

Union Calendar No. 51

105TH CONGRESS
1ST Session

H. R. 2

[Report No. 105-76]

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.

APRIL 25, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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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

APRIL 25, 1997

Additional sponsors: Mr. NEY, Mr. CASTLE, Mr. BARR of Georgia, Mr. HILL, Ms. PRYCE of Ohio, Mr. SENSENBRENNER, and Mr. OXLEY

APRIL 25, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

[For text of introduced bill, see copy of bill as introduced on January 7, 1997]

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. 1. Short title and table of contents.

Sec. 2. Declaration of policy to renew American neighborhoods.

TITLE I—GENERAL PROVISIONS

Sec. 101. Statement of purpose.

Sec. 102. Definitions.

Sec. 103. Organization of public housing agencies.

Sec. 104. Determination of adjusted income and median income.

Sec. 105. Community work and family self-sufficiency requirements.

Sec. 106. Local housing management plans.

Sec. 107. Review of plans.

Sec. 108. Reporting requirements.

Sec. 109. Pet ownership.

Sec. 110. Administrative grievance procedure.

Sec. 111. Headquarters reserve fund.

Sec. 112. Labor standards.

Sec. 113. Nondiscrimination.

Sec. 114. Prohibition on use of funds.

Sec. 115. Inapplicability to Indian housing.

Sec. 116. Regulations.

TITLE II—PUBLIC HOUSING

Subtitle A—Block Grants

Sec. 201. Block grant contracts.

Sec. 202. Grant authority, amount, and eligibility.

Sec. 203. Eligible and required activities.

Sec. 204. Determination of grant allocation.

Sec. 205. Sanctions for improper use of amounts.

Subtitle B—Admissions and Occupancy Requirements

Sec. 221. Low-income housing requirement.

Sec. 222. Family eligibility.

Sec. 223. Preferences for occupancy.

Sec. 224. Admission procedures.

Sec. 225. Family choice of rental payment.

Sec. 226. Lease requirements.

Sec. 227. Designated housing for elderly and disabled families.

Subtitle C—Management

- Sec. 231. Management procedures.*
- Sec. 232. Housing quality requirements.*
- Sec. 233. Employment of residents.*
- Sec. 234. Resident councils and resident management corporations.*
- Sec. 235. Management by resident management corporation.*
- Sec. 236. Transfer of management of certain housing to independent manager at request of residents.*
- Sec. 237. Resident opportunity program.*

Subtitle D—Homeownership

- Sec. 251. Resident homeownership programs.*

Subtitle E—Disposition, Demolition, and Revitalization of Developments

- 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—Mixed-Finance Public Housing

- Sec. 271. Authority.*
- Sec. 272. Mixed-finance housing developments.*
- Sec. 273. Mixed-finance housing plan.*
- Sec. 274. Rent levels for housing financed with low-income housing tax credit.*
- Sec. 275. Carry-over of assistance for replaced housing.*

Subtitle G—General Provisions

- Sec. 281. Payment of non-Federal share.*
- Sec. 282. Authorization of appropriations for block grants.*
- Sec. 283. Funding for operation safe home.*
- Sec. 284. 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.*
- Sec. 308. Recapture and reuse of annual contract project reserves under choice-based housing assistance and section 8 tenant-based assistance programs.*

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.
Sec. 374. Study regarding rental assistance.

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.*
- Sec. 551. Advisory council for Housing Authority of New Orleans.*

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. 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 particu-*
9 *lar, assisting responsible, deserving citizens who*
10 *cannot provide fully for themselves because of*
11 *temporary circumstances or factors beyond their*
12 *control;*

13 *(B) by working to ensure a thriving na-*
14 *tional economy and a strong private housing*
15 *market; and*

16 *(C) by developing effective partnerships*
17 *among the Federal Government, State and local*
18 *governments, and private entities that allow gov-*
19 *ernment to accept responsibility for fostering the*
20 *development of a healthy marketplace and allow*
21 *families to prosper without government involve-*
22 *ment in their day-to-day activities;*

23 *(2) the Federal Government cannot through its*
24 *direct action alone provide for the housing of every*

1 *American citizen, or even a majority of its citizens,*
2 *but it is the responsibility of the Government to pro-*
3 *mote and protect the independent and collective ac-*
4 *tions of private citizens to develop housing and*
5 *strengthen their own neighborhoods;*

6 *(3) the Federal Government should act where*
7 *there is a serious need that private citizens or groups*
8 *cannot or are not addressing responsibly;*

9 *(4) housing is a fundamental and necessary com-*
10 *ponent of bringing true opportunity to people and*
11 *communities in need, but providing physical struc-*
12 *tures to house low-income families will not by itself*
13 *pull generations up from poverty;*

14 *(5) it is a goal of our Nation that all citizens*
15 *have decent and affordable housing; and*

16 *(6) our Nation should promote the goal of pro-*
17 *viding decent and affordable housing for all citizens*
18 *through the efforts and encouragement of Federal,*
19 *State, and local governments, and by the independent*
20 *and collective actions of private citizens, organiza-*
21 *tions, and the private sector.*

22 **TITLE I—GENERAL PROVISIONS**

23 **SEC. 101. STATEMENT OF PURPOSE.**

24 *The purpose of this Act is to promote safe, clean, and*
25 *healthy housing that is affordable to low-income families,*

1 *and thereby contribute to the supply of affordable housing,*
2 *by—*

3 (1) *deregulating and decontrolling public hous-*
4 *ing agencies, thereby enabling them to perform as*
5 *property and asset managers;*

6 (2) *providing for more flexible use of Federal as-*
7 *sistance to public housing agencies, allowing the au-*
8 *thorities to leverage and combine assistance amounts*
9 *with amounts obtained from other sources;*

10 (3) *facilitating mixed income communities;*

11 (4) *increasing accountability and rewarding ef-*
12 *fective management of public housing agencies;*

13 (5) *creating incentives and economic opportuni-*
14 *ties for residents of dwelling units assisted by public*
15 *housing agencies to work, become self-sufficient, and*
16 *transition out of public housing and federally assisted*
17 *dwelling units;*

18 (6) *recreating the existing rental assistance*
19 *voucher program so that the use of vouchers and rela-*
20 *tionships between landlords and tenants under the*
21 *program operate in a manner that more closely re-*
22 *sembles the private housing market; and*

23 (7) *remediating troubled public housing agencies*
24 *and replacing or revitalizing severely distressed pub-*
25 *lic housing developments.*

1 **SEC. 102. DEFINITIONS.**

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

4 (1) *ACQUISITION COST.*—*When used in reference*
5 *to public housing, the term “acquisition cost” means*
6 *the amount prudently expended by a public housing*
7 *agency in acquiring property for a public housing de-*
8 *velopment.*

9 (2) *DEVELOPMENT.*—*The terms “public housing*
10 *development” and “development” (when used in ref-*
11 *erence to public housing) mean—*

12 (A) *public housing; and*

13 (B) *the improvement of any such housing.*

14 (3) *DISABLED FAMILY.*—*The term “disabled*
15 *family” means a family whose head (or his or her*
16 *spouse), or whose sole member, is a person with dis-*
17 *abilities. Such term includes 2 or more persons with*
18 *disabilities living together, and 1 or more such per-*
19 *sons living with 1 or more persons determined under*
20 *the regulations of the Secretary to be essential to their*
21 *care or well-being.*

22 (4) *DRUG-RELATED CRIMINAL ACTIVITY.*—*The*
23 *term “drug-related criminal activity” means the ille-*
24 *gal manufacture, sale, distribution, use, or possession*
25 *with intent to manufacture, sell, distribute, or use, of*

1 *a controlled substance (as such term is defined in sec-*
2 *tion 102 of the Controlled Substances Act).*

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

6 (6) *ELDERLY FAMILIES AND NEAR ELDERLY*
7 *FAMILIES.*—*The terms “elderly family” and “near-el-*
8 *derly family” mean a family whose head (or his or*
9 *her spouse), or whose sole member, is an elderly per-*
10 *son or a near-elderly person, respectively. Such terms*
11 *include 2 or more elderly persons or near-elderly per-*
12 *sons living together, and 1 or more such persons liv-*
13 *ing with 1 or more persons determined under the reg-*
14 *ulations of the Secretary to be essential to their care*
15 *or well-being.*

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

18 (8) *ELIGIBLE PUBLIC HOUSING AGENCY.*—*The*
19 *term “eligible public housing agency” means, with re-*
20 *spect to a fiscal year, a public housing agency that*
21 *is eligible under section 202(d) for a grant under this*
22 *title.*

23 (9) *FAMILY.*—*The term “family” includes a fam-*
24 *ily with or without children, an elderly family, a*

1 *near-elderly family, a disabled family, and a single*
2 *person.*

3 (10) *GROUP HOME AND INDEPENDENT LIVING*
4 *FACILITY.—The terms “group home” and “independ-*
5 *ent living facility” have the meanings given such*
6 *terms in section 811(k) of the Cranston-Gonzalez Na-*
7 *tional Affordable Housing Act.*

8 (11) *INCOME.—The term “income” means, with*
9 *respect to a family, income from all sources of each*
10 *member of the household, as determined in accordance*
11 *with criteria prescribed by the applicable public hous-*
12 *ing agency and the Secretary, except that the follow-*
13 *ing amounts shall be excluded:*

14 (A) *Any amounts not actually received by*
15 *the family.*

16 (B) *Any amounts that would be eligible for*
17 *exclusion under section 1613(a)(7) of the Social*
18 *Security Act.*

19 (12) *LOCAL HOUSING MANAGEMENT PLAN.—The*
20 *term “local housing management plan” means, with*
21 *respect to any fiscal year, the plan under section 106*
22 *of a public housing agency for such fiscal year.*

23 (13) *LOW-INCOME FAMILY.—The term “low-in-*
24 *come family” means a family whose income does not*
25 *exceed 80 percent of the median income for the area,*

1 *as determined by the Secretary with adjustments for*
2 *smaller and larger families, except that the Secretary*
3 *may, for purposes of this paragraph, establish income*
4 *ceilings higher or lower than 80 percent of the median*
5 *for the area on the basis of the public housing agen-*
6 *cy's findings that such variations are necessary be-*
7 *cause of unusually high or low family incomes.*

8 (14) *LOW-INCOME HOUSING.*—*The term “low-in-*
9 *come housing” means dwellings that comply with the*
10 *requirements—*

11 (A) *under title II for assistance under such*
12 *title for the dwellings; or*

13 (B) *under title III for rental assistance*
14 *payments under such title for the dwellings.*

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

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

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

3 (A) *has a disability as defined in section*
4 223 *of the Social Security Act,*

5 (B) *is determined, pursuant to regulations*
6 *issued by the Secretary, to have a physical, men-*
7 *tal, or emotional impairment which (i) is ex-*
8 *pected to be of long-continued and indefinite du-*
9 *ration, (ii) substantially impedes his or her abil-*
10 *ity to live independently, and (iii) is of such a*
11 *nature that such ability could be improved by*
12 *more suitable housing conditions, or*

13 (C) *has a developmental disability as de-*
14 *fined in section 102 of the Developmental Dis-*
15 *abilities Assistance and Bill of Rights Act.*

16 *Such term shall not exclude persons who have the dis-*
17 *ease of acquired immunodeficiency syndrome or any*
18 *conditions arising from the etiologic agent for ac-*
19 *quired immunodeficiency syndrome. Notwithstanding*
20 *any other provision of law, no individual shall be*
21 *considered a person with disabilities, for purposes of*
22 *eligibility for public housing under title II of this Act,*
23 *solely on the basis of any drug or alcohol dependence.*

24 *The Secretary shall consult with other appropriate*
25 *Federal agencies to implement the preceding sentence.*

1 (18) *PRODUCTION*.—When used in reference to
2 public housing, the term “production” means any or
3 all undertakings necessary for planning, land acquisi-
4 tion, financing, demolition, construction, or equip-
5 ment, in connection with the construction, acquisi-
6 tion, or rehabilitation of a property for use as a pub-
7 lic housing development, including activity in connec-
8 tion with a public housing development that is con-
9 fined to the reconstruction, remodeling, or repair of
10 existing buildings.

