISTANCE.—The amount of assistance
24 received pursuant to this title by a participating jurisdic-
25 tion shall not be decreased, because of participation in the

1 program under this title, from the sum of the amounts
2 that otherwise would be made available for or within the
3 participating jurisdiction under the programs included as
4 covered housing assistance.

5 **SEC. 403. COVERED HOUSING ASSISTANCE.**

6 For purposes of this title, the term “covered housing
7 assistance” means—

8 (1) operating assistance provided under section
9 9 of the United States Housing Act of 1937 (as in
10 effect before the effective date of this Act);

11 (2) modernization assistance provided under
12 section 14 of such Act;

13 (3) assistance provided under section 8 of such
14 Act for the certificate and voucher programs;

15 (4) assistance for public housing provided under
16 title II of this Act; and

17 (5) choice-based rental assistance provided
18 under title III of this Act.

19 Such term does not include any amounts obligated for as-
20 sistance under existing contracts for project-based assist-
21 ance under section 8 of the United States Housing Act
22 of 1937 or section 601(f) of this Act.

23 **SEC. 404. PROGRAM REQUIREMENTS.**

24 (a) **ELIGIBLE FAMILIES.**—Each family on behalf of
25 whom assistance is provided for rental or homeownership

1 of a dwelling unit using amounts made available pursuant
2 to this title shall be a low-income family. Each dwelling
3 unit assisted using amounts made available pursuant to
4 this title shall be available for occupancy only by families
5 that are low-income families at the time of their initial
6 occupancy of the unit.

7 (b) COMPLIANCE WITH ASSISTANCE PLAN.—A par-
8 ticipating jurisdiction shall provide assistance using
9 amounts received pursuant to this title in the manner set
10 forth in the plan of the jurisdiction approved by the Sec-
11 retary under section 406(a)(2).

12 (c) RENT POLICY.—A participating jurisdiction shall
13 ensure that the rental contributions charged to families
14 assisted with amounts received pursuant to this title are
15 reasonable and designed to encourage employment and
16 self-sufficiency by participating families.

17 (d) HOUSING QUALITY STANDARDS.—

18 (1) COMPLIANCE.—A participating jurisdiction
19 shall ensure that housing assisted with amounts re-
20 ceived pursuant to this title is maintained in a con-
21 dition that complies—

22 (A) in the case of housing located in a ju-
23 risdiction which has in effect laws, regulations,
24 standards, or codes regarding habitability of

1 residential dwellings, with such applicable laws,
2 regulations, standards, or codes; or

3 (B) in the case of housing located in a ju-
4 risdiction which does not have in effect laws,
5 regulations, standards, or codes described in
6 paragraph (1), with the housing quality stand-
7 ards established under paragraph (2).

8 (2) FEDERAL HOUSING QUALITY STANDARDS.—

9 The Secretary shall establish housing quality stand-
10 ards under this paragraph that ensure that dwelling
11 units assisted under this title are safe, clean, and
12 healthy. Such standards shall include requirements
13 relating to habitability, including maintenance,
14 health and sanitation factors, condition, and con-
15 struction of dwellings, and shall, to the greatest ex-
16 tent practicable, be consistent with the standards es-
17 tablished under sections 232(b) and 328(e). The
18 Secretary shall differentiate between major and
19 minor violations of such standards.

20 (e) NUMBER OF FAMILIES ASSISTED.—A participat-
21 ing jurisdiction shall ensure that, in providing assistance
22 with amounts received pursuant to this title in each fiscal
23 year, not less than substantially the same total number
24 of eligible low-income families are assisted as would have

1 been assisted had the amounts of covered housing assist-
2 ance not been combined for use under this title.

3 (f) CONSISTENCY WITH WELFARE PROGRAM.—A
4 participating jurisdiction shall ensure that assistance pro-
5 vided with amounts received pursuant to this title is pro-
6 vided in a manner that is consistent with the welfare, pub-
7 lic assistance, or other economic self-sufficiency programs
8 operating in the jurisdiction by facilitating the transition
9 of assisted families to work, which may include requiring
10 compliance with the requirements under such welfare,
11 public assistance, or self-sufficiency programs as a condi-
12 tion of receiving housing assistance with amounts provided
13 under this title.

14 (g) TREATMENT OF CURRENTLY ASSISTED FAMI-
15 LIES.—

16 (1) CONTINUATION OF ASSISTANCE.—A partici-
17 pating jurisdiction shall ensure that each family that
18 was receiving housing assistance or residing in an
19 assisted dwelling unit pursuant to any of the pro-
20 grams included as covered housing assistance imme-
21 diately before the jurisdiction initially provides as-
22 sistance pursuant to this title shall be offered assist-
23 ance or an assisted dwelling unit under the program
24 of the jurisdiction under this title.

1 (2) PHASE-IN OF RENT CONTRIBUTION IN-
2 CREASES.—For any family that was receiving hous-
3 ing assistance pursuant to any of the programs in-
4 cluded as covered housing assistance immediately be-
5 fore the jurisdiction initially provides assistance pur-
6 suant to this title, if the monthly contribution for
7 rental of a dwelling unit assisted under this title to
8 be paid by the family upon initial applicability of
9 this title is greater than the amount paid by the
10 family immediately before such applicability, any
11 such resulting increase in rent contribution shall
12 be—

13 (A) phased in equally over a period of not
14 less than 3 years, if such increase is 30 percent
15 or more of such contribution before initial ap-
16 plicability; and

17 (B) limited to not more than 10 percent
18 per year if such increase is more than 10 per-
19 cent but less than 30 percent of such contribu-
20 tion before initial applicability.

21 (h) AMOUNT OF ASSISTANCE.—In providing housing
22 assistance using amounts received pursuant to this title,
23 the amount of assistance provided by a participating juris-
24 diction on behalf of each assisted low-income family shall
25 be sufficient so that if the family used such assistance to

1 rent a dwelling unit having a rent equal to the 40th per-
2 centile of rents for standard quality rental units of the
3 same size and type in the same market area, the contribu-
4 tion toward rental paid by the family would be affordable
5 (as such term is defined by the jurisdiction) to the family.

6 (i) PORTABILITY.—A participating jurisdiction shall
7 ensure that financial assistance for housing provided with
8 amounts received pursuant to this title may be used by
9 a family moving from an assisted dwelling unit located
10 within the jurisdiction to obtain a dwelling unit located
11 outside of the jurisdiction.

12 (j) PREFERENCES.—In providing housing assistance
13 using amounts received pursuant to this section, a partici-
14 pating jurisdiction may establish a system for making
15 housing assistance available that provides preference for
16 assistance to families having certain characteristics. A sys-
17 tem of preferences established pursuant to this subsection
18 shall be based on local housing needs and priorities, as
19 determined by the jurisdiction using generally accepted
20 data sources.

21 **SEC. 405. APPLICABILITY OF CERTAIN PROVISIONS.**

22 (a) PUBLIC HOUSING DEMOLITION AND DISPOSI-
23 TION REQUIREMENTS.—Section 261 shall continue to
24 apply to public housing notwithstanding any use of the
25 housing under this title.

1 (b) LABOR STANDARDS.—Section 112 shall apply to
2 housing assisted with amounts provided pursuant to this
3 title, other than housing assisted solely due to occupancy
4 by families receiving tenant-based assistance.

5 **SEC. 406. APPLICATION.**

6 (a) IN GENERAL.—The Secretary shall provide for
7 jurisdictions to submit applications to receive and use cov-
8 ered housing assistance amounts as authorized in this title
9 for periods of not less than 1 and not more than 5 fiscal
10 years. An application—

11 (1) shall be submitted only after the jurisdiction
12 provides for citizen participation through a public
13 hearing and, if appropriate, other means;

14 (2) shall include a plan developed by the juris-
15 diction for the provision of housing assistance with
16 amounts received pursuant to this title that takes
17 into consideration comments from the public hearing
18 and any other public comments on the proposed pro-
19 gram, and comments from current and prospective
20 residents who would be affected, and that includes
21 criteria for meeting each of the requirements under
22 section 404 and this title;

23 (3) shall describe how the plan for use of
24 amounts will assist in meeting the goals set forth in
25 section 401;

1 (4) shall propose standards for measuring per-
2 formance in using assistance provided pursuant to
3 this title based on the performance standards under
4 subsection (b)(2);

5 (5) shall propose the length of the period for
6 which the jurisdiction is applying for assistance
7 under this title; and

8 (6) may include a request assistance for train-
9 ing and technical assistance to assist with design of
10 the program and to participate in a detailed evalua-
11 tion.

12 (b) REVIEW, APPROVAL, AND PERFORMANCE STAND-
13 ARDS.—

14 (1) REVIEW.—The Secretary shall review appli-
15 cations for assistance pursuant to this title. If the
16 Secretary determines that the application complies
17 with the requirements of this title, the Secretary
18 shall offer to enter into an agreement with jurisdic-
19 tion providing for assistance pursuant to this title
20 and incorporating a requirement that the jurisdic-
21 tion achieve a particular level of performance in each
22 of the areas for which performance standards are es-
23 tablished under paragraph (2).

1 (2) PERFORMANCE STANDARDS.—The Sec-
2 retary shall establish standards for measuring per-
3 formance of jurisdictions in the following areas:

4 (A) Success in moving dependent low-in-
5 come families to economic self-sufficiency.

6 (B) Success in reducing the numbers of
7 long-term homeless families.

8 (C) Decrease in the per-family cost of pro-
9 viding assistance.

10 (D) Reduction of excessive geographic con-
11 centration of assisted families.

12 (E) Any other performance goals that the
13 Secretary may prescribe.

14 (3) APPROVAL.—If the Secretary and a juris-
15 diction that the Secretary determines has submitted
16 an application meeting the requirements of this title
17 enter into an agreement referred to in paragraph
18 (1), the Secretary shall approve the application and
19 provide covered housing assistance for the jurisdic-
20 tion in the manner authorized under this title. The
21 Secretary may not approve any application for as-
22 sistance pursuant to this title unless the Secretary
23 and jurisdiction enter into an agreement referred to
24 in paragraph (1).

1 **SEC. 407. TRAINING.**

2 The Secretary, in consultation with representatives of
3 public and assisted housing interests, shall provide train-
4 ing and technical assistance relating to providing assist-
5 ance under this title and conduct detailed evaluations of
6 up to 30 jurisdictions for the purpose of identifying
7 replicable program models that are successful at carrying
8 out the purposes of this title.

9 **SEC. 408. ACCOUNTABILITY.**

10 (a) **PERFORMANCE GOALS.**—The Secretary shall
11 monitor the performance of participating jurisdictions in
12 providing assistance pursuant to this title based on the
13 performance standards contained in the agreements en-
14 tered into pursuant to section 406(b)(1).

15 (b) **KEEPING RECORDS.**—Each participating juris-
16 diction shall keep such records as the Secretary may pre-
17 scribe as reasonably necessary to disclose the amounts and
18 the disposition of amounts provided pursuant to this title,
19 to ensure compliance with the requirements of this title
20 and to measure performance against the performance
21 goals under subsection (a).

22 (c) **REPORTS.**—Each participating jurisdiction agen-
23 cy shall submit to the Secretary a report, or series of re-
24 ports, in a form and at a time specified by the Secretary.
25 The reports shall—

1 (1) document the use of funds made available
2 under this title;

3 (2) provide such information as the Secretary
4 may request to assist the Secretary in assessing the
5 program under this title; and

6 (3) describe and analyze the effect of assisted
7 activities in addressing the purposes of this title.

8 (d) **ACCESS TO DOCUMENTS BY SECRETARY.**—The
9 Secretary shall have access for the purpose of audit and
10 examination to any books, documents, papers, and records
11 that are pertinent to assistance in connection with, and
12 the requirements of, this title.

13 (e) **ACCESS TO DOCUMENTS BY COMPTROLLER GEN-**
14 **ERAL.**—The Comptroller General of the United States, or
15 any of the duly authorized representatives of the Comp-
16 troller General, shall have access for the purpose of audit
17 and examination to any books, documents, papers, and
18 records that are pertinent to assistance in connection with,
19 and the requirements of, this title.

20 **SEC. 409. DEFINITIONS.**

21 For purposes of this title, the following definitions
22 shall apply:

23 (1) **JURISDICTION.**—The term “jurisdiction”
24 means—

1 (A) a unit of general local government (as
2 such term is defined in section 104 of the Cran-
3 ston-Gonzalez National Affordable Housing
4 Act) that has boundaries, for purposes of carry-
5 ing out this title, that—

6 (i) wholly contain the area within
7 which a public housing agency is author-
8 ized to operate; and

9 (ii) do not contain any areas con-
10 tained within the boundaries of any other
11 participating jurisdiction; and

12 (B) a consortia of such units of general
13 local government, organized for purposes of this
14 title.

15 (2) PARTICIPATING JURISDICTION.—The term
16 “participating jurisdiction” means, with respect to a
17 period for which such approval is made, a jurisdic-
18 tion that has been approved under section 406(b)(3)
19 to receive assistance pursuant to this title for such
20 fiscal year.

1 **TITLE V—ACCOUNTABILITY AND**
2 **OVERSIGHT OF PUBLIC HOUS-**
3 **ING AGENCIES**

4 **Subtitle A—Study of Alternative**
5 **Methods for Evaluating Public**
6 **Housing Agencies**

7 **SEC. 501. IN GENERAL.**

8 The Secretary of Housing and Urban Development
9 shall provide under section 505 for a study to be con-
10 ducted to determine the effectiveness of various alternative
11 methods of evaluating the performance of public housing
12 agencies and other providers of federally assisted housing.

13 **SEC. 502. PURPOSES.**

14 The purposes of the study under this subtitle shall
15 be—

16 (1) to identify and examine various methods of
17 evaluating and improving the performance of public
18 housing agencies in administering public housing
19 and tenant-based rental assistance programs and of
20 other providers of federally assisted housing, which
21 are alternatives to oversight by the Department of
22 Housing and Urban Development; and

23 (2) to identify specific monitoring and oversight
24 activities currently conducted by the Department of

1 Housing and Urban Development that are insuffi-
2 cient or ineffective in accurately and efficiently as-
3 sassing the performance of public housing agencies
4 and other providers of federally assisted housing,
5 and to evaluate whether such activities should be
6 eliminated, modified, or transferred to other entities
7 (including government and private entities) to in-
8 crease accuracy and effectiveness and improve mon-
9 itoring.

10 **SEC. 503. EVALUATION OF VARIOUS PERFORMANCE EVAL-**
11 **UATION SYSTEMS.**

12 To carry out the purpose under section 502(1), the
13 study under this subtitle shall identify, and analyze and
14 assess the costs and benefits of, the following methods of
15 regulating and evaluating the performance of public hous-
16 ing agencies and other providers of federally assisted hous-
17 ing:

18 (1) **CURRENT SYSTEM.**—The system pursuant
19 to the United States Housing Act of 1937 (as in ef-
20 fect upon the enactment of this Act), including the
21 methods and requirements under such system for re-
22 porting, auditing, reviewing, sanctioning, and mon-
23 itoring of such agencies and housing providers and
24 the public housing management assessment program
25 pursuant to subtitle C of this title (and section 6(j))

1 of the United States Housing Act of 1937 (as in ef-
2 fect upon the enactment of this Act)).

3 (2) ACCREDITATION MODELS.—Various models
4 that are based upon accreditation of such agencies
5 and housing providers, subject to the following re-
6 quirements:

7 (A) The study shall identify and analyze
8 various models used in other industries and
9 professions for accreditation and determine the
10 extent of their applicability to the programs for
11 public housing and federally assisted housing.

12 (B) If any accreditation models are deter-
13 mined to be applicable to the public and feder-
14 ally assisted housing programs, the study shall
15 identify appropriate goals, objectives, and pro-
16 cedures for an accreditation program for such
17 agencies housing providers.

18 (C) The study shall evaluate the effective-
19 ness of establishing an independent accredita-
20 tion and evaluation entity to assist, supplement,
21 or replace the role of the Department of Hous-
22 ing and Urban Development in assessing and
23 monitoring the performance of such agencies
24 and housing providers.

1 (D) The study shall identify the necessary
2 and appropriate roles and responsibilities of
3 various entities that would be involved in an ac-
4 creditation program, including the Department
5 of Housing and Urban Development, the In-
6 spector General of the Department, an accredi-
7 tation entity, independent auditors and examin-
8 ers, local entities, and public housing agencies.

9 (E) The study shall determine the costs in-
10 volved in developing and maintaining such an
11 independent accreditation program.

12 (F) The study shall analyze the need for
13 technical assistance to assist public housing
14 agencies in improving performance and identify
15 the most effective methods to provide such as-
16 sistance.

17 (3) PERFORMANCE BASED MODELS.—Various
18 performance-based models, including systems that
19 establish performance goals or targets, assess the
20 compliance with such goals or targets, and provide
21 for incentives or sanctions based on performance rel-
22 ative to such goals or targets.

23 (4) LOCAL REVIEW AND MONITORING MOD-
24 ELS.—Various models providing for local, resident,

1 and community review and monitoring of such agen-
2 cies and housing providers, including systems for re-
3 view and monitoring by local and State govern-
4 mental bodies and agencies.

5 (5) PRIVATE MODELS.—Various models using
6 private contractors for review and monitoring of
7 such agencies and housing providers.

8 (6) OTHER MODELS.—Various models of any
9 other systems that may be more effective and effi-
10 cient in regulating and evaluating such agencies and
11 housing providers.

12 **SEC. 504. CONSULTATION.**

13 The entity that, pursuant to section 505, carries out
14 the study under this subtitle shall, in carrying out the
15 study, consult with individuals and organization experi-
16 enced in managing public housing, private real estate
17 managers, representatives from State and local govern-
18 ments, residents of public housing, families and individ-
19 uals receiving choice- or tenant-based assistance, the Sec-
20 retary of Housing and Urban Development, the Inspector
21 General of the Department of Housing and Urban Devel-
22 opment, and the Comptroller General of the United
23 States.

1 **SEC. 505. CONTRACT TO CONDUCT STUDY.**

2 (a) IN GENERAL.—Subject to subsection (b), the Sec-
3 retary shall enter into a contract with a public or nonprofit
4 private entity to conduct the study under this subtitle,
5 using amounts made available pursuant to section 507.

6 (b) NATIONAL ACADEMY OF PUBLIC ADMINISTRA-
7 TION.—The Secretary shall request the National Academy
8 of Public Administration to enter into the contract under
9 paragraph (1) to conduct the study under this subtitle.
10 If such Academy declines to conduct the study, the Sec-
11 retary shall carry out such paragraph through other public
12 or nonprofit private entities.

13 **SEC. 506. REPORT.**

14 (a) INTERIM REPORT.—The Secretary shall ensure
15 that not later than the expiration of the 6-month period
16 beginning on the date of the enactment of this Act, the
17 entity conducting the study under this subtitle submits to
18 the Congress an interim report describing the actions
19 taken to carry out the study, the actions to be taken to
20 complete the study, and any findings and recommenda-
21 tions available at the time.

22 (b) FINAL REPORT.—The Secretary shall ensure
23 that—

1 (1) not later than the expiration of the 12-
2 month period beginning on the date of the enact-
3 ment of this Act, the study required under this sub-
4 title is completed and a report describing the find-
5 ings and recommendations as a result of the study
6 is submitted to the Congress; and

7 (2) before submitting the report under this sub-
8 section to the Congress, the report is submitted to
9 the Secretary and national organizations for public
10 housing agencies at such time to provide the Sec-
11 retary and such agencies an opportunity to review
12 the report and provide written comments on the re-
13 port, which shall be included together with the re-
14 port upon submission to the Congress under para-
15 graph (1).

16 **SEC. 507. FUNDING.**

17 Of any amounts made available under title V of the
18 Housing and Urban Development Act of 1970 for policy
19 development and research for fiscal year 1998, \$500,000
20 shall be available to carry out this subtitle.

21 **SEC. 508. EFFECTIVE DATE.**

22 This subtitle shall take effect on the date of the en-
23 actment of this Act.

1 **Subtitle B—Housing Evaluation**
2 **and Accreditation Board**

3 **SEC. 521. ESTABLISHMENT.**

4 (a) **IN GENERAL.**—There is established an independ-
5 ent agency in the executive branch of the Government to
6 be known as the Housing Foundation and Accreditation
7 Board (in this title referred to as the “Board”).

8 (b) **REQUIREMENT FOR CONGRESSIONAL REVIEW OF**
9 **STUDY.**—Notwithstanding any other provision of this Act,
10 sections 523, 524, and 525 shall not take effect and the
11 Board shall not have any authority to take any action
12 under such sections (or otherwise) unless there is enacted
13 a law specifically providing for the repeal of this sub-
14 section. This subsection may not be construed to prevent
15 the appointment of the Board under section 522.

16 (c) **EFFECTIVE DATE.**—This section shall take effect
17 on the date of the enactment of this Act.

18 **SEC. 522. MEMBERSHIP.**

19 (a) **IN GENERAL.**—The Board shall be composed of
20 12 members appointed by the President not later than 180
21 days after the date of the final report regarding the study
22 required under subtitle A is submitted to the Congress
23 pursuant to section 506(b), as follows:

1 (1) 4 members shall be appointed from among
2 10 individuals recommended by the Secretary of
3 Housing and Urban Development.

4 (2) 4 members shall be appointed from among
5 10 individuals recommended by the Chairman and
6 Ranking Minority Member of the Committee on
7 Banking, Housing, and Urban Affairs of the Senate.

8 (3) 4 members appointed from among 10 indi-
9 viduals recommended by the Chairman and Ranking
10 Minority Member of the Committee on Banking and
11 Financial Services of the House of Representatives.

12 (b) QUALIFICATIONS.—

13 (1) REQUIRED REPRESENTATION.—The Board
14 shall at all times have the following members:

15 (A) 2 members who are residents of public
16 housing or dwelling units assisted under title
17 III of this Act or the provisions of section 8 of
18 the United States Housing Act of 1937 (as in
19 effect before the effective date of this Act).

20 (B) At least 2, but not more than 4 mem-
21 bers who are executive directors of public hous-
22 ing agencies.

23 (C) 1 member who is a member of the In-
24 stitute of Real Estate Managers.

1 (D) 1 member who is the owner of a multi-
2 family housing project assisted under a pro-
3 gram administered by the Secretary of Housing
4 and Urban Development.

5 (2) REQUIRED EXPERIENCE.—The Board shall
6 at all times have as members individuals with the
7 following experience:

8 (A) At least 1 individual who has extensive
9 experience in the residential real estate finance
10 business.

11 (B) At least 1 individual who has extensive
12 experience in operating a nonprofit organization
13 that provides affordable housing.

14 (C) At least 1 individual who has extensive
15 experience in construction of multifamily hous-
16 ing.

17 (D) At least 1 individual who has extensive
18 experience in the management of a community
19 development corporation.

20 (E) At least 1 individual who has extensive
21 experience in auditing participants in govern-
22 ment programs.

23 A single member of the board with the appropriate
24 experience may satisfy the requirements of more
25 than 1 subparagraph of this paragraph. A single

1 member of the board with the appropriate qualifica-
2 tions and experience may satisfy the requirements of
3 a subparagraph of paragraph (1) and a subpara-
4 graph of this paragraph.

5 (c) POLITICAL AFFILIATION.—Not more than 6
6 members of the Board may be of the same political party.

7 (d) TERMS.—

8 (1) IN GENERAL.—Each member of the Board
9 shall be appointed for a term of 4 years, except as
10 provided in paragraphs (2) and (3).

11 (2) TERMS OF INITIAL APPOINTEES.—As des-
12 ignated by the President at the time of appointment,
13 of the members first appointed—

14 (A) 3 shall be appointed for terms of 1
15 year;

16 (B) 3 shall be appointed for terms of 2
17 years;

18 (C) 3 shall be appointed for terms of 3
19 years; and

20 (D) 3 shall be appointed for terms of 4
21 years.

22 (3) VACANCIES.—Any member appointed to fill
23 a vacancy occurring before the expiration of the
24 term for which the member's predecessor was ap-
25 pointed shall be appointed only for the remainder of

1 that term. A member may serve after the expiration
2 of that member's term until a successor has taken
3 office. A vacancy in the Board shall be filled in the
4 manner in which the original appointment was
5 made.

6 (e) CHAIRPERSON.—The Board shall elect a chair-
7 person from among members of the Board.

8 (f) QUORUM.—A majority of the members of the
9 Board shall constitute a quorum for the transaction of
10 business.

11 (g) VOTING.—Each member of the Board shall be en-
12 titled to 1 vote, which shall be equal to the vote of every
13 other member of the Board.

14 (h) PROHIBITION ON ADDITIONAL PAY.—Members of
15 the Board shall serve without compensation, but shall be
16 reimbursed for travel, subsistence, and other necessary ex-
17 penses incurred in the performance of their duties as
18 members of the Board.

19 **SEC. 523. FUNCTIONS.**

20 The purpose of this subtitle is to establish the Board
21 as a nonpolitical entity to carry out, not later than the
22 expiration of the 12-month period beginning upon the ap-
23 pointment under section 522 of all of the initial members
24 of the Board (or such other date as may be provided by
25 law), the following functions:

1 (1) ESTABLISHMENT OF PERFORMANCE
2 BENCHMARKS.—The Board shall establish standards
3 and guidelines for use by the Board in measuring
4 the performance and efficiency of public housing
5 agencies and other owners and providers of federally
6 assisted housing in carrying out operational and fi-
7 nancial functions. The standards and guidelines
8 shall be designed to replace the public housing man-
9 agement assessment program under section 6(j) of
10 the United States Housing Act of 1937 (as in effect
11 before the enactment of this Act) and improve the
12 evaluation of the performance of housing providers
13 relative to such program. In establishing such stand-
14 ards and guidelines, the Board shall consult with the
15 Secretary, the Inspector General of the Department
16 of Housing and Urban Development, and such other
17 persons and entities as the Board considers appro-
18 priate.

19 (2) ESTABLISHMENT OF ACCREDITATION PRO-
20 CEDURE AND ACCREDITATION.—The Board shall—

21 (A) establish a procedure for the Board to
22 accredit public housing agencies to receive block
23 grants under title II for the operation, mainte-
24 nance, and production of public housing and
25 amounts for housing assistance under title III,

1 based on the performance of agencies, as meas-
2 ured by the performance benchmarks estab-
3 lished under paragraph (1) and any audits and
4 reviews of agencies; and

5 (B) commence the review and accreditation
6 of public housing agencies under the procedures
7 established under subparagraph (A).

8 In carrying out the functions under this section, the Board
9 shall take into consideration the findings and rec-
10 ommendations contained in the report issued under sec-
11 tion 506(b).

12 **SEC. 524. POWERS.**

13 (a) HEARINGS.—The Board may, for the purpose of
14 carrying out this subtitle, hold such hearings and sit and
15 act at such times and places as the Board determines ap-
16 propriate.

17 (b) RULES AND REGULATIONS.—The Board may
18 adopt such rules and regulations as may be necessary to
19 establish its procedures and to govern the manner of its
20 operations, organization, and personnel.

21 (c) ASSISTANCE FROM FEDERAL AGENCIES.—

22 (1) INFORMATION.—The Board may secure di-
23 rectly from any department or agency of the Federal
24 Government such information as the Board may re-
25 quire for carrying out its functions, including public

1 housing agency plans submitted to the Secretary by
2 public housing agencies under title I. Upon request
3 of the Board, any such department or agency shall
4 furnish such information.

5 (2) GENERAL SERVICES ADMINISTRATION.—
6 The Administrator of General Services shall provide
7 to the Board, on a reimbursable basis, such adminis-
8 trative support services as the Board may request.

9 (3) DEPARTMENT OF HOUSING AND URBAN DE-
10 VELOPMENT.—Upon the request of the chairperson
11 of the Board, the Secretary of Housing and Urban
12 Development shall, to the extent possible and subject
13 to the discretion of the Secretary, detail any of the
14 personnel of the Department of Housing and Urban
15 Development, on a nonreimbursable basis, to assist
16 the Board in carrying out its functions under this
17 subtitle.

18 (4) HUD INSPECTOR GENERAL.—The Inspector
19 General of the Department of Housing and Urban
20 Development shall serve the Board as a principal ad-
21 viser with respect to all aspects of audits of public
22 housing agencies. The Inspector General may advise
23 the Board with respect to other activities and func-
24 tions of the Board.

1 (d) **MAILS.**—The Board may use the United States
2 mails in the same manner and under the same conditions
3 as other Federal agencies.

4 (e) **CONTRACTING.**—The Board may, to such extent
5 and in such amounts as are provided in appropriation
6 Acts, enter into contracts with private firms, institutions,
7 and individuals for the purpose of conducting evaluations
8 of public housing agencies, audits of public housing agen-
9 cies, and research and surveys necessary to enable the
10 Board to discharge its functions under this subtitle.

11 (f) **STAFF.**—

12 (1) **EXECUTIVE DIRECTOR.**—The Board shall
13 appoint an executive director of the Board, who shall
14 be compensated at a rate fixed by the Board, but
15 which shall not exceed the rate established for level
16 V of the Executive Schedule under title 5, United
17 States Code.

18 (2) **OTHER PERSONNEL.**—In addition to the ex-
19 ecutive director, the Board may appoint and fix the
20 compensation of such personnel as the Board consid-
21 ers necessary, in accordance with the provisions of
22 title 5, United States Code, governing appointments
23 to the competitive service, and the provisions of
24 chapter 51 and subchapter III of chapter 53 of such

1 title, relating to classification and General Schedule
2 pay rates.

3 (g) ACCESS TO DOCUMENTS.—The Board shall have
4 access for the purposes of carrying out its functions under
5 this subtitle to any books, documents, papers, and records
6 of a public housing agency to which the Secretary has ac-
7 cess under this Act.

8 **SEC. 525. FEES.**

9 (a) ACCREDITATION FEES.—The Board may estab-
10 lish and charge fees for the accreditation of public housing
11 agencies as the Board considers necessary to cover the
12 costs of the operations of the Board relating to its func-
13 tions under section 523.

14 (b) FUND.—Any fees collected under this section
15 shall be deposited in an operations fund for the Board,
16 which is hereby established in the Treasury of the United
17 States. Amounts in such fund shall be available, to the
18 extent provided in appropriation Acts, for the expenses of
19 the Board in carrying out its functions under this subtitle.

20 **SEC. 526. GAO AUDIT.**

21 The activities and transactions of the Board shall be
22 subject to audit by the Comptroller General of the United
23 States under such rules and regulations as may be pre-
24 scribed by the Comptroller General. The representatives
25 of the General Accounting Office shall have access for the

1 purpose of audit and examination to any books, docu-
2 ments, papers, and records of the Board that are nec-
3 essary to facilitate an audit.

4 **Subtitle C—Interim Applicability of**
5 **Public Housing Management As-**
6 **essment Program**

7 **SEC. 531. INTERIM APPLICABILITY.**

8 This subtitle shall be effective only during the period
9 that begins on the effective date of this Act and ends upon
10 the date of the effectiveness of the standards and proce-
11 dures required under section 523.