11 (19) *PRODUCTION COST*.—When used in ref-
12 erence to public housing, the term “production cost”
13 means the costs incurred by a public housing agency
14 for production of public housing and the necessary fi-
15 nancing for production (including the payment of
16 carrying charges and acquisition costs).

17 (20) *PUBLIC HOUSING*.—The term “public hous-
18 ing” means housing, and all necessary appurtenances
19 thereto, that—

20 (A) is low-income housing, low-income
21 dwelling units in mixed-finance housing (as pro-
22 vided in subtitle F), or low-income dwelling
23 units in mixed income housing (as provided in
24 section 221(c)(2)); and

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

3 (ii) was subject to an annual block grant
4 contract under title II (or an annual contribu-
5 tions contract under the United States Housing
6 Act of 1937) which is not in effect, but for which
7 occupancy is limited in accordance with the re-
8 quirements under section 222(a).

9 (21) *PUBLIC HOUSING AGENCY*.—The term “pub-
10 lic housing agency” is defined in section 103.

11 (22) *RESIDENT COUNCIL*.—The term “resident
12 council” means an organization or association that
13 meets the requirements of section 234(a).

14 (23) *RESIDENT MANAGEMENT CORPORATION*.—
15 The term “resident management corporation” means
16 a corporation that meets the requirements of section
17 234(b)(2).

18 (24) *RESIDENT PROGRAM*.—The term “resident
19 programs and services” means programs and services
20 for families residing in public housing developments.
21 Such term includes (A) the development and mainte-
22 nance of resident organizations which participate in
23 the management of public housing developments, (B)
24 the training of residents to manage and operate the
25 public housing development and the utilization of

1 *their services in management and operation of the de-*
2 *velopment, (C) counseling on household management,*
3 *housekeeping, budgeting, money management, home-*
4 *ownership issues, child care, and similar matters, (D)*
5 *advice regarding resources for job training and place-*
6 *ment, education, welfare, health, and other commu-*
7 *nity services, (E) services that are directly related to*
8 *meeting resident needs and providing a wholesome*
9 *living environment; and (F) referral to appropriate*
10 *agencies in the community when necessary for the*
11 *provision of such services. To the maximum extent*
12 *available and appropriate, existing public and pri-*
13 *vate agencies in the community shall be used for the*
14 *provision of such services.*

15 (25) *SECRETARY.*—*The term “Secretary” means*
16 *the Secretary of Housing and Urban Development.*

17 (26) *STATE.*—*The term “State” means the States*
18 *of the United States, the District of Columbia, the*
19 *Commonwealth of Puerto Rico, the Commonwealth of*
20 *the Northern Mariana Islands, Guam, the Virgin Is-*
21 *lands, American Samoa, and any other territory or*
22 *possession of the United States and Indian tribes.*

23 (27) *VERY LOW-INCOME FAMILY.*—*The term*
24 *“very low-income family” means a low-income family*
25 *whose income does not exceed 50 percent of the me-*

1 *dian family income for the area, as determined by the*
2 *Secretary with adjustments for smaller and larger*
3 *families, except that the Secretary may, for purposes*
4 *of this paragraph, establish income ceilings higher or*
5 *lower than 50 percent of the median for the area on*
6 *the basis of the public housing agency's findings that*
7 *such variations are necessary because of unusually*
8 *high or low family incomes.*

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

10 *(a) REQUIREMENTS.—For purposes of this Act, the*
11 *terms “public housing agency” and “agency” mean any en-*
12 *tity that—*

13 *(1) is—*

14 *(A) a public housing agency that was au-*
15 *thorized under the United States Housing Act of*
16 *1937 to engage in or assist in the development*
17 *or operation of low-income housing;*

18 *(B) authorized under this Act to engage in*
19 *or assist in the development or operation of low-*
20 *income housing by any State, county, municipi-*
21 *pality, or other governmental body or public en-*
22 *tity;*

23 *(C) an entity authorized by State law to*
24 *administer choice-based housing assistance under*
25 *title III; or*

1 (D) an entity selected by the Secretary, pur-
2 suant to subtitle D of title V, to manage housing;
3 and

4 (2) complies with the requirements under sub-
5 section (b).

6 *The term does not include any entity that is an Indian*
7 *housing authority for purposes of the United States Hous-*
8 *ing Act of 1937 (as in effect before the effectiveness of the*
9 *Native American Housing Assistance and Self-Determina-*
10 *tion Act of 1996) or a tribally designated housing entity,*
11 *as such term is defined in section 4 of the Native American*
12 *Housing Assistance and Self-Determination Act of 1996.*

13 (b) *GOVERNANCE.—*

14 (1) *BOARD OF DIRECTORS.—Each public hous-*
15 *ing agency shall have a board of directors or other*
16 *form of governance as prescribed in State or local*
17 *law. No person may be barred from serving on such*
18 *board or body because of such person’s residency in*
19 *a public housing development or status as an assisted*
20 *family under title III.*

21 (2) *RESIDENT MEMBERSHIP.—*

22 (A) *IN GENERAL.—Except as provided in*
23 *subparagraph (B), in localities in which a pub-*
24 *lic housing agency is governed by a board of di-*
25 *rectors or other similar body, the board or body*

1 shall include not less than 1 member who is an
2 elected public housing resident member (as such
3 term is defined in paragraph (5)).

4 (B) *EXCEPTIONS.*—The requirement in sub-
5 paragraph (A) with respect to elected public
6 housing resident members shall not apply to—

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

18 (ii) any public housing agency that
19 owns or operates less than 250 public hous-
20 ing dwelling units (including any agency
21 that does not own or operate public hous-
22 ing); or

23 (iii) any public housing agency in a
24 State that requires the members of the board
25 of directors or other similar body of a pub-

1 *lic housing agency to be salaried and to*
2 *serve on a full-time basis.*

3 (3) *FULL PARTICIPATION.*—*No public housing*
4 *agency may limit or restrict the capacity or offices in*
5 *which a member of such board or body may serve on*
6 *such board or body solely because of the member’s sta-*
7 *tus as a resident member.*

8 (4) *CONFLICTS OF INTEREST.*—*The Secretary*
9 *shall establish guidelines to prevent conflicts of inter-*
10 *est on the part of members of the board or directors*
11 *or governing body of a public housing agency.*

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

14 (A) *ELECTED PUBLIC HOUSING RESIDENT*
15 *MEMBER.*—*The term “elected public housing resi-*
16 *dent member” means, with respect to the public*
17 *housing agency involved, an individual who is a*
18 *resident member of the board of directors (or*
19 *other similar governing body of the agency) by*
20 *reason of election to such position pursuant to*
21 *an election—*

22 (i) *in which eligibility for candidacy*
23 *in such election is limited to individuals*
24 *who—*

1 (I) maintain their principal resi-
2 dence in a dwelling unit of public
3 housing administered or assisted by the
4 agency; and

5 (II) have not been convicted of a
6 felony;

7 (ii) in which only residents of dwelling
8 units of public housing administered by the
9 agency may vote; and

10 (iii) that is conducted in accordance
11 with standards and procedures for such elec-
12 tion, which shall be established by the Sec-
13 retary.

14 (B) *RESIDENT MEMBER.*—The term “resi-
15 dent member” means a member of the board of
16 directors or other similar governing body of a
17 public housing agency who is a resident of a
18 public housing dwelling unit owned, adminis-
19 tered, or assisted by the agency or is a member
20 of an assisted family (as such term is defined in
21 section 371) assisted by the agency.

22 (c) *ESTABLISHMENT OF POLICIES.*—Any rules, regula-
23 tions, policies, standards, and procedures necessary to im-
24 plement policies required under section 106 to be included
25 in the local housing management plan for a public housing

1 *agency shall be approved by the board of directors or simi-*
 2 *lar governing body of the agency and shall be publicly*
 3 *available for review upon request.*

4 **SEC. 104. DETERMINATION OF ADJUSTED INCOME AND ME-**
 5 **DIAN INCOME.**

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

13 (b) *MANDATORY EXCLUSIONS FROM INCOME.*—*In de-*
 14 *termining adjusted income, a public housing agency shall*
 15 *exclude from the annual income of a family the following*
 16 *amounts:*

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

19 (2) *MEDICAL EXPENSES.*—*The amount by which*
 20 *3 percent of the annual family income is exceeded by*
 21 *the sum of—*

22 (A) *unreimbursed medical expenses of any*
 23 *elderly family;*

24 (B) *unreimbursed medical expenses of any*
 25 *nonelderly family, except that this subparagraph*

1 *shall apply only to the extent approved in ap-*
2 *propriation Acts; and*

3 (C) *unreimbursed reasonable attendant care*
4 *and auxiliary apparatus expenses for each*
5 *handicapped member of the family, to the extent*
6 *necessary to enable any member of such family*
7 *(including such handicapped member) to be em-*
8 *ployed.*

9 (3) *CHILD CARE EXPENSES.—Any reasonable*
10 *child care expenses necessary to enable a member of*
11 *the family to be employed or to further his or her edu-*
12 *cation.*

13 (4) *MINORS, STUDENTS, AND PERSONS WITH DIS-*
14 *ABILITIES.—\$480 for each member of the family re-*
15 *siding in the household (other than the head of the*
16 *household or his or her spouse) who is less than 18*
17 *years of age or is attending school or vocational*
18 *training on a full-time basis, or who is 18 years of*
19 *age or older and is a person with disabilities.*

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

1 (6) *EARNED INCOME OF MINORS.*—*The amount*
2 *of any earned income of a member of the family who*
3 *is not—*

4 (A) *18 years of age or older; and*

5 (B) *the head of the household (or the spouse*
6 *of the head of the household).*

7 (c) *PERMISSIVE EXCLUSIONS FROM INCOME.*—*In de-*
8 *termining adjusted income, a public housing agency may,*
9 *in the discretion of the agency, establish exclusions from the*
10 *annual income of a family. Such exclusions may include*
11 *the following amounts:*

12 (1) *EXCESSIVE TRAVEL EXPENSES.*—*Excessive*
13 *travel expenses in an amount not to exceed \$25 per*
14 *family per week, for employment- or education-related*
15 *travel.*

16 (2) *EARNED INCOME.*—*An amount of any earned*
17 *income of the family, established at the discretion of*
18 *the public housing agency, which may be based on—*

19 (A) *all earned income of the family,*

20 (B) *the amount earned by particular mem-*
21 *bers of the family;*

22 (C) *the amount earned by families having*
23 *certain characteristics; or*

1 (D) the amount earned by families or mem-
2 bers during certain periods or from certain
3 sources.