12 **SEC. 532. MANAGEMENT ASSESSMENT INDICATORS.**

13 (a) ESTABLISHMENT.—The Secretary shall develop
14 and publish in the Federal Register indicators to assess
15 the management performance of public housing agencies
16 and other entities managing public housing (including
17 resident management corporations, independent managers
18 pursuant to section 236, and management entities pursu-
19 ant to subtitle D). The indicators shall be established by
20 rule under section 553 of title 5, United States Code. Such
21 indicators shall enable the Secretary to evaluate the per-
22 formance of public housing agencies and such other man-
23 agers of public housing in all major areas of management
24 operations.

1 (b) CONTENT.—The management assessment indica-
2 tors shall include the following indicators:

3 (1) The number and percentage of vacancies
4 within an agency's or manager's inventory, including
5 the progress that an agency or manager has made
6 within the previous 3 years to reduce such vacancies.

7 (2) The amount and percentage of funds obli-
8 gated to the public housing agency or manager from
9 the capital fund or under section 14 of the United
10 States Housing Act of 1937 (as in effect before the
11 effective date of this Act), which remain unexpended
12 after 3 years.

13 (3) The percentage of rents uncollected.

14 (4) The energy consumption (with appropriate
15 adjustments to reflect different regions and unit
16 sizes).

17 (5) The average period of time that an agency
18 or manager requires to repair and turn-around va-
19 cant dwelling units.

20 (6) The proportion of maintenance work orders
21 outstanding, including any progress that an agency
22 or manager has made during the preceding 3 years
23 to reduce the period of time required to complete
24 maintenance work orders.

1 (7) The percentage of dwelling units that an
2 agency or manager fails to inspect to ascertain
3 maintenance or modernization needs within such pe-
4 riod of time as the Secretary deems appropriate
5 (with appropriate adjustments, if any, for large and
6 small agencies or managers).

7 (8) The extent to which the rent policies of any
8 public housing agency establishing rental amounts in
9 accordance with section 225(b) comply with the re-
10 quirement under section 225(c).

11 (9) Any other factors as the Secretary deems
12 appropriate.

13 (c) CONSIDERATIONS IN EVALUATION.—The Sec-
14 retary shall—

15 (1) administer the system of evaluating public
16 housing agencies and managers flexibly to ensure
17 that agencies and managers are not penalized as re-
18 sult of circumstances beyond their control;

19 (2) reflect in the weights assigned to the var-
20 ious management assessment indicators the dif-
21 ferences in the difficulty of managing individual de-
22 velopments that result from their physical condition
23 and their neighborhood environment; and

1 (3) determine a public housing agency's or
2 manager's status as "troubled with respect to mod-
3 ernization" under section 533(b) based upon factors
4 solely related to its ability to carry out moderniza-
5 tion activities.

6 **SEC. 533. DESIGNATION OF PHA'S.**

7 (a) TROUBLED PHA'S.—The Secretary shall, under
8 the rulemaking procedures under section 553 of title 5,
9 United States Code, establish procedures for designating
10 troubled public housing agencies and managers, which
11 procedures shall include identification of serious and sub-
12 stantial failure to perform as measured by the perform-
13 ance indicators specified under section 532 and such other
14 factors as the Secretary may deem to be appropriate.

15 (b) AGENCIES TROUBLED WITH RESPECT TO CAP-
16 ITAL ACTIVITIES.—The Secretary shall designate, by rule
17 under section 553 of title 5, United States Code, agencies
18 and managers that are troubled with respect to capital ac-
19 tivities.

20 (c) AGENCIES AT RISK OF BECOMING TROUBLED.—
21 The Secretary shall designate, by rule under section 553
22 of title 5, United States Code, agencies and managers that
23 are at risk of becoming troubled.

1 (d) EXEMPLARY AGENCIES.—The Secretary may
2 also, in consultation with national organizations represent-
3 ing public housing agencies and managers and public offi-
4 cials (as the Secretary determines appropriate), identify
5 and commend public housing agencies and managers that
6 meet the performance standards established under section
7 532 in an exemplary manner.

8 (e) APPEAL OF DESIGNATION.—The Secretary shall
9 establish procedures for public housing agencies and man-
10 agers to appeal designation as a troubled agency or man-
11 ager (including designation as a troubled agency or man-
12 ager for purposes of capital activities), to petition for re-
13 moval of such designation, and to appeal any refusal to
14 remove such designation.

15 **SEC. 534. ON-SITE INSPECTION OF TROUBLED PHA'S.**

16 (a) IN GENERAL.—Upon designating a public hous-
17 ing agency or manager as troubled pursuant to section
18 533 and determining that an assessment under this sec-
19 tion will not duplicate any other review previously con-
20 ducted or required to be conducted of the agency or man-
21 ager, the Secretary shall provide for an on-site, independ-
22 ent assessment of the management of the agency or man-
23 ager.

24 (b) CONTENT.—To the extent the Secretary deems
25 appropriate (taking into consideration an agency's or

1 manager's performance under the indicators specified
2 under section 532, the assessment team shall also consider
3 issues relating to the agency's or manager's resident popu-
4 lation and physical inventory, including the extent to
5 which—

6 (1) the public housing agency plan for the agen-
7 cy or manager adequately and appropriately address-
8 es the rehabilitation needs of the public housing in-
9 ventory;

10 (2) residents of the agency or manager are in-
11 volved in and informed of significant management
12 decisions; and

13 (3) any developments in the agency's or man-
14 ager's inventory are severely distressed (as such
15 term is defined under section 262.

16 (c) INDEPENDENT ASSESSMENT TEAM.—An inde-
17 pendent assessment under this section shall be carried out
18 by a team of knowledgeable individuals selected by the
19 Secretary (referred to in this title as the “assessment
20 team”) with expertise in public housing and real estate
21 management. In conducting an assessment, the assess-
22 ment team shall consult with the residents and with public
23 and private entities in the jurisdiction in which the public
24 housing is located. The assessment team shall provide to
25 the Secretary and the public housing agency or manager

1 a written report, which shall contain, at a minimum, rec-
2 ommendations for such management improvements as are
3 necessary to eliminate or substantially remedy existing de-
4 ficiencies.

5 **SEC. 535. ADMINISTRATION.**

6 (a) PHA'S.—The Secretary shall carry out this sub-
7 title with respect to public housing agencies substantially
8 in the same manner as the public housing management
9 assessment system under section 6(j) of the United States
10 Housing Act of 1937 (as in effect immediately before the
11 effective date of this Act) was required to be carried out
12 with respect to public housing agencies. The Secretary
13 may comply with the requirements under this subtitle by
14 using any regulations issued to carry out such system and
15 issuing any additional regulations necessary to make such
16 system comply with the requirements under this subtitle.

17 (b) OTHER MANAGERS.—The Secretary shall estab-
18 lish specific standards and procedures for carrying out this
19 subtitle with respect to managers of public housing that
20 are not public housing agencies. Such standards and pro-
21 cedures shall take in consideration special circumstances
22 relating to entities hired, directed, or appointed to manage
23 public housing.

1 **Subtitle D—Accountability and**
2 **Oversight Standards and Proce-**
3 **dures**

4 **SEC. 541. AUDITS.**

5 (a) BY SECRETARY AND COMPTROLLER GENERAL.—
6 Each block grant contract under section 201 and each
7 contract for housing assistance amounts under section 302
8 shall provide that the Secretary, the Inspector General of
9 the Department of Housing and Urban Development, and
10 the Comptroller General of the United States, or any of
11 their duly authorized representatives, shall, for the pur-
12 pose of audit and examination, have access to any books,
13 documents, papers, and records of the public housing
14 agency (or other entity) entering into such contract that
15 are pertinent to this Act and to its operations with respect
16 to financial assistance under the this Act.

17 (b) BY PHA.—

18 (1) REQUIREMENT.—Each public housing agen-
19 cy that owns or operates 250 or more public housing
20 dwelling units and receives assistance under this Act
21 shall have an audit made in accordance with chapter
22 75 of title 31, United States Code. The Secretary,
23 the Inspector General of the Department of Housing
24 and Urban Development, and the Comptroller Gen-
25 eral of the United States shall have access to all

1 books, documents, papers, or other records that are
2 pertinent to the activities carried out under this Act
3 in order to make audit examinations, excerpts, and
4 transcripts.

5 (2) WITHHOLDING OF AMOUNTS.—If the Sec-
6 retary determines that a public housing agency has
7 failed to take the actions required to submit an ac-
8 ceptable audit on a timely basis in accordance with
9 chapter 75 of title 31, United States Code, the Sec-
10 retary may arrange for, and pay the costs of, the
11 audit. In such circumstances, the Secretary may
12 withhold, from assistance otherwise payable to the
13 agency under this Act, amounts sufficient to pay for
14 the reasonable costs of conducting an acceptable
15 audit, including, when appropriate, the reasonable
16 costs of accounting services necessary to place the
17 agency's books and records in auditable condition.

18 **SEC. 542. PERFORMANCE AGREEMENTS FOR AUTHORITIES**

19 **AT RISK OF BECOMING TROUBLED.**

20 (a) IN GENERAL.—Upon designation of a public
21 housing agency as at risk of becoming troubled under sec-
22 tion 533(c), the Secretary shall seek to enter into an
23 agreement with the agency providing for improvement of
24 the elements of the agency that have been identified. An
25 agreement under this section shall contain such terms and

1 conditions as the Secretary determines are appropriate for
2 addressing the elements identified, which may include an
3 on-site, independent assessment of the management of the
4 agency.

5 (b) POWERS OF SECRETARY.—If the Secretary deter-
6 mines that such action is necessary to prevent the public
7 housing agency from becoming a troubled agency, the Sec-
8 retary may—

9 (1) solicit competitive proposals from other pub-
10 lic housing agencies and private housing manage-
11 ment agents (which may be selected by existing ten-
12 ants through administrative procedures established
13 by the Secretary), for any case in which such agents
14 may be needed for managing all, or part, of the
15 housing or functions administered by the agency; or

16 (2) solicit competitive proposals from other pub-
17 lic housing agencies and private entities with experi-
18 ence in construction management, for any case in
19 which such authorities or firms may be needed to
20 oversee implementation of assistance made available
21 for capital improvement for public housing of the
22 agency.

1 **SEC. 543. PERFORMANCE AGREEMENTS AND CDBG SANC-**
2 **TIONS FOR TROUBLED PHA'S.**

3 (a) IN GENERAL.—Upon designation of a public
4 housing agency as a troubled agency under section 533(a)
5 and after reviewing the report submitted pursuant to sec-
6 tion 534(c) and consulting with the assessment team for
7 the agency under section 534, the Secretary shall seek to
8 enter into an agreement with the agency providing for im-
9 proving the management performance of the agency.

10 (b) CONTENTS.—An agreement under this section be-
11 tween the Secretary and a public housing agency shall set
12 forth—

13 (1) targets for improving performance, as meas-
14 ured by the guidelines and standards established
15 under section 532 and other requirements within a
16 specified period of time, which shall include targets
17 to be met upon the expiration of the 12-month pe-
18 riod beginning upon entering into the agreement;

19 (2) strategies for meeting such targets;

20 (3) sanctions for failure to implement such
21 strategies; and

22 (4) to the extent the Secretary deems appro-
23 priate, a plan for enhancing resident involvement in
24 the management of the public housing agency.

1 (c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The
2 Secretary and the public housing agency shall, to the max-
3 imum extent practicable, seek the assistance of local public
4 and private entities in carrying out an agreement under
5 this section.

6 (d) DEFAULT UNDER PERFORMANCE AGREE-
7 MENT.—Upon the expiration of the 12-month period be-
8 ginning upon entering into an agreement under this sec-
9 tion with a public housing agency, the Secretary shall re-
10 view the performance of the agency in relation to the per-
11 formance targets and strategies under the agreement. If
12 the Secretary determines that the agency has failed to
13 comply with the performance targets established for such
14 period, the Secretary shall take the action authorized
15 under subsection (b)(2) or (b)(5) of section 545.

16 (e) CDBG SANCTION AGAINST LOCAL GOVERNMENT
17 CONTRIBUTING TO TROUBLED STATUS OF PHA.—If the
18 Secretary determines that the actions or inaction of any
19 unit of general local government within which any portion
20 of the jurisdiction of a public housing agency is located
21 has substantially contributed to the conditions resulting
22 in the agency being designated under section 533(a) as
23 a troubled agency, the Secretary may redirect or withhold,
24 from such unit of general local government any amounts

1 allocated for such unit under section 106 of the Housing
2 and Community Development Act of 1974.

3 **SEC. 544. OPTION TO DEMAND CONVEYANCE OF TITLE TO**
4 **OR POSSESSION OF PUBLIC HOUSING.**

5 (a) **AUTHORITY FOR CONVEYANCE.**—A contract
6 under section 201 for block grants under title II (including
7 contracts which amend or supersede contracts previously
8 made (including contracts for contributions)) may provide
9 that upon the occurrence of a substantial default with re-
10 spect to the covenants or conditions to which the public
11 housing agency is subject (as such substantial default
12 shall be defined in such contract), the public housing agen-
13 cy shall be obligated, at the option of the Secretary, to—

14 (1) convey title in any case where, in the deter-
15 mination of the Secretary (which determination shall
16 be final and conclusive), such conveyance of title is
17 necessary to achieve the purposes of this Act; or

18 (2) deliver to the Secretary possession of the
19 development, as then constituted, to which such con-
20 tract relates.

21 (b) **OBLIGATION TO RECONVEY.**—Any block grant
22 contract under title II containing the provisions author-
23 ized in subsection (a) shall also provide that the Secretary
24 shall be obligated to reconvey or redeliver possession of

1 the development, as constituted at the time of reconvey-
2 ance or redelivery, to such public housing agency or to
3 its successor (if such public housing agency or a successor
4 exists) upon such terms as shall be prescribed in such con-
5 tract, and as soon as practicable after—

6 (1) the Secretary is satisfied that all defaults
7 with respect to the development have been cured,
8 and that the development will, in order to fulfill the
9 purposes of this Act, thereafter be operated in ac-
10 cordance with the terms of such contract; or

11 (2) the termination of the obligation to make
12 annual block grants to the agency, unless there are
13 any obligations or covenants of the agency to the
14 Secretary which are then in default.

15 Any prior conveyances and reconveyances or deliveries and
16 redeliveries of possession shall not exhaust the right to re-
17 quire a conveyance or delivery of possession of the develop-
18 ment to the Secretary pursuant to subsection (a) upon the
19 subsequent occurrence of a substantial default.

20 (c) CONTINUED GRANTS FOR REPAYMENT OF BONDS
21 AND NOTES UNDER 1937 ACT.—If—

22 (1) a contract for block grants under title II for
23 an agency includes provisions that expressly state
24 that the provisions are included pursuant to this
25 subsection, and

1 (2) the portion of the block grant payable for
2 debt service requirements pursuant to the contract
3 has been pledged by the public housing agency as se-
4 curity for the payment of the principal and interest
5 on any of its obligations, then—

6 (A) the Secretary shall (notwithstanding
7 any other provisions of this Act), continue to
8 make the block grant payments for the agency
9 so long as any of such obligations remain out-
10 standing; and

11 (B) the Secretary may covenant in such a
12 contract that in any event such block grant
13 amounts shall in each year be at least equal to
14 an amount which, together with such income or
15 other funds as are actually available from the
16 development for the purpose at the time such
17 block grant payments are made, will suffice for
18 the payment of all installments of principal and
19 interest on the obligations for which the
20 amounts provided for in the contract shall have
21 been pledged as security that fall due within the
22 next succeeding 12 months.

23 In no case shall such block grant amounts be in excess
24 of the maximum sum specified in the contract involved,

1 nor for longer than the remainder of the maximum period
2 fixed by the contract.

3 **SEC. 545. REMOVAL OF INEFFECTIVE PHA'S.**

4 (a) **CONDITIONS OF REMOVAL.**—The actions speci-
5 fied in subsection (b) may be taken only upon—

6 (1) the occurrence of events or conditions that
7 constitute a substantial default by a public housing
8 agency with respect to (A) the covenants or condi-
9 tions to which the public housing agency is subject,
10 or (B) an agreement entered into under section 543;
11 or

12 (2) submission to the Secretary of a petition by
13 the residents of the public housing owned or oper-
14 ated by a public housing agency that is designated
15 as troubled pursuant to section 533(a).

16 (b) **REMOVAL ACTIONS.**—Notwithstanding any other
17 provision of law or of any block grant contract under title
18 II or any grant agreement under title III, in accordance
19 with subsection (a), the Secretary may—

20 (1) solicit competitive proposals from other pub-
21 lic housing agencies and private housing manage-
22 ment agents (which, in the discretion of the Sec-
23 retary, may be selected by existing public housing
24 residents through administrative procedures estab-
25 lished by the Secretary) and, if appropriate, provide

1 for such agents to manage all, or part, of the hous-
2 ing administered by the public housing agency or all
3 or part of the other functions of the agency;

4 (2) take possession of the public housing agen-
5 cy, including any developments or functions of the
6 agency under any section of this Act;

7 (3) solicit competitive proposals from other pub-
8 lic housing agencies and private entities with experi-
9 ence in construction management and, if appro-
10 priate, provide for such authorities or firms to over-
11 see implementation of assistance made available for
12 capital improvements for public housing;

13 (4) require the agency to make other arrange-
14 ments acceptable to the Secretary and in the best in-
15 terests of the public housing residents and assisted
16 families under title III for managing all, or part of,
17 the public housing administered by the agency or the
18 functions of the agency; or

19 (5) petition for the appointment of a receiver
20 for the public housing agency to any district court
21 of the United States or to any court of the State in
22 which any portion of the jurisdiction of the public
23 housing agency is located, that is authorized to ap-
24 point a receiver for the purposes and having the
25 powers prescribed in this section.

1 (c) EMERGENCY ASSISTANCE.—The Secretary may
2 make available to receivers and other entities selected or
3 appointed pursuant to this section such assistance as is
4 fair and reasonable to remedy the substantial deteriora-
5 tion of living conditions in individual public housing devel-
6 opments or other related emergencies that endanger the
7 health, safety and welfare of public housing residents or
8 assisted families under title III.

9 (d) POWERS OF SECRETARY.—If the Secretary takes
10 possession of an agency, or any developments or functions
11 of an agency, pursuant to subsection (b)(2), the Sec-
12 retary—

13 (1) may abrogate contracts that substantially
14 impede correction of the substantial default or im-
15 provement of the classification, but only after efforts
16 to renegotiate such contracts have failed;

17 (2) may demolish and dispose of assets of the
18 agency in accordance with section 261;

19 (3) where determined appropriate by the Sec-
20 retary, may require the establishment of one or more
21 new public housing agencies;

22 (4) may consolidate the agency into other well-
23 managed public housing agencies with the consent of
24 such well-managed authorities;

1 (5) shall not be subject to any State or local
2 laws relating to civil service requirements, employee
3 rights, procurement, or financial or administrative
4 controls that, in the determination of the Secretary,
5 substantially impede correction of the substantial de-
6 fault or improvement of the classification; and

7 (6) shall have such additional authority as a
8 district court of the United States has the authority
9 to confer under like circumstances upon a receiver to
10 achieve the purposes of the receivership.

11 The Secretary may appoint, on a competitive or non-
12 competitive basis, an individual or entity as an administra-
13 tive receiver to assume the Secretary's responsibility under
14 this paragraph for the administration of a public housing
15 agency. The Secretary may delegate to the administrative
16 receiver any or all of the powers of the Secretary under
17 this subsection. Regardless of any delegation under this
18 subsection, an administrative receiver may not require the
19 establishment of one or more new public housing agencies
20 pursuant to paragraph (3) unless the Secretary first ap-
21 proves such establishment. For purposes of this sub-
22 section, the term "public housing agency" includes any de-
23 velopments or functions of a public housing agency under
24 any section of this title.

25 (e) RECEIVERSHIP.—

1 (1) REQUIRED APPOINTMENT.—In any proceed-
2 ing under subsection (b)(5), upon a determination
3 that a substantial default has occurred, and without
4 regard to the availability of alternative remedies, the
5 court shall appoint a receiver to conduct the affairs
6 of the public housing agency in a manner consistent
7 with this Act and in accordance with such further
8 terms and conditions as the court may provide. The
9 receiver appointed may be another public housing
10 agency, a private management corporation, the Sec-
11 retary, or any other appropriate entity. The court
12 shall have power to grant appropriate temporary or
13 preliminary relief pending final disposition of the pe-
14 tition by the Secretary.

15 (2) POWERS OF RECEIVER.—If a receiver is ap-
16 pointed for a public housing agency pursuant to sub-
17 section (b)(5), in addition to the powers accorded by
18 the court appointing the receiver, the receiver—

19 (A) may abrogate contracts that substan-
20 tially impede correction of the substantial de-
21 fault or improvement of the classification;

22 (B) may demolish and dispose of assets of
23 the agency in accordance with section 261;

24 (C) where determined appropriate by the
25 Secretary, may require the establishment of one

1 or more new public housing agencies, to the ex-
2 tent permitted by State and local law; and

3 (D) except as provided in subparagraph
4 (C), shall not be subject to any State or local
5 laws relating to civil service requirements, em-
6 ployee rights, procurement, or financial or ad-
7 ministrative controls that, in the determination
8 of the receiver, substantially impede correction
9 of the substantial default or improvement of the
10 classification.

11 For purposes of this paragraph, the term “public
12 housing agency” includes any developments or func-
13 tions of a public housing agency under any section
14 of this title.

15 (3) TERMINATION.—The appointment of a re-
16 ceiver pursuant to this subsection may be termi-
17 nated, upon the petition of any party, when the
18 court determines that all defaults have been cured or
19 the public housing agency will be able to make the
20 same amount of progress in correcting the manage-
21 ment of the housing as the receiver.

22 (f) LIABILITY.—If the Secretary takes possession of
23 an agency pursuant to subsection (b)(2) or a receiver is
24 appointed pursuant to subsection (b)(5) for a public hous-
25 ing agency, the Secretary or the receiver shall be deemed

1 to be acting in the capacity of the public housing agency
2 (and not in the official capacity as Secretary or other offi-
3 cial) and any liability incurred shall be a liability of the
4 public housing agency.

5 (g) EFFECTIVENESS.—The provisions of this section
6 shall apply with respect to actions taken before, on, or
7 after the effective date of this Act and shall apply to any
8 receivers appointed for a public housing agency before the
9 effective date of this Act.

10 **SEC. 546. MANDATORY TAKEOVER OF CHRONICALLY TROU-**
11 **BLED PHA'S.**

12 (a) REMOVAL OF AGENCY.—Notwithstanding any
13 other provision of this Act, not later than the expiration
14 of the 180-day period beginning on the effective date of
15 this Act, the Secretary shall take one of the following ac-
16 tions with respect to each chronically troubled public hous-
17 ing agency:

18 (1) CONTRACTING FOR MANAGEMENT.—Solicit
19 competitive proposals for the management of the
20 agency pursuant to section 545(b)(1) and replace
21 the management of the agency pursuant to selection
22 of such a proposal.

23 (2) TAKEOVER.—Take possession of the agency
24 pursuant to section 545(b)(2) of such Act.

1 (b) DEFINITION.—For purposes of this section, the
2 term “chronically troubled public housing agency” means
3 a public housing agency that, as of the effective date of
4 this Act, is designated under section 6(j)(2) of the United
5 States Housing Act of 1937 (as in effect immediately be-
6 fore the effective date of this Act) as a troubled public
7 housing agency and has been so designated continuously
8 for the 3-year period ending upon such effective date; ex-
9 cept that such term does not include any agency that owns
10 or operates less than 1250 public housing dwelling units
11 and that the Secretary determines can, with a reasonable
12 amount of effort, make such improvements or remedies
13 as may be necessary to remove its designation as troubled
14 within 12 months.

15 **SEC. 547. TREATMENT OF TROUBLED PHA’S.**

16 (a) EFFECT OF TROUBLED STATUS ON CHAS.—The
17 comprehensive housing affordability strategy (or any con-
18 solidated plan incorporating such strategy) for the State
19 or unit of general local government in which any troubled
20 public housing agency is located shall not be considered
21 to comply with the requirements under section 105 of the
22 Cranston-Gonzalez National Affordable Housing Act un-
23 less such plan includes a description of the manner in
24 which the State or unit will assist such troubled agency
25 in improving its operations to remove such designation.

1 (b) DEFINITION.—For purposes of this section, the
2 term “troubled public housing agency” means a public
3 housing agency that—

4 (1) upon the effective date of this Act, is des-
5 ignated under section 6(j)(2) of the United States
6 Housing Act of 1937 (as in effect immediately be-
7 fore the effective date of this Act) as a troubled pub-
8 lic housing agency; and

9 (2) is not a chronically troubled public housing
10 agency, as such term is defined in section 546(b) of
11 this Act.

12 **SEC. 548. MAINTENANCE OF RECORDS.**

13 Each public housing agency shall keep such records
14 as may be reasonably necessary to disclose the amount
15 and the disposition by the agency of the proceeds of assist-
16 ance received pursuant to this Act and to ensure compli-
17 ance with the requirements of this Act.

18 **SEC. 549. ANNUAL REPORTS REGARDING TROUBLED PHA’S.**

19 The Secretary shall submit a report to the Congress
20 annually, as a part of the report of the Secretary under
21 section 8 of the Department of Housing and Urban Devel-
22 opment Act, that—

23 (1) identifies the public housing agencies that
24 are designated under section 533 as troubled or at-

1 risk of becoming troubled and the reasons for such
2 designation; and

3 (2) describes any actions that have been taken
4 in accordance with sections 542, 543, 544, and 545.

5 **SEC. 550. APPLICABILITY TO RESIDENT MANAGEMENT**
6 **CORPORATIONS.**

7 The Secretary shall apply the provisions of this sub-
8 title to resident management corporations in the same
9 manner as applied to public housing agencies.

10 **TITLE VI—REPEALS AND**
11 **RELATED AMENDMENTS**
12 **Subtitle A—Repeals, Effective Date,**
13 **and Savings Provisions**

14 **SEC. 601. EFFECTIVE DATE AND REPEAL OF UNITED**
15 **STATES HOUSING ACT OF 1937.**

16 (a) EFFECTIVE DATE.—

17 (1) IN GENERAL.—This Act and the amend-
18 ments made by this Act shall take effect upon the
19 expiration of the 6-month period beginning on the
20 date of the enactment of this Act, except as other-
21 wise provided in this section.

22 (2) EXCEPTION.—If the Secretary determines
23 that action under this paragraph is necessary for
24 program administration or to avoid hardship, the

1 Secretary may, by notice in accordance with sub-
2 section (d), delay the effective date of any provision
3 of this Act until a date not later than October 1,
4 1998.

5 (3) SPECIFIC EFFECTIVE DATES.—Any provi-
6 sion of this Act that specifically provides for the ef-
7 fective date of such provision shall take effect in ac-
8 cordance with the terms of the provision.

9 (b) REPEAL OF UNITED STATES HOUSING ACT OF
10 1937.—Effective upon the effective date under subsection
11 (a)(1), the United States Housing Act of 1937 (42 U.S.C.
12 1437 et seq.) is repealed, subject to the conditions under
13 subsection (c). Subsection (a)(2) shall not apply to this
14 subsection.

15 (c) SAVINGS PROVISIONS.—

16 (1) OBLIGATIONS UNDER 1937 ACT.—Any obli-
17 gation of the Secretary made under authority of the
18 United States Housing Act of 1937 shall continue to
19 be governed by the provisions of such Act, except
20 that—

21 (A) notwithstanding the repeal of such
22 Act, the Secretary may make a new obligation
23 under such Act upon finding that such obliga-
24 tion is required—

1 (i) to protect the financial interests of
2 the United States or the Department of
3 Housing and Urban Development; or

4 (ii) for the amendment, extension, or
5 renewal of existing obligations; and

6 (B) notwithstanding the repeal of such
7 Act, the Secretary may, in accordance with sub-
8 section (d), issue regulations and other guid-
9 ance and directives as if such Act were in effect
10 if the Secretary finds that such action is nec-
11 essary to facilitate the administration of obliga-
12 tions under such Act.

13 (2) TRANSITION OF FUNDING.—Amounts ap-
14 propriated under the United States Housing Act of
15 1937 shall, upon repeal of such Act, remain avail-
16 able for obligation under such Act in accordance
17 with the terms under which amounts were made
18 available.

19 (3) CROSS REFERENCES.—The provisions of
20 the United States Housing Act of 1937 shall remain
21 in effect for purposes of the validity of any reference
22 to a provision of such Act in any statute (other than
23 such Act) until such reference is modified by law or
24 repealed.

1 (d) PUBLICATION AND EFFECTIVE DATE OF NO-
2 TICES OF DELAY.—

3 (1) SUBMISSION TO CONGRESS.—The Secretary
4 shall submit to the Committee on Banking and Fi-
5 nancial Services of the House of Representatives and
6 the Committee on Banking, Housing, and Urban Af-
7 fairs of the Senate a copy of any proposed notice
8 under subsection (a)(2) or any proposed regulation,
9 guidance, or directive under subsection (c)(1)(B).

10 (2) OPPORTUNITY TO REVIEW.—Such a regula-
11 tion, notice, guidance, or directive may not be pub-
12 lished for comment or for final effectiveness before
13 or during the 15-calendar day period beginning on
14 the day after the date on which such regulation, no-
15 tice, guidance, or directive was submitted to the
16 Congress.

17 (3) EFFECTIVE DATE.—No regulation, notice,
18 guideline, or directive may become effective until
19 after the expiration of the 30-calendar day period
20 beginning on the day after the day on which such
21 rule or regulation is published as final.

22 (4) WAIVER.—The provisions of paragraphs (2)
23 and (3) may be waived upon the written request of
24 the Secretary, if agreed to by the Chairmen and
25 Ranking Minority Members of both Committees.

1 (e) MODIFICATIONS.—Notwithstanding any provision
2 of this Act or any annual contributions contract or other
3 agreement entered into by the Secretary and a public
4 housing agency pursuant to the provisions of the United
5 States Housing Act of 1937 (as in effect before the effec-
6 tive date of this Act), the Secretary and the agency may
7 by mutual consent amend, supersede, or modify any such
8 agreement as appropriate to provide for assistance under
9 this Act, except that the Secretary and the agency may
10 not consent to any such amendment, supersession, or
11 modification that substantially alters any outstanding obli-
12 gations requiring continued maintenance of the low-in-
13 come character of any public housing development and any
14 such amendment, supersession, or modification shall not
15 be given effect.

16 (f) SECTION 8 PROJECT-BASED ASSISTANCE.—

17 (1) IN GENERAL.—The provisions of the United
18 States Housing Act of 1937 (42 U.S.C. 1437 et
19 seq.) shall remain in effect after the effectiveness of
20 the repeal under subsection (b) with respect to all
21 section 8 project-based assistance, pursuant to exist-
22 ing and future contracts, except as otherwise pro-
23 vided by this section.