4 (3) OTHERS.—Such other amounts for other pur-
5 poses, as the public housing agency may establish.

6 (d) MEDIAN INCOME.—In determining median in-
7 comes (of persons, families, or households) for an area or
8 establishing any ceilings or limits based on income under
9 this Act, the Secretary shall determine or establish area me-
10 dian incomes and income ceilings and limits for West-
11 chester and Rockland Counties, in the State of New York,
12 as if each such county were an area not contained within
13 the metropolitan statistical area in which it is located. In
14 determining such area median incomes or establishing such
15 income ceilings or limits for the portion of such metropoli-
16 tan statistical area that does not include Westchester or
17 Rockland Counties, the Secretary shall determine or estab-
18 lish area median incomes and income ceilings and limits
19 as if such portion included Westchester and Rockland Coun-
20 ties.

21 **SEC. 105. COMMUNITY WORK AND FAMILY SELF-SUFFI-**
22 **CIENCY REQUIREMENTS.**

23 (a) COMMUNITY WORK REQUIREMENT.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (3), each public housing agency shall require,

1 *as a condition of occupancy of a public housing*
2 *dwelling unit by a family and of providing housing*
3 *assistance under title III on behalf of a family, that*
4 *each adult member of the family shall contribute not*
5 *less than 8 hours of work per month (not including*
6 *political activities) within the community in which*
7 *the family resides, which may include work performed*
8 *on locations not owned by the public housing agency).*

9 (2) *EMPLOYMENT STATUS AND LIABILITY.—The*
10 *requirement under paragraph (1) may not be con-*
11 *strued to establish any employment relationship be-*
12 *tween the public housing agency and the member of*
13 *the family subject to the work requirement under such*
14 *paragraph or to create any responsibility, duty, or li-*
15 *ability on the part of the public housing agency for*
16 *actions arising out of the work done by the member*
17 *of the family to comply with the requirement, except*
18 *to the extent that the member of the family is fulfill-*
19 *ing the requirement by working directly for such pub-*
20 *lic housing agency.*

21 (3) *EXEMPTIONS.—A public housing agency*
22 *shall provide for the exemption, from the applicability*
23 *of the requirement under paragraph (1), of each indi-*
24 *vidual who is—*

25 (A) *an elderly person;*

1 (B) a person with disabilities;

2 (C) working, attending school or vocational
3 training, or otherwise complying with work re-
4 quirements applicable under other public assist-
5 ance programs (as determined by the agencies or
6 organizations responsible for administering such
7 programs); or

8 (D) otherwise physically impaired to the ex-
9 tent that they are unable to comply with the re-
10 quirement, as certified by a doctor.

11 (b) *REQUIREMENT REGARDING TARGET DATE FOR*
12 *TRANSITION OUT OF ASSISTED HOUSING.—*

13 (1) *IN GENERAL.—*Each public housing agency
14 shall require, as a condition of occupancy of a public
15 housing dwelling unit by a family and of providing
16 housing assistance under title III on behalf of a fam-
17 ily, that the family and the agency enter into an
18 agreement (included, pursuant to subsection
19 (d)(2)(C), as a term of an agreement under subsection
20 (d)) establishing a target date by which the family in-
21 tends to graduate from, terminate tenancy in, or no
22 longer receive public housing or housing assistance
23 under title III.

24 (2) *RIGHTS OF OCCUPANCY.—*This subsection
25 may not be construed (nor may any provision of sub-

1 *section (d) or (e)) to create a right on the part of any*
2 *public housing agency to evict or terminate assistance*
3 *for a family solely on the basis of any failure of the*
4 *family to comply with the target date established pur-*
5 *suant to paragraph (1).*

6 (3) *FACTORS.—In establishing a target date pur-*
7 *suant to paragraph (1) for a family that receives ben-*
8 *efits for welfare or public assistance from a State or*
9 *other public agency under a program that limits the*
10 *duration during which such benefits may be received,*
11 *the public housing agency and the family may take*
12 *into consideration such time limit. This section may*
13 *not be construed to require any public housing agency*
14 *to adopt any such time limit on the duration of wel-*
15 *fare or public assistance benefits as the target date*
16 *pursuant to paragraph (1) for a resident.*

17 (4) *EXEMPTIONS.—A public housing agency*
18 *shall provide for the exemption, from the applicability*
19 *of the requirements under paragraph (1), of each in-*
20 *dividual who is—*

21 (1) *an elderly person;*

22 (2) *a person with disabilities;*

23 (3) *working, attending school or vocational*
24 *training, or otherwise complying with work require-*
25 *ments applicable under other public assistance pro-*

1 *grams (as determined by the agencies or organiza-*
2 *tions responsible for administering such programs);*
3 *or*

4 *(4) otherwise physically impaired to the extent*
5 *that they are unable to comply with the requirement,*
6 *as certified by a doctor.*

7 *(c) TREATMENT OF INCOME CHANGES RESULTING*
8 *FROM WELFARE PROGRAM REQUIREMENTS.—*

9 *(1) COVERED FAMILY.—For purposes of this sub-*
10 *section, the term “covered family” means a family*
11 *that (A) receives benefits for welfare or public assist-*
12 *ance from a State or other public agency under a pro-*
13 *gram for which the Federal, State, or local law relat-*
14 *ing to the program requires, as a condition of eligi-*
15 *bility for assistance under the program, participation*
16 *of a member of the family in an economic self-suffi-*
17 *ciency program, and (B) resides in a public housing*
18 *dwelling unit or is provided housing assistance under*
19 *title III.*

20 *(2) DECREASES IN INCOME FOR FAILURE TO*
21 *COMPLY.—Notwithstanding the provisions of sections*
22 *225 and 322 (relating to family rental contributions),*
23 *if the welfare or public assistance benefits of a covered*
24 *family are reduced under a Federal, State, or local*
25 *law regarding such an assistance program because of*

1 *any failure of any member of the family to comply*
2 *with the conditions under the assistance program re-*
3 *quiring participation in an economic self-sufficiency*
4 *program, the amount required to be paid by the fam-*
5 *ily as a monthly contribution toward rent may not*
6 *be decreased, during the period of the reduction, as*
7 *a result of any decrease in the income of the family*
8 *(to the extent that the decrease in income is a result*
9 *of the benefits reduction).*

10 (3) *EFFECT OF FRAUD.*—*Notwithstanding the*
11 *provisions of sections 225 and 322 (relating to family*
12 *rental contributions), if the welfare or public assist-*
13 *ance benefits of a covered family are reduced because*
14 *of an act of fraud by a member of the family under*
15 *the law or program, the amount required to be paid*
16 *by the covered family as a monthly contribution to-*
17 *ward rent may not be decreased, during the period of*
18 *the reduction, as a result of any decrease in the in-*
19 *come of the family (to the extent that the decrease in*
20 *income is a result of the benefits reduction).*

21 (4) *NOTICE.*—*Paragraphs (2) and (3) shall not*
22 *apply to any covered family before the public housing*
23 *agency providing assistance under this Act on behalf*
24 *of the family obtains written notification from the*
25 *relevant welfare or public assistance agency specify-*

1 *ing that the family's benefits have been reduced be-*
2 *cause of noncompliance with economic self-sufficiency*
3 *program requirements or fraud and the level of such*
4 *reduction.*

5 (5) *OCCUPANCY RIGHTS.*—*This subsection may*
6 *not be construed to authorize any public housing*
7 *agency to establish any time limit on tenancy in a*
8 *public housing dwelling unit or on receipt of housing*
9 *assistance under title III.*

10 (6) *REVIEW.*—*Any covered family residing in*
11 *public housing that is affected by the operation of this*
12 *subsection shall have the right to review the deter-*
13 *mination under this subsection through the adminis-*
14 *trative grievance procedure established pursuant to*
15 *section 110 for the public housing agency.*

16 (7) *COOPERATION AGREEMENTS FOR ECONOMIC*
17 *SELF-SUFFICIENCY ACTIVITIES.*—

18 (A) *REQUIREMENT.*—*A public housing*
19 *agency providing public housing dwelling units*
20 *or housing assistance under title III for covered*
21 *families shall make its best efforts to enter into*
22 *such cooperation agreements, with State, local,*
23 *and other agencies providing assistance to cov-*
24 *ered families under welfare or public assistance*
25 *programs, as may be necessary, to provide for*

1 *such agencies to transfer information to facilitate*
2 *administration of subsection (a) and paragraphs*
3 *(2), (3), and (4) of this subsection, and other in-*
4 *formation regarding rents, income, and assist-*
5 *ance that may assist a public housing agency or*
6 *welfare or public assistance agency in carrying*
7 *out its functions.*

8 *(B) CONTENTS.—A public housing agency*
9 *shall seek to include in a cooperation agreement*
10 *under this paragraph requirements and provi-*
11 *sions designed to target assistance under welfare*
12 *and public assistance programs to families resid-*
13 *ing in public housing developments and receiv-*
14 *ing choice-based assistance under title III, which*
15 *may include providing for self-sufficiency serv-*
16 *ices within such housing, providing for services*
17 *designed to meet the unique employment-related*
18 *needs of residents of such housing and recipients*
19 *of such assistance, providing for placement of*
20 *workfare positions on-site in such housing, and*
21 *such other elements as may be appropriate.*

22 *(C) CONFIDENTIALITY.—This paragraph*
23 *may not be construed to authorize any release of*
24 *information that is prohibited by, or in con-*