24 (2) TENANT SELECTION PREFERENCES.—An
25 owner of housing assisted with section 8 project-

1 based assistance shall give preference, in the selec-
2 tion of tenants for units of such projects that be-
3 come available, according to any system of local
4 preferences established pursuant to section 223 by
5 the public housing agency having jurisdiction for the
6 area in which such projects are located.

7 (3) 1-YEAR NOTIFICATION.—Paragraphs (9)
8 and (10) of section 8(c) of the United States Hous-
9 ing Act of 1937 (42 U.S.C. 1437f(c)) shall not be
10 applicable to section 8 project-based assistance.

11 (4) LEASE TERMS.—Leases for dwelling units
12 assisted with section 8 project-based assistance shall
13 comply with the provisions of paragraphs (1) and
14 (3) of section 324 of this Act and shall not be sub-
15 ject to the provisions of 8(d)(1)(B) of the United
16 States Housing Act of 1937.

17 (5) TERMINATION OF TENANCY.—Any termi-
18 nation of tenancy of a resident of a dwelling unit as-
19 sisted with section 8 project-based assistance shall
20 comply with the provisions of section 324(2) and
21 section 325 of this Act and shall not be subject to
22 the provisions of section 8(d)(1)(B) of the United
23 States Housing Act of 1937.

1 (6) DEFINITION.—For purposes of this sub-
2 section, the term “section 8 project-based assist-
3 ance” means assistance under any of the following
4 programs:

5 (A) The new construction or substantial
6 rehabilitation program under section 8(b)(2) of
7 the United States Housing Act of 1937 (as in
8 effect before October 1, 1983).

9 (B) The property disposition program
10 under section 8(b) of the United States Hous-
11 ing Act of 1937 (as in effect before the effective
12 date of this Act).

13 (C) The loan management set-aside pro-
14 gram under subsections (b) and (v) of section
15 8 of such Act.

16 (D) The project-based certificate program
17 under section 8(d)(2) of such Act.

18 (E) The moderate rehabilitation program
19 under section 8(e)(2) of the United States
20 Housing Act of 1937 (as in effect before Octo-
21 ber 1, 1991).

22 (F) The low-income housing preservation
23 program under Low-Income Housing Preserva-
24 tion and Resident Homeownership Act of 1990
25 or the provisions of the Emergency Low Income

1 Housing Preservation Act of 1987 (as in effect
2 before November 28, 1990).

3 (G) Section 8 of the United States Hous-
4 ing Act of 1937 (as in effect before the effective
5 date of this Act), following conversion from as-
6 sistance under section 101 of the Housing and
7 Urban Development Act of 1965 or section
8 236(f)(2) of the National Housing Act.

9 (g) EFFECTIVE DATE.—This section shall take effect
10 on the date of the enactment of this Act.

11 **SEC. 602. OTHER REPEALS.**

12 (a) IN GENERAL.—The following provisions of law
13 are hereby repealed:

14 (1) ASSISTED HOUSING ALLOCATION.—Section
15 213 of the Housing and Community Development
16 Act of 1974 (42 U.S.C. 1439).

17 (2) PUBLIC HOUSING RENT WAIVERS FOR PO-
18 LICE.—Section 519 of the Cranston-Gonzalez Na-
19 tional Affordable Housing Act (42 U.S.C. 1437a–1).

20 (3) TREATMENT OF CERTIFICATE AND VOUCH-
21 ER HOLDERS.—Subsection (c) of section 183 of the
22 Housing and Community Development Act of 1987
23 (42 U.S.C. 1437f note).

24 (4) EXCESSIVE RENT BURDEN DATA.—Sub-
25 section (b) of section 550 of the Cranston-Gonzalez

1 National Affordable Housing Act (42 U.S.C. 1437f
2 note).

3 (5) MOVING TO OPPORTUNITY FOR FAIR HOUS-
4 ING.—Section 152 of the Housing and Community
5 Development Act of 1992 (42 U.S.C. 1437f note).

6 (6) REPORT REGARDING FAIR HOUSING OBJEC-
7 TIVES.—Section 153 of the Housing and Community
8 Development Act of 1992 (42 U.S.C. 1437f note).

9 (7) SPECIAL PROJECTS FOR ELDERLY OR
10 HANDICAPPED FAMILIES.—Section 209 of the Hous-
11 ing and Community Development Act of 1974 (42
12 U.S.C. 1438).

13 (8) ACCESS TO PHA BOOKS.—Section 816 of
14 the Housing Act of 1954 (42 U.S.C. 1435).

15 (9) MISCELLANEOUS PROVISIONS.—Subsections
16 (b)(1), (c), and (d) of section 326 of the Housing
17 and Community Development Amendments of 1981
18 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f
19 note).

20 (10) PAYMENT FOR DEVELOPMENT MAN-
21 AGERS.—Section 329A of the Housing and Commu-
22 nity Development Amendments of 1981 (42 U.S.C.
23 1437j–1).

24 (11) PROCUREMENT OF INSURANCE BY
25 PHA’S.—In the item relating to “ADMINISTRATIVE

1 PROVISIONS” under the heading “MANAGEMENT
2 AND ADMINISTRATION” in title II of the Depart-
3 ments of Veterans Affairs and Housing and Urban
4 Development, and Independent Agencies Appropria-
5 tions Act, 1991, the penultimate undesignated para-
6 graph of such item (Public Law 101–507; 104 Stat.
7 1369).

8 (12) PUBLIC HOUSING CHILDHOOD DEVELOP-
9 MENT.—Section 222 of the Housing and Urban-
10 Rural Recovery Act of 1983 (12 U.S.C. 1701z–6
11 note).

12 (13) INDIAN HOUSING CHILDHOOD DEVELOP-
13 MENT.—Section 518 of the Cranston-Gonzalez Na-
14 tional Affordable Housing Act (12 U.S.C. 1701z–6
15 note).

16 (14) PUBLIC HOUSING COMPREHENSIVE TRAN-
17 SITION DEMONSTRATION.—Section 126 of the Hous-
18 ing and Community Development Act of 1987 (42
19 U.S.C. 1437f note).

20 (15) PUBLIC HOUSING ONE-STOP PERINATAL
21 SERVICES DEMONSTRATION.—Section 521 of the
22 Cranston-Gonzalez National Affordable Housing Act
23 (42 U.S.C. 1437t note).

1 (16) PUBLIC HOUSING MINCS DEMONSTRA-
2 TION.—Section 522 of the Cranston-Gonzalez Na-
3 tional Affordable Housing Act (42 U.S.C. 1437f
4 note).

5 (17) PUBLIC HOUSING ENERGY EFFICIENCY
6 DEMONSTRATION.—Section 523 of the Cranston-
7 Gonzalez National Affordable Housing Act (42
8 U.S.C. 1437g note).

9 (18) OMAHA HOMEOWNERSHIP DEMONSTRA-
10 TION.—Section 132 of the Housing and Community
11 Development Act of 1992 (Public Law 102–550;
12 106 Stat. 3712).

13 (19) PUBLIC AND ASSISTED HOUSING YOUTH
14 SPORTS PROGRAMS.—Section 520 of the Cranston-
15 Gonzalez National Affordable Housing Act (42
16 U.S.C. 11903a).

17 (20) FROST-LELAND PROVISIONS.—Section 415
18 of the Department of Housing and Urban Develop-
19 ment—Independent Agencies Appropriations Act,
20 1988 (Public Law 100–202; 101 Stat. 1329–213);
21 except that, notwithstanding any other provision of
22 law, beginning on the date of enactment of this Act,
23 the public housing projects described in section 415
24 of such Appropriations Act (as such section existed

1 immediately before the date of enactment of this
2 Act) shall be eligible for demolition—

3 (A) under section 14 of the United States
4 Housing Act of 1937 (as such section existed
5 upon the enactment of this Act); and

6 (B) under section 9 of the United States
7 Housing Act of 1937.

8 (21) CONFLICTS OF INTEREST.—Subsection (c)
9 of section 326 of the Housing and Community De-
10 velopment Amendments of 1981 (42 U.S.C. 1437f
11 note).

12 (22) CONVERSION OF PUBLIC HOUSING.—Sec-
13 tion 202 of the Departments of Veterans Affairs and
14 Housing and Urban Development, and Independent
15 Agencies Appropriations Act, 1996 (42 U.S.C. 1437l
16 note) (enacted as section 101(e) of Omnibus Con-
17 solidated Rescissions and Appropriations Act of
18 1996 (Public Law 104–134; 110 Stat. 1321–279)).

19 (b) SAVINGS PROVISION.—Except to the extent oth-
20 erwise provided in this Act—

21 (1) the repeals made by subsection (a) shall not
22 affect any legally binding obligations entered into be-
23 fore the effective date of this Act; and

24 (2) any funds or activities subject to a provision
25 of law repealed by subsection (a) shall continue to

1 be governed by the provision as in effect immediately
2 before such repeal.

3 **Subtitle B—Other Provisions Relat-**
4 **ing to Public Housing and Rent-**
5 **al Assistance Programs**

6 **SEC. 621. ALLOCATION OF ELDERLY HOUSING AMOUNTS.**

7 Section 202(l) of the Housing Act of 1959 (12 U.S.C.
8 1701q(l)) is amended by adding at the end the following
9 new paragraph:

10 “(4) CONSIDERATION IN ALLOCATING ASSIST-
11 ANCE.—Assistance under this section shall be allo-
12 cated in a manner that ensures that the awards of
13 the assistance are made for projects of sufficient size
14 to accommodate facilities for supportive services ap-
15 propriate to the needs of frail elderly residents.”.

16 **SEC. 622. PET OWNERSHIP.**

17 Section 227 of the Housing and Urban-Rural Recov-
18 ery Act of 1983 (12 U.S.C. 1701r-1) is amended to read
19 as follows:

20 **“SEC. 227. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**
21 **AL HOUSING.**

22 “(a) RIGHT OF OWNERSHIP.—A resident of a dwell-
23 ing unit in federally assisted rental housing may own com-
24 mon household pets or have common household pets
25 present in the dwelling unit of such resident, subject to

1 the reasonable requirements of the owner of the federally
2 assisted rental housing. Such reasonable requirements
3 may include requiring payment of a nominal fee and secu-
4 rity deposit by residents owning or having pets present,
5 to cover the operating costs to the project relating to the
6 presence of pets and to establish an escrow account for
7 additional such costs not otherwise covered, respectively.
8 Notwithstanding section 225(d) of the Housing Oppor-
9 tunity and Responsibility Act of 1997, a public housing
10 agency may not grant any exemption under such section
11 from payment, in whole or in part, of any fee or deposit
12 required pursuant to the preceding sentence.

13 “(b) PROHIBITION AGAINST DISCRIMINATION.—No
14 owner of federally assisted rental housing may restrict or
15 discriminate against any person in connection with admis-
16 sion to, or continued occupancy of, such housing by reason
17 of the ownership of common household pets by, or the
18 presence of such pets in the dwelling unit of, such person.

19 “(c) DEFINITIONS.—For purposes of this section, the
20 following definitions shall apply:

21 “(1) FEDERALLY ASSISTED RENTAL HOUS-
22 ING.—The term ‘federally assisted rental housing’
23 means any multifamily rental housing project that
24 is—

1 “(A) public housing (as such term is de-
2 fined in section 103 of the Housing Oppor-
3 tunity and Responsibility Act of 1997);

4 “(B) assisted with project-based assistance
5 pursuant to section 601(f) of the Housing Op-
6 portunity and Responsibility Act of 1997 or
7 under section 8 of the United States Housing
8 Act of 1937 (as in effect before the effective
9 date of this Act);

10 “(C) assisted under section 202 of the
11 Housing Act of 1959 (as amended by section
12 801 of the Cranston-Gonzalez National Afford-
13 able Housing Act);

14 “(D) assisted under section 202 of the
15 Housing Act of 1959 (as in effect before the en-
16 actment of the Cranston-Gonzalez National Af-
17 fordable Housing Act);

18 “(E) assisted under title V of the Housing
19 Act of 1949; or

20 “(F) insured, assisted, or held by the Sec-
21 retary or a State or State agency under section
22 236 of the National Housing Act.

23 “(2) OWNER.—The term ‘owner’ means, with
24 respect to federally assisted rental housing, the en-
25 tity or private person, including a cooperative or

1 public housing agency, that has the legal right to
2 lease or sublease dwelling units in such housing (in-
3 cluding a manager of such housing having such
4 right).

5 “(d) REGULATIONS.—This section shall take effect
6 upon the date of the effectiveness of regulations issued by
7 the Secretary to carry out this section. Such regulations
8 shall be issued after notice and opportunity for public
9 comment in accordance with the procedure under section
10 553 of title 5, United States Code, applicable to sub-
11 stantive rules (notwithstanding subsections (a)(2), (b)(B),
12 and (d)(3) of such section).”.

13 **SEC. 623. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
14 **TRACTS.**

15 (a) REQUIREMENT.—The Secretary of Housing and
16 Urban Development shall investigate all security contracts
17 awarded by grantees under the Public and Assisted Hous-
18 ing Drug Elimination Act of 1990 (42 U.S.C. 11901 et
19 seq.) that are public housing agencies that own or operate
20 more than 4,500 public housing dwelling units—

21 (1) to determine whether the contractors under
22 such contracts have complied with all laws and regu-
23 lations regarding prohibition of discrimination in
24 hiring practices;

1 (2) to determine whether such contracts were
2 awarded in accordance with the applicable laws and
3 regulations regarding the award of such contracts;

4 (3) to determine how many such contracts were
5 awarded under emergency contracting procedures;

6 (4) to evaluate the effectiveness of the con-
7 tracts; and

8 (5) to provide a full accounting of all expenses
9 under the contracts.

10 (b) REPORT.—Not later than 180 days after the date
11 of the enactment of this Act, the Secretary shall complete
12 the investigation required under subsection (a) and submit
13 a report to the Congress regarding the findings under the
14 investigation. With respect to each such contract, the re-
15 port shall (1) state whether the contract was made and
16 is operating, or was not made or is not operating, in full
17 compliance with applicable laws and regulations, and (2)
18 for each contract that the Secretary determines is in such
19 compliance issue a personal certification of such compli-
20 ance by the Secretary of Housing and Urban Develop-
21 ment.

22 (c) ACTIONS.—For each contract that is described in
23 the report under subsection (b) as not made or not operat-
24 ing in full compliance with applicable laws and regulations,
25 the Secretary of Housing and Urban Development shall

1 promptly take any actions available under law or regula-
2 tion that are necessary—

3 (1) to bring such contract into compliance; or

4 (2) to terminate the contract.

5 (d) EFFECTIVE DATE.—This section shall take effect
6 on the date of the enactment of this Act.

7 **SEC. 624. AMENDMENTS TO PUBLIC AND ASSISTED HOUS-**
8 **ING DRUG ELIMINATION ACT OF 1990.**

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

14 **“CHAPTER 2—COMMUNITY**
15 **PARTNERSHIPS AGAINST CRIME**

16 **“SEC. 5121. SHORT TITLE.**

17 “‘This chapter may be cited as the ‘Community Part-
18 nerships Against Crime Act of 1997’.

19 **“SEC. 5122. PURPOSES.**

20 “‘The purposes of this chapter are to—

21 “(1) improve the quality of life for the vast ma-
22 jority of law-abiding public housing residents by re-
23 ducing the levels of fear, violence, and crime in their
24 communities;

1 “(2) broaden the scope of the Public and As-
2 sisted Housing Drug Elimination Act of 1990 to
3 apply to all types of crime, and not simply crime
4 that is drug-related; and

5 “(3) reduce crime and disorder in and around
6 public housing through the expansion of community-
7 oriented policing activities and problem solving.

8 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

9 “The Secretary of Housing and Urban Development
10 may make grants in accordance with the provisions of this
11 chapter for use in eliminating crime in and around public
12 housing and other federally assisted low-income housing
13 projects to (1) public housing agencies, and (2) private,
14 for-profit and nonprofit owners of federally assisted low-
15 income housing.”.

16 (b) ELIGIBLE ACTIVITIES.—

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

20 (A) in the matter preceding paragraph (1),
21 by inserting “and around” after “used in”;

22 (B) in paragraph (3), by inserting before
23 the semicolon the following: “, including fence-
24 ing, lighting, locking, and surveillance systems”;

1 (C) in paragraph (4), by striking subpara-
2 graph (A) and inserting the following new sub-
3 paragraph:

4 “(A) to investigate crime; and”;

5 (D) in paragraph (6)—

6 (i) by striking “in and around public
7 or other federally assisted low-income
8 housing projects”; and

9 (ii) by striking “and” after the semi-
10 colon; and

11 (E) by striking paragraph (7) and insert-
12 ing the following new paragraphs:

13 “(7) providing funding to nonprofit public hous-
14 ing resident management corporations and resident
15 councils to develop security and crime prevention
16 programs involving site residents;

17 “(8) the employment or utilization of one or
18 more individuals, including law enforcement officers,
19 made available by contract or other cooperative ar-
20 rangement with State or local law enforcement agen-
21 cies, to engage in community- and problem-oriented
22 policing involving interaction with members of the
23 community in proactive crime control and prevention
24 activities;

1 “(9) programs and activities for or involving
2 youth, including training, education, recreation and
3 sports, career planning, and entrepreneurship and
4 employment activities and after school and cultural
5 programs; and

6 “(10) service programs for residents that ad-
7 dress the contributing factors of crime, including
8 programs for job training, education, drug and alco-
9 hol treatment, and other appropriate social serv-
10 ices.”.

11 (2) OTHER PHA-OWNED HOUSING.—Section
12 5124(b) of the Anti-Drug Abuse Act of 1988 (42
13 U.S.C. 11903(b)) is amended—

14 (A) in the matter preceding paragraph

15 (1)—

16 (i) by striking “drug-related crime in”
17 and inserting “crime in and around”; and

18 (ii) by striking “paragraphs (1)
19 through (7)” and inserting “paragraphs
20 (1) through (10)”; and

21 (B) in paragraph (2), by striking “drug-re-
22 lated” and inserting “criminal”.

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

1 **“SEC. 5125. GRANT PROCEDURES.**

2 “(a) PHA’S WITH 250 OR MORE UNITS.—

3 “(1) GRANTS.—In each fiscal year, the Sec-
4 retary shall make a grant under this chapter from
5 any amounts available under section 5131(b)(1) for
6 the fiscal year to each of the following public hous-
7 ing agencies:

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

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

16 “(ii) had such application and plan
17 approved by the Secretary.

18 “(B) RENEWALS.—Each public housing
19 agency that owns or operates 250 or more pub-
20 lic housing dwelling units and for which—

21 “(i) a grant was made under this
22 chapter for the preceding Federal fiscal
23 year;

24 “(ii) the term of the 5-year crime de-
25 terrence and reduction plan applicable to
26 such grant includes the fiscal year for

1 which the grant under this subsection is to
2 be made; and

3 “(iii) the Secretary has determined,
4 pursuant to a performance review under
5 paragraph (4), that during the preceding
6 fiscal year the agency has substantially ful-
7 filled the requirements under subpara-
8 graphs (A) and (B) of paragraph (4).

9 “(2) 5-YEAR CRIME DETERRENCE AND REDUC-
10 TION PLAN.—Each application for a grant under
11 this subsection shall contain a 5-year crime deter-
12 rence and reduction plan. The plan shall be devel-
13 oped with the participation of residents and appro-
14 priate law enforcement officials. The plan shall de-
15 scribe, for the public housing agency submitting the
16 plan—

17 “(A) the nature of the crime problem in
18 public housing owned or operated by the public
19 housing agency;

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

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

24 “(D) the actions to be taken during the
25 term of the plan to reduce and deter such

1 crime, which shall include actions involving resi-
2 dents, law enforcement, and service providers.

3 The term of a plan shall be the period consisting of
4 5 consecutive fiscal years, which begins with the first
5 fiscal year for which funding under this chapter is
6 provided to carry out the plan.

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

18 “(4) PERFORMANCE REVIEW.—For each fiscal
19 year, the Secretary shall conduct a performance re-
20 view of the activities carried out by each public
21 housing agency receiving a grant pursuant to this
22 subsection to determine whether the agency—

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

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

3 “(5) SUBMISSION OF APPLICATIONS.—The Sec-
4 retary shall establish such deadlines and require-
5 ments for submission of applications under this sub-
6 section.

7 “(6) REVIEW AND DETERMINATION.—The Sec-
8 retary shall review each application submitted under
9 this subsection upon submission and shall approve
10 the application unless the application and the 5-year
11 crime deterrence and reduction plan are inconsistent
12 with the purposes of this chapter or any require-
13 ments established by the Secretary or the informa-
14 tion in the application or plan is not substantially
15 complete. Upon approving or determining not to ap-
16 prove an application and plan submitted under this
17 subsection, the Secretary shall notify the public
18 housing agency submitting the application and plan
19 of such approval or disapproval.

20 “(7) DISAPPROVAL OF APPLICATIONS.—If the
21 Secretary notifies an agency that the application and
22 plan of the agency is not approved, not later than
23 the expiration of the 15-day period beginning upon
24 such notice of disapproval, the Secretary shall also
25 notify the agency, in writing, of the reasons for the

1 disapproval, the actions that the agency could take
2 to comply with the criteria for approval, and the
3 deadlines for such actions.

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

14 “(b) PHA’S WITH FEWER THAN 250 UNITS AND
15 OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUS-
16 ING.—

17 “(1) APPLICATIONS AND PLANS.—To be eligible
18 to receive a grant under this chapter, a public hous-
19 ing agency that owns or operates fewer than 250
20 public housing dwelling units or an owner of feder-
21 ally assisted low-income housing shall submit an ap-
22 plication to the Secretary at such time, in such man-
23 ner, and accompanied by such additional information
24 as the Secretary may require. The application shall
25 include a plan for addressing the problem of crime

1 in and around the housing for which the application
2 is submitted, describing in detail activities to be con-
3 ducted during the fiscal year for which the grant is
4 requested.

5 “(2) GRANTS FOR PHA’S WITH FEWER THAN
6 250 UNITS.—In each fiscal year the Secretary may,
7 to the extent amounts are available under section
8 5131(b)(2), make grants under this chapter to pub-
9 lic housing agencies that own or operate fewer than
10 250 public housing dwelling units and have submit-
11 ted applications under paragraph (1) that the Sec-
12 retary has approved pursuant to the criteria under
13 paragraph (4).

14 “(3) GRANTS FOR FEDERALLY ASSISTED LOW-
15 INCOME HOUSING.—In each fiscal year the Secretary
16 may, to the extent amounts are available under sec-
17 tion 5131(b)(3), make grants under this chapter to
18 owners of federally assisted low-income housing that
19 have submitted applications under paragraph (1)
20 that the Secretary has approved pursuant to the cri-
21 teria under paragraphs (4) and (5).

22 “(4) CRITERIA FOR APPROVAL OF APPLICA-
23 TIONS.—The Secretary shall determine whether to
24 approve each application under this subsection on
25 the basis of—

1 “(A) the extent of the crime problem in
2 and around the housing for which the applica-
3 tion is made;

4 “(B) the quality of the plan to address the
5 crime problem in the housing for which the ap-
6 plication is made;

7 “(C) the capability of the applicant to
8 carry out the plan; and

9 “(D) the extent to which the tenants of the
10 housing, the local government, local community-
11 based nonprofit organizations, local tenant or-
12 ganizations representing residents of neighbor-
13 ing projects that are owned or assisted by the
14 Secretary, and the local community support and
15 participate in the design and implementation of
16 the activities proposed to be funded under the
17 application.

18 In each fiscal year, the Secretary may give pref-
19 erence to applications under this subsection for
20 housing made by applicants who received a grant for
21 such housing for the preceding fiscal year under this
22 subsection or under the provisions of this chapter as
23 in effect immediately before the date of the enact-
24 ment of the Housing Opportunity and Responsibility
25 Act of 1997.

1 “(5) ADDITIONAL CRITERIA FOR FEDERALLY
2 ASSISTED LOW-INCOME HOUSING.—In addition to
3 the selection criteria under paragraph (4), the Sec-
4 retary may establish other criteria for evaluating ap-
5 plications submitted by owners of federally assisted
6 low-income housing, except that such additional cri-
7 teria shall be designed only to reflect—

8 “(A) relevant differences between the fi-
9 nancial resources and other characteristics of
10 public housing agencies and owners of federally
11 assisted low-income housing; or

12 “(B) relevant differences between the prob-
13 lem of crime in public housing administered by
14 such authorities and the problem of crime in
15 federally assisted low-income housing.”.

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

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

19 (2) in paragraph (4)(A), by striking “section”
20 before “221(d)(4)”;

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

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

1 “(3) PUBLIC HOUSING AGENCY.—The term
2 ‘public housing agency’ has the meaning given the
3 term in section 103 of the Housing Opportunity and
4 Responsibility Act of 1997.”.

5 (e) IMPLEMENTATION.—Section 5127 of the Anti-
6 Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended
7 by striking “Cranston-Gonzalez National Affordable
8 Housing Act” and inserting “Housing Opportunity and
9 Responsibility Act of 1997”.

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

12 (1) by striking “drug-related crime in” and in-
13 serting “crime in and around”; and

14 (2) by striking “described in section 5125(a)”
15 and inserting “for the grantee submitted under sub-
16 section (a) or (b) of section 5125, as applicable”.

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

21 **“SEC. 5130. FUNDING.**

22 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to carry out this chapter
24 \$290,000,000 for each of fiscal years 1998 and 1999.

1 “(b) ALLOCATION.—Of any amounts available, or
2 that the Secretary is authorized to use, to carry out this
3 chapter in any fiscal year—

4 “(1) 85 percent shall be available only for as-
5 sistance pursuant to section 5125(a) to public hous-
6 ing agencies that own or operate 250 or more public
7 housing dwelling units;

8 “(2) 10 percent shall be available only for as-
9 sistance pursuant to section 5125(b)(2) to public
10 housing agencies that own or operate fewer than 250
11 public housing dwelling units; and

12 “(3) 5 percent shall be available only for assist-
13 ance to federally assisted low-income housing pursu-
14 ant to section 5125(b)(3).”.

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

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

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

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

“Sec. 5122. Purposes.”;

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

“Sec. 5125. Grant procedures.”;

3 and

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

“Sec. 5130. Funding.”.

6 (i) TREATMENT OF NOFA.—The cap limiting assist-
7 ance under the Notice of Funding Availability issued by
8 the Department of Housing and Urban Development in
9 the Federal Register of April 8, 1996, shall not apply to
10 a public housing agency within an area designated as a
11 high intensity drug trafficking area under section 1005(c)
12 of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).

13 (j) EFFECTIVE DATE.—This section and the amend-
14 ments made by this section shall take effect on the date
15 of the enactment of this Act.

16 **Subtitle C—Limitations Relating to**
17 **Occupancy in Federally Assisted**
18 **Housing**

19 **SEC. 641. SCREENING OF APPLICANTS.**

20 (a) INELIGIBILITY BECAUSE OF EVICTION.—Any
21 household or member of a household evicted from federally
22 assisted housing (as such term is defined in section 645)
23 shall not be eligible for federally assisted housing—

1 (1) in the case of eviction by reason of drug-re-
2 lated criminal activity, for a period of not less than
3 3 years that begins on the date of such eviction, un-
4 less the evicted member of the household successfully
5 completes a rehabilitation program; and

6 (2) in the case of an eviction for other serious
7 violations of the terms or conditions of the lease, for
8 a reasonable period of time, as determined by the
9 public housing agency or owner of the federally as-
10 sisted housing, as applicable.

11 The requirements of paragraphs (1) and (2) may be
12 waived if the circumstances leading to eviction no longer
13 exist.

14 (b) INELIGIBILITY OF ILLEGAL DRUG USERS AND
15 ALCOHOL USERS.—

16 (1) IN GENERAL.—Notwithstanding any other
17 provision of law, a public housing agency or an
18 owner of federally assisted housing, or both, as de-
19 termined by the Secretary, shall establish standards
20 that prohibit admission to the program or admission
21 to federally assisted housing for any household with
22 a member—

23 (A) who the public housing agency or
24 owner determines is engaging in the illegal use
25 of a controlled substance; or

1 (B) with respect to whom the public hous-
2 ing agency or owner determines that it has rea-
3 sonable cause to believe that such household
4 member's illegal use (or pattern of illegal use)
5 of a controlled substance, or abuse (or pattern
6 of abuse) of alcohol, would interfere with the
7 health, safety, or right to peaceful enjoyment of
8 the premises by other residents.

9 (2) CONSIDERATION OF REHABILITATION.—In
10 determining whether, pursuant to paragraph (1)(B),
11 to deny admission to the program or to federally as-
12 sisted housing to any household based on a pattern
13 of illegal use of a controlled substance or a pattern
14 of abuse of alcohol by a household member, a public
15 housing agency or an owner may consider whether
16 such household member—

17 (A) has successfully completed an accred-
18 ited drug or alcohol rehabilitation program (as
19 applicable) and is no longer engaging in the ille-
20 gal use of a controlled substance or abuse of al-
21 cohol (as applicable);

22 (B) has otherwise been rehabilitated suc-
23 cessfully and is no longer engaging in the illegal
24 use of a controlled substance or abuse of alco-
25 hol (as applicable); or

1 (C) is participating in an accredited drug
2 or alcohol rehabilitation program (as applicable)
3 and is no longer engaging in the illegal use of
4 a controlled substance or abuse of alcohol (as
5 applicable).

6 (c) **AUTHORITY TO DENY ADMISSION TO CRIMINAL**
7 **OFFENDERS.**—Except as provided in subsections (a) and
8 (b) and in addition to any other authority to screen appli-
9 cants, in selecting among applicants for admission to the
10 program or to federally assisted housing, if the public
11 housing agency or owner of such housing (as applicable)
12 determines that an applicant or any member of the appli-
13 cant’s household is or was, during a reasonable time pre-
14 ceding the date when the applicant household would other-
15 wise be selected for admission, engaged in any criminal
16 activity (including drug-related criminal activity), the pub-
17 lic housing agency or owner may—

18 (1) deny such applicant admission to the pro-
19 gram or to federally assisted housing;

20 (2) consider the applicant (for purposes of any
21 waiting list) as not having applied for the program
22 or such housing; and

23 (3) after the expiration of the reasonable period
24 beginning upon such activity, require the applicant,
25 as a condition of admission to the program or to

1 federally assisted housing, to submit to the public
2 housing agency or owner evidence sufficient (as the
3 Secretary shall by regulation provide) to ensure that
4 the individual or individuals in the applicant's house-
5 hold who engaged in criminal activity for which de-
6 nial was made under paragraph (1) have not en-
7 gaged in any criminal activity during such reason-
8 able period.