1 *travention of, any other provision of Federal,*
2 *State, or local law.*

3 *(d) COMMUNITY WORK AND FAMILY SELF-SUFFI-*
4 *CIENCY AGREEMENTS.—*

5 *(1) IN GENERAL.—A public housing agency shall*
6 *enter into a community work and family self-suffi-*
7 *ciency agreement under this subsection with each*
8 *adult member and head of household of each family*
9 *who is to reside in a dwelling unit in public housing*
10 *of the agency and each family on behalf of whom the*
11 *agency will provide housing assistance under title III.*
12 *Under the agreement the family shall agree that, as*
13 *a condition of occupancy of the public housing dwell-*
14 *ing unit or of receiving such housing assistance, the*
15 *family will comply with the terms of the agreement.*

16 *(2) TERMS.—An agreement under this subsection*
17 *shall include the following:*

18 *(A) Terms designed to encourage and facili-*
19 *tate the economic self-sufficiency of the assisted*
20 *family entering into the agreement and the grad-*
21 *uation of the family from assisted housing to un-*
22 *assisted housing.*

23 *(B) Notice of the requirements under sub-*
24 *section (a) (relating to community work) and the*

1 *conditions imposed by, and exemptions from,*
2 *such requirement.*

3 (C) *The target date agreed upon by the fam-*
4 *ily pursuant to subsection (b) for graduation*
5 *from, termination of tenancy in, or termination*
6 *of receipt of public housing or housing assistance*
7 *under title III.*

8 (D) *Terms providing for any resources,*
9 *services, and assistance relating to self-suffi-*
10 *ciency that will be made available to the family,*
11 *including any assistance to be made available*
12 *pursuant to subsection (c)(7)(B) under a co-*
13 *operation agreement entered into under sub-*
14 *section (c)(7).*

15 (E) *Notice of the provisions of paragraphs*
16 *(2) through (7) of subsection (c) (relating to ef-*
17 *fect of changes in income on rent and assisted*
18 *families rights under such circumstances).*

19 (e) *LEASE PROVISIONS.—A public housing agency*
20 *shall incorporate into leases under sections 226, and into*
21 *any agreements for the provision of choice-based assistance*
22 *under title III on behalf of a family—*

23 (1) *a provision requiring compliance with the re-*
24 *quirement under subsection (a); and*

1 (2) provisions incorporating the conditions
2 under subsection (c).

3 (f) *TREATMENT OF INCOME.*—Notwithstanding any
4 other provision of this section, in determining the income
5 or tenancy of a family who resides in public housing or
6 receives housing assistance under title III, a public housing
7 agency shall consider any decrease in the income of a fam-
8 ily that results from the reduction of any welfare or public
9 assistance benefits received by the family under any Fed-
10 eral, State, or local law regarding a program for such as-
11 sistance if the family (or a member thereof, as applicable)
12 has complied with the conditions for receiving such assist-
13 ance and is unable to obtain employment notwithstanding
14 such compliance.

15 (g) *DEFINITION.*—For purposes of this section, the
16 term “economic self-sufficiency program” means any pro-
17 gram designed to encourage, assist, train, or facilitate the
18 economic independence of participants and their families
19 or to provide work for participants, including programs for
20 job training, employment counseling, work placement, basic
21 skills training, education, workfare, financial or household
22 management, apprenticeship, or other activities as the Sec-
23 retary may provide.

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

2 (a) *5-YEAR PLAN.*—*The Secretary shall provide for*
3 *each public housing agency to submit to the Secretary, once*
4 *every 5 years, a plan under this subsection for the agency*
5 *covering a period consisting of 5 fiscal years. Each such*
6 *plan shall contain, with respect to the 5-year period covered*
7 *by the plan, the following information:*

8 (1) *STATEMENT OF MISSION.*—*A statement of the*
9 *mission of the agency for serving the needs of low-in-*
10 *come families in the jurisdiction of the agency during*
11 *such period.*

12 (2) *GOALS AND OBJECTIVES.*—*A statement of the*
13 *goals and objectives of the agency that will enable the*
14 *agency to serve the needs identified pursuant to para-*
15 *graph (1) during such period.*

16 (3) *CAPITAL IMPROVEMENT OVERVIEW.*—*If the*
17 *agency will provide capital improvements for public*
18 *housing developments during such period, an overview*
19 *of such improvements, the rationale for such improve-*
20 *ments, and an analysis of how such improvements*
21 *will enable the agency to meet its goals, objectives,*
22 *and mission.*

23 *The first 5-year plan under this subsection for a public*
24 *housing agency shall be submitted for the 5-year period be-*
25 *ginning with the first fiscal year for which the agency re-*
26 *ceives assistance under this Act.*

1 (b) *ANNUAL PLAN.*—*The Secretary shall provide for*
2 *each public housing agency to submit to the Secretary a*
3 *local housing management plan under this section for each*
4 *fiscal year that contains the information required under*
5 *subsection (d). For each fiscal year after the initial submis-*
6 *sion of a plan under this section by a public housing agen-*
7 *cy, the agency may comply with requirements for submis-*
8 *sion of a plan under this subsection by submitting an up-*
9 *date of the plan for the fiscal year.*

10 (c) *PROCEDURES.*—*The Secretary shall establish re-*
11 *quirements and procedures for submission and review of*
12 *plans, including requirements for timing and form of sub-*
13 *mission, and for the contents of such plans. Such procedures*
14 *shall provide that a public housing agency—*

15 (1) *shall, in conjunction with the relevant State*
16 *or unit of general local government, establish proce-*
17 *dures to ensure that the plan under this section is*
18 *consistent with the applicable comprehensive housing*
19 *affordability strategy (or any consolidated plan incor-*
20 *porating such strategy) for the jurisdiction in which*
21 *the public housing agency is located, in accordance*
22 *with title I of the Cranston-Gonzalez National Afford-*
23 *able Housing Act; and*

24 (2) *may, at the option of the agency, submit a*
25 *plan under this section together with, or as part of,*

1 *the comprehensive housing affordability strategy (or*
2 *any consolidated plan incorporating such strategy)*
3 *for the relevant jurisdiction, and for concomitant re-*
4 *view of such plans submitted together.*

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

10 *(1) NEEDS.—A statement of the housing needs of*
11 *low-income and very low-income families residing in*
12 *the community served by the agency, and of other*
13 *low-income families on the waiting list of the agency*
14 *(including the housing needs of elderly families and*
15 *disabled families), and the means by which the agen-*
16 *cy intends, to the maximum extent practicable, to ad-*
17 *dress such needs.*

18 *(2) FINANCIAL RESOURCES.—A statement of fi-*
19 *nancial resources available for the agency the planned*
20 *uses of such resources that includes—*

21 *(A) a description of the financial resources*
22 *available to the agency;*

23 *(B) the uses to which such resources will be*
24 *committed, including all proposed eligible and*

1 *required activities under section 203 and hous-*
2 *ing assistance to be provided under title III;*

3 *(C) an estimate of the costs of operation*
4 *and the market rental value of each public hous-*
5 *ing development; and*

6 *(D) a specific description, based on popu-*
7 *lation and demographic data, of the unmet af-*
8 *fordable housing needs of families in the commu-*
9 *nity served by the agency having incomes not ex-*
10 *ceeding 30 percent of the area median income*
11 *and a statement of how the agency will expend*
12 *grant amounts received under this Act to meet*
13 *the housing needs of such families.*

14 (3) *POPULATION SERVED.*—*A statement of the*
15 *policies of the agency governing eligibility, admis-*
16 *sions, and occupancy of families with respect to pub-*
17 *lic housing dwelling units and housing assistance*
18 *under title III, including—*

19 *(A) the requirements for eligibility for such*
20 *units and assistance and the method and proce-*
21 *dures by which eligibility and income will be de-*
22 *termined and verified;*

23 *(B) the requirements for selection and ad-*
24 *missions of eligible families for such units and*
25 *assistance, including any preferences and proce-*

1 *dures established by the agency and any outreach*
2 *efforts;*

3 *(C) the procedures for assignment of fami-*
4 *lies admitted to dwelling units owned, leased,*
5 *managed, operated, or assisted by the agency;*

6 *(D) any standards and requirements for oc-*
7 *cupancy of public housing dwelling units and*
8 *units assisted under title III, including resident*
9 *screening policies, standard lease provisions, con-*
10 *ditions for continued occupancy, termination of*
11 *tenancy, eviction, and conditions for termination*
12 *of housing assistance;*

13 *(E) the procedures for maintaining waiting*
14 *lists for admissions to public housing develop-*
15 *ments of the agency, which may include a system*
16 *of site-based waiting lists under section 224(c);*

17 *(F) the criteria for providing and denying*
18 *housing assistance under title III to families*
19 *moving into the jurisdiction of the agency; and*

20 *(G) the fair housing policy of the agency.*

21 *(4) RENT DETERMINATION.—A statement of the*
22 *policies of the agency governing rents charged for*
23 *public housing dwelling units and rental contribu-*
24 *tions of assisted families under title III and the sys-*

1 *tem used by the agency to ensure that such rents com-*
2 *ply with the requirements of this Act.*

3 (5) *OPERATION AND MANAGEMENT.*—*A statement*
4 *of the rules, standards, and policies of the public*
5 *housing agency governing maintenance and manage-*
6 *ment of housing owned and operated by the agency,*
7 *and management of the public housing agency and*
8 *programs of the agency, including—*

9 (A) *a description of the manner in which*
10 *the agency is organized (including any consortia*
11 *or joint ventures) and staffed to perform the du-*
12 *ties and functions of the public housing agency*
13 *and to administer the operating fund distribu-*
14 *tions of the agency;*

15 (B) *policies relating to the rental of dwell-*
16 *ing units, including policies designed to reduce*
17 *vacancies;*

18 (C) *housing quality standards in effect pur-*
19 *suant to sections 232 and 328 and any certifi-*
20 *cations required under such sections;*

21 (D) *emergency and disaster plans for public*
22 *housing;*

23 (E) *priorities and improvements for man-*
24 *agement of public housing, including initiatives*
25 *to control costs; and*

1 (F) policies of the agency requiring the loss
2 or termination of housing assistance and ten-
3 ancy under sections 641 and 642 (relating to oc-
4 cupancy standards for federally assisted hous-
5 ing).

6 (6) *GRIEVANCE PROCEDURE*.—A statement of the
7 grievance procedures of the agency under section 110.

8 (7) *CAPITAL IMPROVEMENTS*.—With respect to
9 public housing developments owned or operated by the
10 agency, a plan describing the capital improvements
11 necessary to ensure long-term physical and social via-
12 bility of the developments.

13 (8) *DEMOLITION AND DISPOSITION*.—With re-
14 spect to public housing developments owned or oper-
15 ated by the agency—

16 (A) a description of any such housing to be
17 demolished or disposed of under subtitle E of
18 title II; and

19 (B) a timetable for such demolition or dis-
20 position.

21 (9) *DESIGNATION OF HOUSING FOR ELDERLY*
22 *AND DISABLED FAMILIES*.—With respect to public
23 housing developments owned or operated by the agen-
24 cy, a description of any developments (or portions
25 thereof) that the agency has designated or will des-

1 *ignate for occupancy by elderly and disabled families*
2 *in accordance with section 227 and any information*
3 *required under section 227(d) for such designated de-*
4 *velopments.*

5 (10) *CONVERSION OF PUBLIC HOUSING.*—*With*
6 *respect to public housing owned or operated by the*
7 *agency, a description of any building or buildings*
8 *that the agency is required, under section 203(b), to*
9 *convert to housing assistance under title III or that*
10 *the agency voluntarily converts, an analysis of such*
11 *buildings required under such section for conversion,*
12 *and a statement of the amount of grant amounts*
13 *under title II to be used for rental assistance or other*
14 *housing assistance.*

15 (11) *HOMEOWNERSHIP ACTIVITIES.*—*A descrip-*
16 *tion of any homeownership programs of the agency*
17 *under subtitle D of title II or section 329 for the*
18 *agency and the requirements and assistance available*
19 *under such programs.*

20 (12) *ECONOMIC SELF-SUFFICIENCY AND COORDI-*
21 *NATION WITH WELFARE AND OTHER APPROPRIATE*
22 *AGENCIES.*—*A description of—*

23 (A) *policies relating to services and amen-*
24 *ities provided or offered to assisted families, in-*
25 *cluding the provision of service coordinators and*

1 *services designed for certain populations (such as*
2 *the elderly and disabled);*

3 *(B) how the agency will coordinate with*
4 *State, local, and other agencies providing assist-*
5 *ance to families participating in welfare or pub-*
6 *lic assistance programs;*

7 *(C) how the agency will implement and ad-*
8 *minister section 105; and*

9 *(D) any policies, programs, plans, and ac-*
10 *tivities of the agency for the enhancement of the*
11 *economic and social self-sufficiency of residents*
12 *assisted by the programs of the agency, including*
13 *rent structures to encourage self-sufficiency.*

14 *(13) SAFETY AND CRIME PREVENTION.—A plan*
15 *established by the public housing agency, which shall*
16 *be subject to the following requirements:*

17 *(A) SAFETY MEASURES.—The plan shall*
18 *provide, on a development-by-development basis,*
19 *for measures to ensure the safety of public hous-*
20 *ing residents.*

21 *(B) ESTABLISHMENT.—The plan shall be*
22 *established, with respect to each development, in*
23 *consultation with the police officer or officers in*
24 *command for the precinct in which the develop-*
25 *ment is located.*

1 (C) *CONTENT.*—*The plan shall describe the*
2 *need for measures to ensure the safety of public*
3 *housing residents and for crime prevention meas-*
4 *ures, describe any such activities conducted, or to*
5 *be conducted, by the agency, and provide for co-*
6 *ordination between the public housing agency*
7 *and the appropriate police precincts for carrying*
8 *out such measures and activities.*

9 (D) *SECRETARIAL ACTION.*—*If the Sec-*
10 *retary determines, at any time, that the security*
11 *needs of a development are not being adequately*
12 *addressed by the plan, or that the local police*
13 *precinct is not complying with the plan, the Sec-*
14 *retary may mediate between the public housing*
15 *agency and the local precinct to resolve any is-*
16 *ssues of conflict. If after such mediation has oc-*
17 *curred and the Secretary determines that the se-*
18 *curity needs of the development are not ade-*
19 *quately addressed, the Secretary may require the*
20 *public housing agency to submit an amended*
21 *plan.*

22 (14) *ANNUAL AUDIT.*—*The results of the most re-*
23 *cent fiscal year audit of the agency required under*
24 *section 541(b).*

1 (15) *TROUBLED AGENCIES.*—*Such other addi-*
2 *tional information as the Secretary may determine to*
3 *be appropriate for each public housing agency that is*
4 *designated—*

5 (A) *under section 533(c) as at risk of be-*
6 *coming troubled; or*

7 (B) *under section 533(a) as troubled.*

8 (16) *ASSET MANAGEMENT.*—*A statement of how*
9 *the agency will carry out its asset management func-*
10 *tions with respect to the public housing inventory of*
11 *the agency, including how the agency will plan for*
12 *the long-term operating, capital investment, rehabili-*
13 *tation, modernization, disposition, and other needs*
14 *for such inventory.*

15 (e) *CITIZEN PARTICIPATION.*—

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

20 (A) *publish a notice informing the public*
21 *that the proposed local housing management*
22 *plan or amendment is available for inspection at*
23 *the principal office of the public housing agency*
24 *during normal business hours and make the plan*

1 *or amendment so available for inspection during*
2 *such period; and*

3 *(B) publish a notice informing the public*
4 *that a public hearing will be conducted to dis-*
5 *cuss the local housing management plan and to*
6 *invite public comment regarding that plan.*

7 *(2) PUBLIC HEARING.—Before submitting a plan*
8 *under this section or a significant amendment under*
9 *section 107(f) to a plan, a public housing agency*
10 *shall, at a location that is convenient to residents,*
11 *conduct a public hearing, as provided in the notice*
12 *published under paragraph (1), regarding the public*
13 *housing plan or the amendment of the agency.*

14 *(3) CONSIDERATION OF COMMENTS.—A public*
15 *housing agency shall consider any comments or views*
16 *made available pursuant to paragraphs (1) and (2)*
17 *in preparing a final plan or amendment for submis-*
18 *sion to the Secretary. A summary of such comments*
19 *or views shall be attached to the plan, amendment, or*
20 *report submitted.*

21 *(4) ADOPTION OF PLAN.—After conducting the*
22 *public hearing under paragraph (2) and considering*
23 *public comments in accordance with paragraph (3),*
24 *the public housing agency shall make any appro-*

1 *appropriate changes to the local housing management plan*
2 *or amendment and shall—*

3 *(A) adopt the local housing management*
4 *plan;*

5 *(B) submit the plan to any local elected of-*
6 *ficial or officials responsible for appointing the*
7 *members of the board of directors (or other simi-*
8 *lar governing body) of the public housing agency*
9 *for review and approval under subsection (f);*

10 *(C) submit the plan to the Secretary in ac-*
11 *cordance with this section; and*

12 *(D) make the submitted plan or amendment*
13 *publicly available.*

14 *(f) LOCAL REVIEW.—The public housing agency shall*
15 *submit a plan under this subsection to any local elected offi-*
16 *cial or officials responsible for appointing the members of*
17 *the board of directors (or other similar governing body) of*
18 *the public housing agency for review and approval for a*
19 *45-day period beginning on the date that the plan is sub-*
20 *mitted to such local official or officials (which period may*
21 *run concurrently with any period under subsection (e) for*
22 *public comment). If the local official or officials responsible*
23 *under this subsection do not act within 45 days of submis-*
24 *sion of the plan, the plan shall be considered approved. If*
25 *the local official or officials responsible under this sub-*

1 *section reject the public housing agency's plan, they shall*
2 *return the plan with their recommended changes to the*
3 *agency within 5 days of their disapproval. The agency shall*
4 *resubmit an updated plan to the local official or officials*
5 *within 30 days of receiving the objections, If the local offi-*
6 *cial or officials again reject the plan, the resubmitted plan,*
7 *together with the local official's objections, shall be submit-*
8 *ted to the Secretary for approval.*

9 *(g) PLANS FOR SMALL PHA'S AND PHA'S ADMIN-*
10 *ISTERING ONLY RENTAL ASSISTANCE.—The Secretary shall*
11 *establish requirements for submission of plans under this*
12 *section and the information to be included in such plans*
13 *applicable to public housing agencies that own or operate*
14 *less than 250 public housing dwelling units and shall estab-*
15 *lish requirements for such submission and information ap-*
16 *plicable to agencies that only administer housing assistance*
17 *under title III (and do not own or operate public housing).*
18 *Such requirements shall waive any requirements under this*
19 *section that the Secretary determines are burdensome or un-*
20 *necessary for such agencies.*

21 **SEC. 107. REVIEW OF PLANS.**

22 *(a) REVIEW AND NOTICE.—*

23 *(1) REVIEW.—The Secretary shall conduct a lim-*
24 *ited review of each local housing management plan*
25 *submitted to the Secretary to ensure that the plan is*

1 *complete and complies with the requirements of sec-*
2 *tion 106. The Secretary shall have the discretion to*
3 *review a plan to the extent that the Secretary consid-*
4 *ers review is necessary.*

5 (2) *NOTICE.—The Secretary shall notify each*
6 *public housing agency submitting a plan whether the*
7 *plan complies with such requirements not later than*
8 *75 days after receiving the plan. If the Secretary does*
9 *not notify the public housing agency, as required*
10 *under this subsection and subsection (b), the Sec-*
11 *retary shall be considered, for purposes of this Act, to*
12 *have made a determination that the plan complies*
13 *with the requirements under section 106 and the*
14 *agency shall be considered to have been notified of*
15 *compliance upon the expiration of such 75-day pe-*
16 *riod. The preceding sentence shall not preclude judi-*
17 *cial review regarding such compliance pursuant to*
18 *chapter 7 of title 5, United States Code, or an action*
19 *regarding such compliance under section 1979 of the*
20 *Revised Statutes of the United States (42 U.S.C.*
21 *1883).*

22 (b) *NOTICE OF REASONS FOR DETERMINATION OF*
23 *NONCOMPLIANCE.—If the Secretary determines that a plan,*
24 *as submitted, does not comply with the requirements under*
25 *section 106, the Secretary shall specify in the notice under*

1 subsection (a) the reasons for the noncompliance and any
2 modifications necessary for the plan to meet the require-
3 ments under section 106.