9 (d) **AUTHORITY TO REQUIRE ACCESS TO CRIMINAL**
10 **RECORDS.**—A public housing agency and an owner of fed-
11 erally assisted housing may require, as a condition of pro-
12 viding admission to the program or admission to or occu-
13 pancy in federally assisted housing, that each adult mem-
14 ber of the household provide a signed, written authoriza-
15 tion for the public housing agency to obtain the records
16 described in section 644(a) regarding such member of the
17 household from the National Crime Information Center,
18 police departments, and other law enforcement agencies.
19 In the case of an owner of federally assisted housing that
20 is not a public housing agency, the owner shall request
21 the public housing agency having jurisdiction over the area
22 within which the housing is located to obtain the records
23 pursuant to section 644.

24 (e) **ADMISSION BASED ON DISABILITY.**—

1 (1) IN GENERAL.—Notwithstanding any other
2 provision of law, for purposes of determining eligi-
3 bility for admission to federally assisted housing, a
4 person shall not be considered to have a disability or
5 a handicap solely because of the prior or current ille-
6 gal use of a controlled substance (as defined in sec-
7 tion 102 of the Controlled Substances Act) or solely
8 by reason of the prior or current use of alcohol.

9 (2) CONTINUED OCCUPANCY.—This subsection
10 may not be construed to prohibit the continued occu-
11 pancy of any person who is a resident in assisted
12 housing on the effective date of this Act.

13 **SEC. 642. TERMINATION OF TENANCY AND ASSISTANCE**
14 **FOR ILLEGAL DRUG USERS AND ALCOHOL**
15 **ABUSERS.**

16 Notwithstanding any other provision of law, a public
17 housing agency or an owner of federally assisted housing
18 (as applicable), shall establish standards or lease provi-
19 sions for continued assistance or occupancy in federally
20 assisted housing that allow the agency or owner (as appli-
21 cable) to terminate the tenancy or assistance for any
22 household with a member—

23 (1) who the public housing agency or owner de-
24 termines is engaging in the illegal use of a controlled
25 substance; or

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

6 **SEC. 643. LEASE REQUIREMENTS.**

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

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

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

19 (A) threatens the health or safety of, or
20 right to peaceful enjoyment of the premises by,
21 other tenant or employees of the owner or other
22 manager of the housing;

23 (B) threatens the health or safety of, or
24 right to peaceful enjoyment of their premises

1 by, persons residing in the immediate vicinity of
2 the premises; or

3 (C) is criminal activity (including drug-re-
4 lated criminal activity) on or off the premises.

5 **SEC. 644. AVAILABILITY OF CRIMINAL RECORDS FOR TEN-**
6 **ANT SCREENING AND EVICTION.**

7 (a) IN GENERAL.—

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

24 (2) DELAYED EFFECTIVE DATE FOR OWNERS
25 OTHER THAN PHA'S.—The provisions of paragraph

1 (1) authorizing obtaining information for owners of
2 federally assisted housing other than public housing
3 agencies shall not take effect before—

4 (A) the expiration of the 1-year period be-
5 ginning on the date of enactment of this Act;
6 and

7 (B) the Secretary and the Attorney Gen-
8 eral of the United States have determined that
9 access to such information is feasible for such
10 owners and have provided for the terms of re-
11 lease of such information to owners.

12 (3) EXCEPTION.—The information provided
13 under paragraphs (1) and (2) shall include informa-
14 tion regarding any criminal conviction of a juvenile
15 only to the extent that the release of such informa-
16 tion is authorized under the law of the applicable
17 State, tribe, or locality.

18 (b) CONFIDENTIALITY.—A public housing agency or
19 owner receiving information under this section may use
20 such information only for the purposes provided in this
21 section and such information may not be disclosed to any
22 person who is not an officer, employee, or authorized rep-
23 resentative of the agency or owner and who has a job-
24 related need to have access to the information in connec-
25 tion with admission of applicants, eviction of tenants, or

1 termination of assistance. For judicial eviction proceed-
2 ings, disclosures may be made to the extent necessary. The
3 Secretary shall, by regulation, establish procedures nec-
4 essary to ensure that information provided under this sec-
5 tion to a public housing agency or owner is used, and con-
6 fidentiality of such information is maintained, as required
7 under this section.

8 (c) OPPORTUNITY TO DISPUTE.—Before an adverse
9 action is taken with regard to assistance under for feder-
10 ally assisted housing on the basis of a criminal record, the
11 public housing agency or owner shall provide the tenant
12 or applicant with a copy of the criminal record and an
13 opportunity to dispute the accuracy and relevance of that
14 record.

15 (d) FEE.—A public housing agency may be charged
16 a reasonable fee for information provided under subsection
17 (a). A public housing agency may require an owner of fed-
18 erally assisted housing (that is not a public housing agen-
19 cy) to pay such fee for any information that the agency
20 acquires for the owner pursuant to section 641(d) and
21 subsection (a) of this section.

22 (e) RECORDS MANAGEMENT.—Each public housing
23 agency and owner of federally assisted housing that re-
24 ceives criminal record information pursuant to this section

1 shall establish and implement a system of records manage-
2 ment that ensures that any criminal record received by
3 the agency or owner is—

4 (1) maintained confidentially;

5 (2) not misused or improperly disseminated;

6 and

7 (3) destroyed in a timely fashion, once the pur-
8 pose for which the record was requested has been
9 accomplished.

10 (f) PENALTY.—Any person who knowingly and will-
11 fully requests or obtains any information concerning an
12 applicant for, or tenant of, federally assisted housing pur-
13 suant to the authority under this section under false pre-
14 tenses, or any person who knowingly and willfully discloses
15 any such information in any manner to any individual not
16 entitled under any law to receive it, shall be guilty of a
17 misdemeanor and fined not more than \$5,000. The term
18 ‘person’ as used in this subsection shall include an officer,
19 employee, or authorized representative of any public hous-
20 ing agency or owner.

21 (g) CIVIL ACTION.—Any applicant for, or tenant of,
22 federally assisted housing affected by (1) a negligent or
23 knowing disclosure of information referred to in this sec-
24 tion about such person by an officer, employee, or author-
25 ized representative of any public housing agency or owner

1 of federally assisted housing, which disclosure is not au-
2 thorized by this section, or (2) any other negligent or
3 knowing action that is inconsistent with this section, may
4 bring a civil action for damages and such other relief as
5 may be appropriate against any public housing agency or
6 owner responsible for such unauthorized action. The dis-
7 trict court of the United States in the district in which
8 the affected applicant or tenant resides, in which such un-
9 authorized action occurred, or in which the officer, em-
10 ployee, or representative alleged to be responsible for any
11 such unauthorized action resides, shall have jurisdiction
12 in such matters. Appropriate relief that may be ordered
13 by such district courts shall include reasonable attorney's
14 fees and other litigation costs.

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

19 **SEC. 645. DEFINITIONS.**

20 For purposes of this subtitle, the following definitions
21 shall apply:

22 (1) **FEDERALLY ASSISTED HOUSING.**—The
23 term “federally assisted housing” means a dwelling
24 unit—

1 (A) in public housing (as such term is de-
2 fined in section 102);

3 (B) assisted with choice-based housing as-
4 sistance under title III;

5 (C) in housing that is provided project-
6 based assistance under section 8 of the United
7 States Housing Act of 1937 (as in effect before
8 the effective date of this Act) or pursuant to
9 section 601(f) of this Act, including new con-
10 struction and substantial rehabilitation projects;

11 (D) in housing that is assisted under sec-
12 tion 202 of the Housing Act of 1959 (as
13 amended by section 801 of the Cranston-Gon-
14 zalez National Affordable Housing Act);

15 (E) in housing that is assisted under sec-
16 tion 202 of the Housing Act of 1959, as such
17 section existed before the enactment of the
18 Cranston-Gonzalez National Affordable Hous-
19 ing Act;

20 (F) in housing that is assisted under sec-
21 tion 811 of the Cranston-Gonzalez National Af-
22 fordable Housing Act;

23 (G) in housing financed by a loan or mort-
24 gage insured under section 221(d)(3) of the
25 National Housing Act that bears interest at a

1 rate determined under the proviso of section
2 221(d)(5) of such Act;

3 (H) in housing insured, assisted, or held
4 by the Secretary or a State or State agency
5 under section 236 of the National Housing Act;

6 (I) for purposes only of subsections 641(e),
7 641(d), 643, and 644, in housing assisted
8 under section 515 of the Housing Act of 1949.

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

14 **TITLE VII—AFFORDABLE HOUS-**
15 **ING AND MISCELLANEOUS**
16 **PROVISIONS**

17 **SEC. 701. RURAL HOUSING ASSISTANCE.**

18 The last sentence of section 520 of the Housing Act
19 of 1949 (42 U.S.C. 1490) is amended by inserting before
20 the period the following: “, and the city of Altus, Okla-
21 homa, shall be considered a rural area for purposes of this
22 title until the receipt of data from the decennial census
23 in the year 2000”.

1 **SEC. 702. TREATMENT OF OCCUPANCY STANDARDS.**

2 (a) NATIONAL STANDARD PROHIBITED.—The Sec-
3 retary shall not directly or indirectly establish a national
4 occupancy standard.

5 (b) STATE STANDARD.—If a State establishes an oc-
6 cupancy standard, such standard shall be presumed rea-
7 sonable for the purpose of determining familial status dis-
8 crimination in residential rental dwellings.

9 (c) ABSENCE OF STATE STANDARD.—If a State fails
10 to establish an occupancy standard, an occupancy stand-
11 ard of 2 persons per bedroom plus infants that is estab-
12 lished by a housing provider shall be presumed reasonable
13 for the purpose of determining familial status discrimina-
14 tion in residential rental dwellings.

15 (d) DEFINITIONS.—

16 (1) OCCUPANCY STANDARD.—

17 (A) IN GENERAL.—Except as provided in
18 subparagraph (B), the term “occupancy stand-
19 ard” means a law, regulation, or housing pro-
20 vider policy that establishes a limit on the num-
21 ber of residents a housing provider can manage
22 in a dwelling for any 1 or more of the following
23 purposes:

24 (i) Providing a decent home and serv-
25 ices for each resident.

1 (ii) Enhancing the livability of a
2 dwelling for all residents, including the
3 dwelling for each particular resident.

4 (iii) Avoiding undue physical deterio-
5 ration of the dwelling and property.

6 (B) EXCEPTION.—The term “occupancy
7 standard” does not include a Federal, State, or
8 local restriction regarding the maximum num-
9 ber of persons permitted to occupy a dwelling
10 for the sole purpose of protecting the health
11 and safety of the residents of a dwelling, includ-
12 ing building and housing code provisions.

13 (2) INFANT.—The term “infant” means a child
14 who—

15 (A) is less than 6 months old; and

16 (B) sleeps in the same bedroom as the
17 child’s parent, guardian, legal custodian, or per-
18 son applying for that status with respect to that
19 child.

20 (e) INAPPLICABILITY.—

21 (1) PURPOSEFUL DISCRIMINATION.—This sec-
22 tion does not apply to any purposeful discrimination
23 on the basis of race, color, religion, sex, familial sta-
24 tus, handicap, or national origin.

1 (2) DISCRIMINATION ON THE BASIS OF HANDI-
2 CAP.—Nothing in this section shall be construed to
3 affect the decision of the United States Supreme
4 Court set forth in *City of Edmonds, WA v. Oxford*
5 *House, Inc.* (115 S. Ct. 1776 (1995)).

6 **SEC. 703. IMPLEMENTATION OF PLAN.**

7 (a) IMPLEMENTATION.—

8 (1) IN GENERAL.—Not later than 120 days
9 after the date of the enactment of this Act, the Sec-
10 retary shall implement the Ida Barbour Revitaliza-
11 tion Plan of the City of Portsmouth, Virginia, in a
12 manner consistent with existing limitations under
13 law.

14 (2) WAIVERS.—In carrying out paragraph (1),
15 the Secretary shall consider and make any waivers
16 to existing regulations and other requirements con-
17 sistent with the plan described in paragraph (1) to
18 enable timely implementation of such plan, except
19 that generally applicable regulations and other re-
20 quirements governing the award of funding under
21 programs for which assistance is applied for in con-
22 nection with such plan shall apply.

23 (b) REPORT.—

24 (1) IN GENERAL.—Not later than 1 year after
25 the date of the enactment of this Act and annually

1 thereafter through the year 2000, the city described
2 in subsection (a)(1) shall submit a report to the Sec-
3 retary on progress in implementing the plan de-
4 scribed in that subsection.

5 (2) CONTENTS.—Each report submitted under
6 this subsection shall include—

7 (A) quantifiable measures revealing the in-
8 crease in homeowners, employment, tax base,
9 voucher allocation, leverage ratio of funds, im-
10 pact on and compliance with the consolidated
11 plan of the city;

12 (B) identification of regulatory and statu-
13 tory obstacles that—

14 (i) have caused or are causing unnee-
15 cessary delays in the successful implementa-
16 tion of the consolidated plan; or

17 (ii) are contributing to unnecessary
18 costs associated with the revitalization; and

19 (C) any other information that the Sec-
20 retary considers to be appropriate.

21 **SEC. 704. INCOME ELIGIBILITY FOR HOME AND CDBG PRO-**
22 **GRAMS.**

23 (a) HOME INVESTMENT PARTNERSHIPS.—The Cran-
24 ston-Gonzalez National Affordable Housing Act is amend-
25 ed as follows:

1 (1) DEFINITIONS.—In section 104(10) (42
2 U.S.C. 12704(10))—

3 (A) by striking “income ceilings higher or
4 lower” and inserting “an income ceiling high-
5 er”;

6 (B) by striking “variations are” and in-
7 serting “variation is”; and

8 (C) by striking “high or”.

9 (2) INCOME TARGETING.—In section 214(1)(A)
10 (42 U.S.C. 12744(1)(A))—

11 (A) by striking “income ceilings higher or
12 lower” and inserting “an income ceiling high-
13 er”;

14 (B) by striking “variations are” and in-
15 serting “variation is”; and

16 (C) by striking “high or”.

17 (3) RENT LIMITS.—In section 215(a)(1)(A) (42
18 U.S.C. 12745(a)(1)(A))—

19 (A) by striking “income ceilings higher or
20 lower” and inserting “an income ceiling high-
21 er”;

22 (B) by striking “variations are” and in-
23 serting “variation is”; and

24 (C) by striking “high or”.

1 (b) CDBG.—Section 102(a)(20) of the Housing and
2 Community Development Act of 1974 (42 U.S.C.
3 5302(a)(20)) is amended by striking subparagraph (B)
4 and inserting the following new subparagraph:

5 “(B) The Secretary may—

6 “(i) with respect to any reference in sub-
7 paragraph (A) to 50 percent of the median in-
8 come of the area involved, establish percentages
9 of median income for any area that are higher
10 or lower than 50 percent if the Secretary finds
11 such variations to be necessary because of un-
12 usually high or low family incomes in such area;
13 and

14 “(ii) with respect to any reference in sub-
15 paragraph (A) to 80 percent of the median in-
16 come of the area involved, establish a percent-
17 age of median income for any area that is high-
18 er than 80 percent if the Secretary finds such
19 variation to be necessary because of unusually
20 low family incomes in such area.”.