4 (c) *STANDARDS FOR DETERMINATION OF NONCOMPLI-*
5 *ANCE.*—*The Secretary may determine that a plan does not*
6 *comply with the requirements under section 106 only if—*

7 (1) *the plan is incomplete in significant matters*
8 *required under such section;*

9 (2) *there is evidence available to the Secretary*
10 *that challenges, in a substantial manner, any infor-*
11 *mation provided in the plan;*

12 (3) *the Secretary determines that the plan does*
13 *not comply with Federal law or violates the purposes*
14 *of this Act because it fails to provide housing that*
15 *will be viable on a long-term basis at a reasonable*
16 *cost;*

17 (4) *the plan plainly fails to adequately identify*
18 *the needs of low-income families for housing assist-*
19 *ance in the jurisdiction of the agency;*

20 (5) *the plan plainly fails to adequately identify*
21 *the capital improvement needs for public housing de-*
22 *velopments in the jurisdiction of the agency;*

23 (6) *the activities identified in the plan are*
24 *plainly inappropriate to address the needs identified*
25 *in the plan; or*

1 (7) *the plan is inconsistent with the require-*
2 *ments of this Act.*

3 *The Secretary shall determine that a plan does not comply*
4 *with the requirements under section 106 if the plan does*
5 *not include the information required under section*
6 *106(d)(2)(D).*

7 (d) *TREATMENT OF EXISTING PLANS.—Notwithstand-*
8 *ing any other provision of this title, a public housing agen-*
9 *cy shall be considered to have submitted a plan under this*
10 *section if the agency has submitted to the Secretary a com-*
11 *prehensive plan under section 14(e) of the United States*
12 *Housing Act of 1937 (as in effect immediately before the*
13 *effective date of the repeal under section 601(b) of this Act)*
14 *or under the comprehensive improvement assistance pro-*
15 *gram under such section 14, and the Secretary has ap-*
16 *proved such plan, before January 1, 1997. The Secretary*
17 *shall provide specific procedures and requirements for such*
18 *authorities to amend such plans by submitting only such*
19 *additional information as is necessary to comply with the*
20 *requirements of section 106.*

21 (e) *ACTIONS TO CHANGE PLAN.—A public housing*
22 *agency that has submitted a plan under section 106 may*
23 *change actions or policies described in the plan before sub-*
24 *mission and review of the plan of the agency for the next*
25 *fiscal year only if—*

1 (1) *in the case of costly or nonroutine changes,*
2 *the agency submits to the Secretary an amendment to*
3 *the plan under subsection (f) which is reviewed in ac-*
4 *cordance with such subsection; or*

5 (2) *in the case of inexpensive or routine changes,*
6 *the agency describes such changes in such local hous-*
7 *ing management plan for the next fiscal year.*

8 (f) *AMENDMENTS TO PLAN.—*

9 (1) *IN GENERAL.—During the annual or 5-year*
10 *period covered by the plan for a public housing agen-*
11 *cy, the agency may submit to the Secretary any*
12 *amendments to the plan.*

13 (2) *REVIEW.—The Secretary shall conduct a lim-*
14 *ited review of each proposed amendment submitted*
15 *under this subsection to determine whether the plan,*
16 *as amended by the amendment, complies with the re-*
17 *quirements of section 106 and notify each public*
18 *housing agency submitting the amendment whether*
19 *the plan, as amended, complies with such require-*
20 *ments not later than 30 days after receiving the*
21 *amendment. If the Secretary determines that a plan,*
22 *as amended, does not comply with the requirements*
23 *under section 106, such notice shall indicate the rea-*
24 *sons for the noncompliance and any modifications*
25 *necessary for the plan to meet the requirements under*

1 *section 106. If the Secretary does not notify the public*
2 *housing agency as required under this paragraph, the*
3 *plan, as amended, shall be considered, for purposes of*
4 *this section, to comply with the requirements under*
5 *section 106.*

6 (3) *STANDARDS FOR DETERMINATION OF NON-*
7 *COMPLIANCE.—The Secretary may determine that a*
8 *plan, as amended by a proposed amendment, does not*
9 *comply with the requirements under section 106 only*
10 *if—*

11 (A) *the plan, as amended, would be subject*
12 *to a determination of noncompliance in accord-*
13 *ance with the provisions of subsection (c);*

14 (B) *the Secretary determines that—*

15 (i) *the proposed amendment is plainly*
16 *inconsistent with the activities specified in*
17 *the plan; or*

18 (ii) *there is evidence that challenges, in*
19 *a substantial manner, any information con-*
20 *tained in the amendment; or*

21 (C) *the Secretary determines that the plan,*
22 *as amended, violates the purposes of this Act be-*
23 *cause it fails to provide housing that will be via-*
24 *ble on a long-term basis at a reasonable cost.*

1 (4) *AMENDMENTS TO EXTEND TIME OF PER-*
2 *FORMANCE.—Notwithstanding any other provision of*
3 *this subsection, the Secretary may not determine that*
4 *any amendment to the plan of a public housing agen-*
5 *cy that extends the time for performance of activities*
6 *assisted with amounts provided under this title fails*
7 *to comply with the requirements under section 106 if*
8 *the Secretary has not provided the amount of assist-*
9 *ance set forth in the plan or has not provided the as-*
10 *stance in a timely manner.*

11 **SEC. 108. REPORTING REQUIREMENTS.**

12 (a) *PERFORMANCE AND EVALUATION REPORT.—Each*
13 *public housing agency shall annually submit to the Sec-*
14 *retary, on a date determined by the Secretary, a perform-*
15 *ance and evaluation report concerning the use of funds*
16 *made available under this Act. The report of the public*
17 *housing agency shall include an assessment by the agency*
18 *of the relationship of such use of funds made available*
19 *under this Act, as well as the use of other funds, to the needs*
20 *identified in the local housing management plan and to the*
21 *purposes of this Act. The public housing agency shall certify*
22 *that the report was available for review and comment by*
23 *affected tenants prior to its submission to the Secretary.*

24 (b) *REVIEW OF PHA'S.—The Secretary shall, at least*
25 *on an annual basis, make such reviews as may be necessary*

1 *or appropriate to determine whether each public housing*
2 *agency receiving assistance under this section—*

3 *(1) has carried out its activities under this Act*
4 *in a timely manner and in accordance with its local*
5 *housing management plan; and*

6 *(2) has a continuing capacity to carry out its*
7 *local housing management plan in a timely manner.*

8 *(c) RECORDS.—Each public housing agency shall col-*
9 *lect, maintain, and submit to the Secretary such data and*
10 *other program records as the Secretary may require, in such*
11 *form and in accordance with such schedule as the Secretary*
12 *may establish.*

13 **SEC. 109. PET OWNERSHIP.**

14 *Pet ownership in housing assisted under this Act that*
15 *is federally assisted rental housing (as such term is defined*
16 *in section 227 of the Housing and Urban-Rural Recovery*
17 *Act of 1983) shall be governed by the provisions of section*
18 *227 of such Act.*

19 **SEC. 110. ADMINISTRATIVE GRIEVANCE PROCEDURE.**

20 *(a) REQUIREMENTS.—Each public housing agency re-*
21 *ceiving assistance under this Act shall establish and imple-*
22 *ment an administrative grievance procedure under which*
23 *residents of public housing will—*

24 *(1) be advised of the specific grounds of any pro-*
25 *posed adverse public housing agency action;*

1 (2) *have an opportunity for a hearing before an*
2 *impartial party (including appropriate employees of*
3 *the public housing agency) upon timely request with-*
4 *in a reasonable period of time;*

5 (3) *have an opportunity to examine any docu-*
6 *ments or records or regulations related to the pro-*
7 *posed action;*

8 (4) *be entitled to be represented by another per-*
9 *son of their choice at any hearing;*

10 (5) *be entitled to ask questions of witnesses and*
11 *have others make statements on their behalf; and*

12 (6) *be entitled to receive a written decision by*
13 *the public housing agency on the proposed action.*

14 (b) *EXCLUSION FROM ADMINISTRATIVE PROCEDURE*
15 *OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC*
16 *HOUSING.—A public housing agency shall exclude from its*
17 *procedure established under subsection (a) any grievance*
18 *concerning an eviction from or termination of tenancy in*
19 *public housing in any State which requires that, prior to*
20 *eviction, a resident be provided a hearing in court which*
21 *the Secretary determines provides the basic elements of due*
22 *process.*

23 (c) *INAPPLICABILITY TO CHOICE-BASED RENTAL*
24 *HOUSING ASSISTANCE.—This section may not be construed*
25 *to require any public housing agency to establish or imple-*

1 *ment an administrative grievance procedure with respect*
2 *to assisted families under title III.*

3 **SEC. 111. HEADQUARTERS RESERVE FUND.**

4 (a) *ANNUAL RESERVATION OF AMOUNTS.*—*Notwith-*
5 *standing any other provision of law, the Secretary may re-*
6 *tain not more than 2 percent of the amounts appropriated*
7 *to carry out title II for any fiscal year for use in accordance*
8 *with this section.*

9 (b) *USE OF AMOUNTS.*—*Any amounts that are re-*
10 *tained under subsection (a) or appropriated for use under*
11 *this section shall be available for subsequent allocation to*
12 *specific areas and communities, and may only be used for*
13 *the Department of Housing and Urban Development and—*

14 (1) *for unforeseen housing needs resulting from*
15 *natural and other disasters;*

16 (2) *for housing needs resulting from emergencies,*
17 *as determined by the Secretary, other than such disas-*
18 *ters;*

19 (3) *for housing needs related to a settlement of*
20 *litigation, including settlement of fair housing litiga-*
21 *tion; and*

22 (4) *for needs related to the Secretary's actions*
23 *under this Act regarding troubled and at-risk public*
24 *housing agencies.*

1 *Housing needs under this subsection may be met through*
2 *the provision of assistance in accordance with title II or*
3 *title III, or both.*

4 **SEC. 112. LABOR STANDARDS.**

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

8 (1) *OPERATION.*—*A provision requiring that not*
9 *less than the wages prevailing in the locality, as de-*
10 *termined or adopted (subsequent to a determination*
11 *under applicable State or local law) by the Secretary,*
12 *shall be paid to all contractors and persons employed*
13 *in the operation of the low-income housing develop-*
14 *ment involved.*

15 (2) *PRODUCTION.*—*A provision that not less*
16 *than the wages prevailing in the locality, as predeter-*
17 *mined by the Secretary of Labor pursuant to the*
18 *Davis-Bacon Act (40 U.S.C. 276a–276a–5), shall be*
19 *paid to all laborers and mechanics employed in the*
20 *production of the development involved.*

21 *The Secretary shall require certification as to compliance*
22 *with the provisions of this section before making any pay-*
23 *ment under such contract.*

24 (b) *EXCEPTIONS.*—*Subsection (a) and the provisions*
25 *relating to wages (pursuant to subsection (a)) in any con-*

1 *tract for grants, sale, or lease pursuant to this Act relating*
2 *to public housing, shall not apply to any individual who—*

3 *(1) performs services for which the individual*
4 *volunteered;*

5 *(2)(A) does not receive compensation for such*
6 *services; or*

7 *(B) is paid expenses, reasonable benefits, or a*
8 *nominal fee for such services; and*

9 *(3) is not otherwise employed at any time in the*
10 *construction work.*

11 **SEC. 113. NONDISCRIMINATION.**

12 *(a) IN GENERAL.—No person in the United States*
13 *shall on the grounds of race, color, national origin, religion,*
14 *or sex be excluded from participation in, be denied the bene-*
15 *fits of, or be subjected to discrimination under any program*
16 *or activity funded in whole or in part with amounts made*
17 *available under this Act. Any prohibition against discrimi-*
18 *nation on the basis of age under the Age Discrimination*
19 *Act of 1975 or with respect to an otherwise qualified handi-*
20 *capped individual as provided in section 504 of the Reha-*
21 *bilitation Act of 1973 shall also apply to any such program*
22 *or activity.*

23 *(b) CIVIL RIGHTS COMPLIANCE.—Each public housing*
24 *agency that receives grant amounts under this Act shall use*
25 *such amounts and carry out its local housing management*

1 *plan approved under section 107 in conformity with title*
2 *VI of the Civil Rights Act of 1964, the Fair Housing Act,*
3 *section 504 of the Rehabilitation Act of 1973, the Age Dis-*
4 *crimination Act of 1975, and the Americans With Disabil-*
5 *ities Act of 1990, and shall affirmatively further fair hous-*
6 *ing.*

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

8 *None of the funds made available to the Department*
9 *of Housing and Urban Development to carry out this Act,*
10 *which are obligated to State or local governments, public*
11 *housing agencies, housing finance agencies, or other public*
12 *or quasi-public housing agencies, shall be used to indemnify*
13 *contractors or subcontractors of the government or agency*
14 *against costs associated with judgments of infringement of*
15 *intellectual property rights.*

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

17 *Except as specifically provided by law, the provisions*
18 *of this title, and titles II, III, IV, and V shall not apply*
19 *to public housing developed or operated pursuant to a con-*
20 *tract between the Secretary and an Indian housing author-*
21 *ity under the United States Housing Act of 1937 or to hous-*
22 *ing assisted under the Native American Housing Assistance*
23 *and Self-Determination Act of 1996.*

1 **SEC. 116. REGULATIONS.**

2 (a) *IN GENERAL.*—*The Secretary may issue any regu-*
3 *lations necessary to carry out this Act. This subsection shall*
4 *take effect on the date of the enactment of this Act.*

5 (b) *RULE OF CONSTRUCTION.*—*Any failure by the Sec-*
6 *retary to issue any regulations authorized under subsection*
7 *(a) shall not affect the effectiveness of any provision of this*
8 *Act or any amendment made by this Act.*

9 **TITLE II—PUBLIC HOUSING**

10 **Subtitle A—Block Grants**

11 **SEC. 201. BLOCK GRANT CONTRACTS.**

12 (a) *IN GENERAL.*—*The Secretary shall enter into con-*
13 *tracts with public housing agencies under which—*

14 (1) *the Secretary agrees to make a block grant*
15 *under this title, in the amount provided under section*
16 *202(c), for assistance for low-income housing to the*
17 *public housing agency for each fiscal year covered by*
18 *the contract; and*

19 (2) *the agency agrees—*

20 (A) *to provide safe, clean, and healthy hous-*
21 *ing that is affordable to low-income families and*
22 *services for families in such housing;*

23 (B) *to operate, or provide for the operation,*
24 *of such housing in a financially sound manner;*

25 (C) *to use the block grant amounts in ac-*
26 *cordance with this title and the local housing*

1 *management plan for the agency that complies*
2 *with the requirements of section 106;*

3 *(D) to involve residents of housing assisted*
4 *with block grant amounts in functions and deci-*
5 *sions relating to management and the quality of*
6 *life in such housing;*

7 *(E) that the management of the public hous-*
8 *ing of the agency shall be subject to actions au-*
9 *thorized under subtitle D of title V;*

10 *(F) that the Secretary may take actions*
11 *under section 205 with respect to improper use*
12 *of grant amounts provided under the contract;*
13 *and*

14 *(G) to otherwise comply with the require-*
15 *ments under this title.*

16 ***(b) SMALL PUBLIC HOUSING AGENCY CAPITAL GRANT***
17 ***OPTION.—For any fiscal year, upon the request of the Gov-***
18 ***ernor of the State, the Secretary shall make available di-***
19 ***rectly to the State, from the amounts otherwise included in***
20 ***the block grants for all public housing agencies in such***
21 ***State which own or operate less than 100 dwelling units,***
22 ***½ of that portion of such amounts that is derived from***
23 ***the capital improvement allocations for such agencies pur-***
24 ***suant to section 203(c)(1) or 203(d)(2), as applicable. The***
25 ***Governor of the State will have the responsibility to distrib-***

1 *ute all of such funds, in amounts determined by the Gov-*
2 *ernor, only to meet the exceptional capital improvement re-*
3 *quirements for the various public housing agencies in the*
4 *State which operate less than 100 dwelling units: Provided,*
5 *however, that for States where Federal funds provided to*
6 *the State are subject to appropriation action by the State*
7 *legislature, the capital funds made available to the Gov-*
8 *ernor under this subsection shall be subject to such appro-*
9 *priation by the State legislature.*

10 *(c) MODIFICATION.—Contracts and agreements be-*
11 *tween the Secretary and a public housing agency may not*
12 *be amended in a manner which would—*

13 *(1) impair the rights of—*

14 *(A) leaseholders for units assisted pursuant*
15 *to a contract or agreement; or*

16 *(B) the holders of any outstanding obliga-*
17 *tions of the public housing agency involved for*
18 *which annual contributions have been pledged; or*

19 *(2) provide for payment of block grant amounts*
20 *under this title in an amount exceeding the allocation*
21 *for the agency determined under section 204.*

22 *Any rule of law contrary to this subsection shall be deemed*
23 *inapplicable.*

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

2 (a) *AUTHORITY.*—*The Secretary shall make block*
3 *grants under this title to eligible public housing agencies*
4 *in accordance with block grant contracts under section 201.*

5 (b) *PERFORMANCE FUNDS.*—

6 (1) *IN GENERAL.*—*The Secretary shall establish*
7 *2 funds for the provision of grants to eligible public*
8 *housing agencies under this title, as follows:*

9 (A) *CAPITAL FUND.*—*A capital fund to pro-*
10 *vide capital and management improvements to*
11 *public housing developments.*

12 (B) *OPERATING FUND.*—*An operating fund*
13 *for public housing operations.*

14 (2) *FLEXIBILITY OF FUNDING.*—

15 (A) *IN GENERAL.*—*A public housing agency*
16 *may use up to 20 percent of the amounts from*
17 *a grant under this title that are allocated and*
18 *provided from the capital fund for activities that*
19 *are eligible under section 203(a)(2) to be funded*
20 *with amounts from the operating fund.*

21 (B) *FULL FLEXIBILITY FOR SMALL PHA'S.*—
22 *In the case of a public housing agency that owns*
23 *or operates less than 250 public housing dwelling*
24 *units and is (in the determination of the Sec-*
25 *retary) operating and maintaining its public*
26 *housing in a safe, clean, and healthy condition,*

1 *the agency may use amounts from a grant under*
2 *this title for any eligible activities under section*
3 *203(a), regardless of the fund from which the*
4 *amounts were allocated and provided.*

5 *(c) AMOUNT OF GRANTS.—The amount of the grant*
6 *under this title for a public housing agency for a fiscal year*
7 *shall be the amount of the allocation for the agency deter-*
8 *mined under section 204, except as otherwise provided in*
9 *this title and title V.*

10 *(d) ELIGIBILITY.—A public housing agency shall be an*
11 *eligible public housing agency with respect to a fiscal year*
12 *for purposes of this title only if—*

13 *(1) the Secretary has entered into a block grant*
14 *contract with the agency;*

15 *(2) the agency has submitted a local housing*
16 *management plan to the Secretary for such fiscal*
17 *year;*

18 *(3) the plan has been determined to comply with*
19 *the requirements under section 106 and the Secretary*
20 *has not notified the agency that the plan fails to com-*
21 *ply with such requirements;*

22 *(4) the agency is exempt from local taxes, as pro-*
23 *vided under subsection (e), or receives a contribution,*
24 *as provided under such subsection;*

1 (5) *no member of the board of directors or other*
2 *governing body of the agency, or the executive direc-*
3 *tor, has been convicted of a felony;*

4 (6) *the agency has entered into an agreement*
5 *providing for local cooperation in accordance with*
6 *subsection (f); and*

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

9 (e) *PAYMENTS IN LIEU OF STATE AND LOCAL TAX-*
10 *ATION OF PUBLIC HOUSING DEVELOPMENTS.—*

11 (1) *EXEMPTION FROM TAXATION.—A public*
12 *housing agency may receive a block grant under this*
13 *title only if—*

14 (A)(i) *the developments of the agency (exclu-*
15 *sive of any portions not assisted with amounts*
16 *provided under this title) are exempt from all*
17 *real and personal property taxes levied or im-*
18 *posed by the State, city, county, or other politi-*
19 *cal subdivision; and*

20 (ii) *the public housing agency makes pay-*
21 *ments in lieu of taxes to such taxing authority*
22 *equal to 10 percent of the sum, for units charged*
23 *in the developments of the agency, of the dif-*
24 *ference between the gross rent and the utility*
25 *cost, or such lesser amount as is—*

1 (I) prescribed by State law;

2 (II) agreed to by the local governing
3 body in its agreement under subsection (f)
4 for local cooperation with the public hous-
5 ing agency or under a waiver by the local
6 governing body; or

7 (III) due to failure of a local public
8 body or bodies other than the public housing
9 agency to perform any obligation under
10 such agreement; or

11 (B) the agency complies with the require-
12 ments under subparagraph (A) with respect to
13 public housing developments (including public
14 housing units in mixed-income developments),
15 but the agency agrees that the units other than
16 public housing units in any mixed-income devel-
17 opments (as such term is defined in section
18 221(c)(2)) shall be subject to any otherwise ap-
19 plicable real property taxes imposed by the
20 State, city, county or other political subdivision.

21 (2) *EFFECT OF FAILURE TO EXEMPT FROM TAX-*
22 *ATION.*—Notwithstanding paragraph (1), a public
23 housing agency that does not comply with the require-
24 ments under such paragraph may receive a block
25 grant under this title, but only if the State, city,

1 *county, or other political subdivision in which the de-*
2 *velopment is situated contributes, in the form of cash*
3 *or tax remission, the amount by which the taxes paid*
4 *with respect to the development exceed 10 percent of*
5 *the gross rent and utility cost charged in the develop-*
6 *ment.*

7 *(f) LOCAL COOPERATION.—In recognition that there*
8 *should be local determination of the need for low-income*
9 *housing to meet needs not being adequately met by private*
10 *enterprise, the Secretary may not make any grant under*
11 *this title to a public housing agency unless the governing*
12 *body of the locality involved has entered into an agreement*
13 *with the agency providing for the local cooperation required*
14 *by the Secretary pursuant to this title.*

15 *(g) EXCEPTION.—Notwithstanding subsection (a), the*
16 *Secretary may make a grant under this title for a public*
17 *housing agency that is not an eligible public housing agency*
18 *but only for the period necessary to secure, in accordance*
19 *with this title, an alternative public housing agency for the*
20 *public housing of the ineligible agency.*

21 *(h) RECAPTURE OF CAPITAL ASSISTANCE AMOUNTS.—*
22 *The Secretary may recapture, from any grant amounts*
23 *made available to a public housing agency from the capital*
24 *fund, any portion of such amounts that are not used or*
25 *obligated by the public housing agency for use for eligible*

1 *activities under section 203(a)(1) (or dedicated for use pur-*
2 *suant to section 202(b)(2)(A)) before the expiration of the*
3 *24-month period beginning upon the award of such grant*
4 *to the agency.*

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

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

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

13 (A) *the production and modernization of*
14 *public housing developments, including the rede-*
15 *sign, reconstruction, and reconfiguration of pub-*
16 *lic housing sites and buildings and the produc-*
17 *tion of mixed-income developments;*

18 (B) *vacancy reduction;*

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

21 (D) *planned code compliance;*

22 (E) *management improvements;*

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

25 (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 elder-
19 ly 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 developments;

25 (G) the costs of insurance;

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

4 (I) the costs of administering a public hous-
5 ing community work program under section 105,
6 including the costs of any related insurance
7 needs; and

8 (J) activities in connection with a home-
9 ownership program for public housing residents
10 under subtitle D, including providing financing
11 or assistance for purchasing housing, or the pro-
12 vision of financial assistance to resident man-
13 agement corporations or resident councils to ob-
14 tain training, technical assistance, and edu-
15 cational assistance to promote homeownership
16 opportunities.