21 **SEC. 705. PROHIBITION OF USE OF CDBG GRANTS FOR EM-**
22 **PLOYMENT RELOCATION ACTIVITIES.**

23 Section 105 of the Housing and Community Develop-
24 ment Act of 1974 (42 U.S.C. 5305) is amended by adding
25 at the end the following new subsection:

1 “(h) PROHIBITION OF USE OF ASSISTANCE FOR EM-
2 PLOYMENT RELOCATION ACTIVITIES.—Notwithstanding
3 any other provision of law, no amount from a grant under
4 section 106 made in fiscal year 1997 or any succeeding
5 fiscal year may be used for any activity (including any in-
6 frastructure improvement) that is intended, or is likely,
7 to facilitate the relocation or expansion of any industrial
8 or commercial plant, facility, or operation, from one area
9 to another area, if the relocation or expansion will result
10 in a loss of employment in the area from which the reloca-
11 tion or expansion occurs.”.

12 **SEC. 706. USE OF AMERICAN PRODUCTS.**

13 (a) PURCHASE OF AMERICAN-MADE EQUIPMENT
14 AND PRODUCTS.—It is the sense of the Congress that, to
15 the greatest extent practicable, all equipment and products
16 purchased with funds made available in this Act should
17 be American made.

18 (b) NOTICE REQUIREMENT.—In providing financial
19 assistance to, or entering into any contract with, any en-
20 tity using funds made available in this Act, the head of
21 each Federal agency, to the greatest extent practicable,
22 shall provide to such entity a notice describing the state-
23 ment made in subsection (a) by the Congress.

1 **SEC. 707. CONSULTATION WITH AFFECTED AREAS IN SET-**
2 **TLEMENT OF LITIGATION.**

3 In negotiating any settlement of, or consent decree
4 for, any litigation regarding public housing or rental as-
5 sistance (under title III of this Act or the United States
6 Housing Act of 1937, as in effect before the effective date
7 of this Act) that involves the Secretary and any public
8 housing agency or any unit of general local government,
9 the Secretary shall consult with any units of general local
10 government and public housing agencies having jurisdic-
11 tions that are adjacent to the jurisdiction of the public
12 housing agency involved.

13 **SEC. 708. USE OF ASSISTED HOUSING BY ALIENS.**

14 Section 214 of the Housing and Community Develop-
15 ment Act of 1980 (42 U.S.C. 1436a) is amended—

16 (1) in subsection (b)(2), by striking “Secretary
17 of Housing and Urban Development” and inserting
18 “applicable Secretary”;

19 (2) in subsection (c)(1)(B), by moving clauses
20 (ii) and (iii) 2 ems to the left;

21 (3) in subsection (d)—

22 (A) in paragraph (1)(A)—

23 (i) by striking “Secretary of Housing
24 and Urban Development” and inserting
25 “applicable Secretary”; and

1 (ii) by striking “the Secretary” and
2 inserting “the applicable Secretary”;

3 (B) in paragraph (2), in the matter follow-
4 ing subparagraph (B)—

5 (i) by inserting “applicable” before
6 “Secretary”; and

7 (ii) by moving such matter (as so
8 amended by clause (i)) 2 ems to the right;

9 (C) in paragraph (4)(B)(ii), by inserting
10 “applicable” before “Secretary”;

11 (D) in paragraph (5), by striking “the Sec-
12 retary” and inserting “the applicable Sec-
13 retary”; and

14 (E) in paragraph (6), by inserting “appli-
15 cable” before “Secretary”;

16 (4) in subsection (h) (as added by section 576
17 of the Illegal Immigration Reform and Immigrant
18 Responsibility Act of 1996 (division C of Public Law
19 104–208))—

20 (A) in paragraph (1)—

21 (i) by striking “Except in the case of
22 an election under paragraph (2)(A), no”
23 and inserting “No”;

24 (ii) by striking “this section” and in-
25 serting “subsection (d)”; and

1 (iii) by inserting “applicable” before
2 “Secretary”; and

3 (B) in paragraph (2)—

4 (i) by striking subparagraph (A) and
5 inserting the following new subparagraph:

6 “(A) may, notwithstanding paragraph (1)
7 of this subsection, elect not to affirmatively es-
8 tablish and verify eligibility before providing fi-
9 nancial assistance”; and

10 (ii) in subparagraph (B), by striking
11 “in complying with this section” and in-
12 serting “in carrying out subsection (d)”;
13 and

14 (5) by redesignating subsection (h) (as amended
15 by paragraph (4)) as subsection (i).

16 **SEC. 709. USE OF FEDERAL EXCESS AND SURPLUS PROP-**
17 **ERTY FOR SELF-HELP HOUSING PROGRAMS.**

18 (a) **AUTHORITY TO TRANSFER FEDERAL PROPERTY**
19 **FOR SELF-HELP HOUSING PROGRAMS AND OTHER HOUS-**
20 **ING ASSISTANCE.—**

21 (1) **AUTHORITY.**—Section 203(k) of the Fed-
22 eral Property and Administrative Services Act of
23 1949 (40 U.S.C. 484(k)) is amended by adding at
24 the end the following new paragraph:

1 “(6)(A) Under such regulations as the Administrator
2 may prescribe after consultation with the Secretary of
3 Housing and Urban Development and the Secretary of
4 Health and Human Services, and subject to section
5 501(f)(3)(A) of the Stewart B. McKinney Homeless As-
6 sistance Act, the Administrator may transfer to any quali-
7 fied person, without consideration, such real and related
8 personnel surplus property as is recommended by the Sec-
9 retary of Housing and Urban Development as being need-
10 ed for use for a self-help housing program.

11 “(B) For purposes of this paragraph:

12 “(i) The term ‘qualified person’ means a person
13 to which a grant may be made under section 11(a)
14 of the Housing Opportunity Program Extension Act
15 of 1996 (Public Law 104–120; 110 Stat. 841).

16 “(ii) The term ‘self-help housing program’
17 means a program of assistance that—

18 “(I) is conducted by a qualified person;

19 and

20 “(II) contributes to meeting goals de-
21 scribed in section 11(b) (1), (3), (4), (5), and
22 (6) of the Housing Opportunity Program Ex-
23 tension Act of 1996 (Public Law 104–120; 110
24 Stat. 841).”.

1 (2) CONFORMING AMENDMENT.—Section
2 203(k)(4) of the Federal Property and Administra-
3 tive Services Act of 1949 (40 U.S.C. 484(k)(4)) is
4 amended—

5 (A) in subparagraph (C) by striking “or”
6 after the semicolon;

7 (B) in subparagraph (D) by striking the
8 period and inserting “; or”; and

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

11 “(E) the Secretary of Housing and Urban De-
12 velopment, in the case of property transferred pursu-
13 ant to section 501(f)(1)(B) of the Stewart B.
14 McKinney Homeless Assistance Act and paragraph
15 (6) of this subsection,”.

16 (b) IDENTIFICATION AND PUBLICATION OF FEDERAL
17 EXCESS PROPERTY AND SURPLUS PROPERTY FOR SELF-
18 HELP HOUSING ASSISTANCE; SECOND-TIER PRIORITY OF
19 USE.—

20 (1) IDENTIFICATION OF SUITABLE PROP-
21 PERTY.—Section 501(a) of the Stewart B. McKinney
22 Homeless Assistance Act (42 U.S.C. 11411(a)) is
23 amended in the last sentence by inserting “or for
24 self-help housing programs” after “for use to assist
25 the homeless”.

1 (2) AVAILABILITY OF PROPERTY.—Section
2 501(b) of such Act is amended—

3 (A) in paragraphs (1)(A) (ii) and (iii),
4 (1)(B), and (2)(A)(i), by inserting “or for a
5 self-help housing program” after “for use to as-
6 sist the homeless” each place it appears; and

7 (B) in paragraph (2)(A)(ii), by inserting
8 before the period the following: “, or for a self-
9 help housing program in accordance with that
10 section”.

11 (3) PUBLICATION OF PROPERTIES.—Section
12 502(c) of such Act is amended by inserting “or for
13 self-help housing programs” after “for use to assist
14 the homeless” each place it appears.

15 (4) HOLDING PERIOD.—Section 501(d) of such
16 Act is amended—

17 (A) in paragraph (1), by inserting “or for
18 self-help housing programs” after “for use to
19 assist the homeless”;

20 (B) in paragraph (2), by inserting after
21 “paragraph (1),” the following: “or if written
22 notice of intent to apply for such a property for
23 use for a self-help housing program is received
24 by the Secretary of Housing and Urban Devel-
25 opment within that period,”;

1 (C) in paragraph (3)—

2 (i) by inserting “or for self-help hous-
3 ing programs” after “for use to assist the
4 homeless”; and

5 (ii) by striking “the representative of
6 the homeless” and inserting “a representa-
7 tive of the homeless or of a self-help hous-
8 ing program”;

9 (D) in paragraph (4)(A)—

10 (i) in the first sentence, by striking
11 “for use to assist the homeless only if the
12 property remains available for application
13 for use to assist the homeless” and insert-
14 ing “for use to assist the homeless or for
15 use for a self-help housing program only
16 if the property remains available for appli-
17 cation for that use”; and

18 (ii) in the second sentence, by insert-
19 ing “or for a self-help housing program”
20 after “to assist the homeless”; and

21 (E) in paragraph (4)(B), by inserting “or
22 the Secretary of Housing and Urban Develop-
23 ment, as appropriate,” after “Secretary of
24 Health and Human Services”.

1 (5) APPLICATION FOR PROPERTY.—Section
2 501(e) of such Act is amended—

3 (A) in paragraph (1), by adding at the end
4 the following: “A representative of a self-help
5 housing program may submit an application to
6 the Secretary of Housing and Urban Develop-
7 ment for any property that is published under
8 that subsection as available for use for self-help
9 housing programs.”;

10 (B) in paragraph (2)—

11 (i) in the first sentence, by striking
12 “Secretary of Health and Human Serv-
13 ices” and inserting “the Secretary to whom
14 the notice was submitted”; and

15 (ii) in the second sentence, by striking
16 “Secretary of Health and Human Serv-
17 ices” and inserting “the Secretary con-
18 cerned”; and

19 (C) in paragraph (3)—

20 (i) in the first sentence, by striking “,
21 the Secretary of Health and Human Serv-
22 ices” and inserting “in accordance with
23 this section, the Secretary receiving the ap-
24 plication”; and

25 (ii) in the second sentence, by—

1 (I) striking “shall” and inserting
2 “and the Secretary of Housing and
3 Urban Development shall each”; and

4 (II) striking “an application”
5 and inserting “each application re-
6 ceived by the Secretary under this
7 subsection”.

8 (6) MAKING PROPERTY AVAILABLE; PRIORITY
9 OF USE.—

10 (A) REQUIREMENT TO MAKE PROPERTY
11 AVAILABLE.—Section 501(f) of such Act is
12 amended by striking so much as precedes para-
13 graph (2) and inserting the following:

14 “(f) MAKING PROPERTY AVAILABLE.—(1) Subject to
15 the provisions of this subsection—

16 “(A) property for which the Secretary of Health
17 and Human Services has approved an application
18 under subsection (e) shall be made promptly avail-
19 able by permit or lease, or by deed as a public health
20 use under paragraphs (1) and (4) of section 203(k)
21 of the Federal Property and Administrative Services
22 Act of 1949 (40 U.S.C. 484(k)), to the representa-
23 tive of the homeless that submitted the application;
24 and

1 “(B) property for which the Secretary of Hous-
2 ing and Urban Development has approved an appli-
3 cation under subsection (e) shall be made promptly
4 available by permit or lease, or by deed under sec-
5 tion 203(k)(6) of that Act, to the representative of
6 the self-help housing program that submitted the ap-
7 plication.”.

8 (B) PRIORITY OF USE.—Section 501(f) of
9 such Act is further amended—

10 (i) in subparagraph (A) of paragraph
11 (3)—

12 (I) by striking “In disposing”
13 and inserting “(i) Except as provided
14 in clauses (ii) and (iii), in disposing”;

15 (II) by striking “the Adminis-
16 trator and the Secretary of Health
17 and Human Services” and inserting
18 “the Administrator, the Secretary of
19 Health and Human Services, and the
20 Secretary of Housing and Urban De-
21 velopment”;

22 (III) by striking “, unless the
23 Administrator” and all that follows
24 through the end of the subparagraph
25 and inserting “over all other uses, and

1 shall give priority of consideration to
2 uses for self-help housing programs
3 over all other uses except use to assist
4 the homeless.”; and

5 (IV) by adding at the end the fol-
6 lowing:

7 “(ii) Clause (i) does not require giving priority of con-
8 sideration to uses to assist the homeless if the Adminis-
9 trator or the Secretary of Health and Human Services de-
10 termines that a competing request for property under sec-
11 tion 203(k) of that Act is so meritorious and compelling
12 as to outweigh the needs of the homeless.

13 “(iii) Clause (i) does not require giving priority of
14 consideration to uses for self-help housing programs if the
15 Administrator, with the concurrence of the Secretary of
16 Housing and Urban Development, determines that a com-
17 peting request for property under section 203(k) of that
18 Act is so meritorious and compelling as to outweigh the
19 needs for the property for self-help housing programs.”;

20 and

21 (ii) in paragraph (3)(B), by—

22 (I) striking “Whenever” and all
23 that follows through “transmit” and
24 inserting “Whenever the Adminis-
25 trator, the Secretary of Health and

1 Human Services, or the Secretary of
2 Housing and Urban Development
3 makes a determination under sub-
4 paragraph (A), the Administrator or
5 the Secretary concerned, as applica-
6 ble, shall transmit”; and

7 (II) inserting “or self-help hous-
8 ing programs, as applicable” after
9 “needs of the homeless”.

10 (7) RECORDS.—Section 501(g)(1) of such Act
11 is amended by inserting “or for self-help housing
12 programs” before the semicolon.

13 (8) AMENDMENTS TO DEFINITIONS.—Section
14 501(i) of such Act is amended—

15 (A) in paragraph (4), by striking “and”
16 after the semicolon;

17 (B) in paragraph (5), by striking the pe-
18 riod and inserting “; and”; and

19 (C) by adding at the end the following new
20 paragraph:

21 “(6) the term ‘self-help housing program’
22 means a program of assistance that—

23 “(A) is conducted by an organization or
24 consortium to which a grant may be made
25 under section 11(a) of the Housing Opportunity

1 Program Extension Act of 1996 (Public Law
2 104–120; 110 Stat. 841); and

3 “(B) contributes to meeting goals de-
4 scribed in section 11(b)(1), (3), (4), (5), and
5 (6) of that Act.”.

6 (9) CONFORMING AMENDMENTS.—Title V of
7 the Stewart B. McKinney Homeless Assistance Act
8 (42 U.S.C. 11411 et seq.) is amended—

9 (A) by amending the heading for the title
10 to read as follows:

11 **“TITLE V—IDENTIFICATION AND**
12 **AVAILABILITY OF UNUTI-**
13 **LIZED AND UNDERUTILIZED**
14 **FEDERAL PROPERTY FOR**
15 **THE HOMELESS AND SELF-**
16 **HELP HOUSING PROGRAMS”;**

17 and

18 (B) by amending the heading for section
19 501 to read as follows:

20 **“SEC. 501. IDENTIFICATION AND AVAILABILITY OF**
21 **UNUTILIZED AND UNDERUTILIZED FEDERAL**
22 **PROPERTY.”.**

23 (c) ALLOCATION OF SURPLUS PERSONNEL PROP-
24 erty to States for donation to providers of as-
25 sistance to low-income individuals.—Section

1 203(j)(B) of the Federal Property and Administrative
2 Services Act of 1949 (40 U.S.C. 484(j)(3)(B)) is amended
3 by inserting after “homeless individuals” the following: “,
4 providers of assistance, including housing or housing as-
5 sistance, to low-income individuals,”.

6 **SEC. 710. EFFECTIVE DATE.**

7 This title and the amendments made by this title
8 shall take effect on the date of the enactment of this Act.

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