17 (b) *REQUIRED CONVERSION OF ASSISTANCE FOR PUB-*
18 *LIC HOUSING TO RENTAL HOUSING ASSISTANCE.*—

19 (1) *REQUIREMENT.*—A public housing agency
20 that receives grant amounts under this title shall pro-
21 vide assistance in the form of rental housing assist-
22 ance under title III, or appropriate site revitalization
23 or other appropriate capital improvements approved
24 by the Secretary, in lieu of assisting the operation
25 and modernization of any building or buildings of

1 *public housing, if the agency provides sufficient evi-*
2 *dence to the Secretary that the building or build-*
3 *ings—*

4 *(A) are on the same or contiguous sites;*

5 *(B) consist of more than 300 dwelling units;*

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

9 *(D) are identified as distressed housing for*
10 *which the public housing agency cannot assure*
11 *the long-term viability as public housing through*
12 *reasonable revitalization, density reduction, or*
13 *achievement of a broader range of household in-*
14 *come; and*

15 *(E) have an estimated cost of continued op-*
16 *eration and modernization as public housing*
17 *that exceeds the cost of providing choice-based*
18 *rental assistance under title III for all families*
19 *in occupancy, based on appropriate indicators of*
20 *cost (such as the percentage of the total develop-*
21 *ment cost required for modernization).*

22 *Public housing agencies shall identify properties that*
23 *meet the definition of subparagraphs (A) through (E)*
24 *and shall consult with the appropriate public housing*

1 *residents and the appropriate unit of general local*
2 *government in identifying such properties.*

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

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

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

22 (A) *a public housing agency has failed*
23 *under paragraph (1) to identify a building or*
24 *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 the
8 Secretary, have been identified under that para-
9 graph,

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

13 (5) CESSATION OF UNNECESSARY SPENDING.—
14 Notwithstanding any other provision of law, if, in the
15 determination of the Secretary, a building or build-
16 ings meets or is likely to meet the criteria set forth
17 in paragraph (1), the Secretary may direct the public
18 housing agency to cease additional spending in con-
19 nection with such building or buildings, except to the
20 extent that additional spending is necessary to ensure
21 safe, clean, and healthy housing until the Secretary
22 determines or approves an appropriate course of ac-
23 tion with respect to such building or buildings under
24 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, to*
5 *the choice-based or tenant-based assistance program of*
6 *such agency or to appropriate site revitalization or*
7 *other capital improvements approved by the Sec-*
8 *retary, 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 ef-*
15 *fect immediately before the effective date of the*
16 *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*
25 *projects, any amounts obligated by the Secretary*

1 *for the major reconstruction of such building or*
2 *buildings pursuant to section 5(j)(2) of the Unit-*
3 *ed States Housing Act of 1937, as in effect im-*
4 *mediately before the effective date of the repeal*
5 *under section 601(b); and*

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

12 (7) *RELOCATION REQUIREMENTS.*—*Any public*
13 *housing agency carrying out conversion of public*
14 *housing under this subsection shall—*

15 *(A) notify the families residing in the pub-*
16 *lic housing development subject to the conversion,*
17 *in accordance with any guidelines issued by the*
18 *Secretary governing such notifications, that—*

19 *(i) the development will be removed*
20 *from the inventory of the public housing*
21 *agency; and*

22 *(ii) the families displaced by such ac-*
23 *tion will receive choice-based housing assist-*
24 *ance or occupancy in a unit operated or as-*
25 *sisted by the public housing agency;*

1 (B) ensure that each family that is a resi-
2 dent of the development is relocated to other safe,
3 clean, and healthy affordable housing, which is,
4 to the maximum extent practicable, housing of
5 the family's choice, including choice-based assist-
6 ance under title III (provided that with respect
7 to choice-based assistance, the preceding require-
8 ment shall be fulfilled only upon the relocation
9 of such family into such housing);

10 (C) provide any necessary counseling for
11 families displaced by such action to facilitate re-
12 location; and

13 (D) provide any reasonable relocation ex-
14 penses for families displaced by such action.

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

1 *tion 202 in accordance with the requirements under*
2 *this section.*

3 (c) *EXTENSION OF DEADLINES.*—*The Secretary may,*
4 *for a public housing agency, extend any deadline established*
5 *pursuant to this section or a local housing management*
6 *plan for up to an additional 5 years if the Secretary makes*
7 *a determination that the deadline is impracticable.*

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

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

21 (a) *IN GENERAL.*—*For each fiscal year, after reserving*
22 *amounts under section 111 from the aggregate amount*
23 *made available for the fiscal year for carrying out this title,*
24 *the Secretary shall allocate any remaining amounts among*
25 *eligible public housing agencies in accordance with this sec-*

1 *tion, so that the sum of all of the allocations for all eligible*
2 *authorities is equal to such remaining amount.*

3 *(b) ALLOCATION AMOUNT.—The Secretary shall deter-*
4 *mine the amount of the allocation for each eligible public*
5 *housing agency, which shall be—*

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

11 *(2) for any fiscal year beginning before the expi-*
12 *ration of such period, the sum of—*

13 *(A) the operating allocation determined*
14 *under subsection (d)(1) for the agency; and*

15 *(B) the capital improvement allocation de-*
16 *termined under subsection (d)(2) for the agency.*

17 *(c) PERMANENT ALLOCATION FORMULAS FOR CAPITAL*
18 *AND OPERATING FUNDS.—*

19 *(1) ESTABLISHMENT OF CAPITAL FUND FOR-*
20 *MULA.—The formula under this paragraph shall pro-*
21 *vide for allocating assistance under the capital fund*
22 *for a fiscal year. The formula may take into account*
23 *such factors as—*

24 *(A) the number of public housing dwelling*
25 *units owned or operated by the public housing*

1 *agency, the characteristics and locations of the*
2 *developments, and the characteristics of the fami-*
3 *lies served and to be served (including the in-*
4 *comes of the families);*

5 *(B) the need of the public housing agency to*
6 *carry out rehabilitation and modernization ac-*
7 *tivities, and reconstruction, production, and*
8 *demolition activities related to public housing*
9 *dwelling units owned or operated by the public*
10 *housing agency, including backlog and projected*
11 *future needs of the agency;*

12 *(C) the cost of constructing and rehabilitat-*
13 *ing property in the area; and*

14 *(D) the need of the public housing agency to*
15 *carry out activities that provide a safe and se-*
16 *ecure environment in public housing units owned*
17 *or operated by the public housing agency.*

18 (2) *ESTABLISHMENT OF OPERATING FUND FOR-*
19 *MULA.—*

20 *(A) IN GENERAL.—The formula under this*
21 *paragraph shall provide for allocating assistance*
22 *under the operating fund for a fiscal year. The*
23 *formula may take into account such factors as—*

24 *(i) standards for the costs of operating*
25 *and reasonable projections of income, taking*

1 *into account the characteristics and loca-*
2 *tions of the public housing developments*
3 *and characteristics of the families served*
4 *and to be served (including the incomes of*
5 *the families), or the costs of providing com-*
6 *parable services as determined in accord-*
7 *ance with criteria or a formula representing*
8 *the operations of a prototype well-managed*
9 *public housing development;*

10 *(ii) the number of public housing*
11 *dwelling units owned or operated by the*
12 *public housing agency;*

13 *(iii) the need of the public housing*
14 *agency to carry out anti-crime and anti-*
15 *drug activities, including providing ade-*
16 *quate security for public housing residents;*
17 *and*

18 *(iv) any record by the public housing*
19 *agency of exemplary performance in the op-*
20 *eration of public housing.*

21 *(B) INCENTIVE TO INCREASE INCOME.—The*
22 *formula shall provide an incentive to encourage*
23 *public housing agencies to increase nonrental in-*
24 *come and to increase rental income attributable*
25 *to their units by encouraging occupancy by fam-*

1 *ilies whose incomes have increase while in occu-*
2 *pancy and newly admitted families. Any such*
3 *incentive shall provide that the agency shall de-*
4 *rive the full benefit of any increase in nonrental*
5 *or rental income, and such increase shall not re-*
6 *sult in a decrease in amounts provided to the*
7 *agency under this title. In addition, an agency*
8 *shall be permitted to retain, from each fiscal*
9 *year, the full benefit of such an increase in non-*
10 *rental or rental income, except to the extent that*
11 *such benefit exceeds (i) 100 percent of the total*
12 *amount of the operating allocation for which the*
13 *agency is eligible under this section, and (ii) the*
14 *maximum balance permitted for the agency's op-*
15 *erating reserve under this section and any regu-*
16 *lations issued under this section.*

17 (C) *TREATMENT OF UTILITY RATES.—The*
18 *formula shall not take into account the amount*
19 *of any cost reductions for a public housing agen-*
20 *cy due to the difference between projected and ac-*
21 *tual utility rates attributable to actions that are*
22 *taken by the agency which lead to such reduc-*
23 *tions, as determined by the Secretary. In the case*
24 *of any public housing agency that receives fi-*
25 *nancing from any person or entity other than*

1 *the Secretary or enters into a performance con-*
2 *tract to undertake energy conservation improve-*
3 *ments in a public housing development, under*
4 *which the payment does not exceed the cost of*
5 *the energy saved as a result of the improvements*
6 *during a reasonable negotiated contract period,*
7 *the formula shall not take into account the*
8 *amount of any cost reductions for the agency due*
9 *to the differences between projected and actual*
10 *utility consumption attributable to actions that*
11 *are taken by the agency which lead to such re-*
12 *ductions, as determined by the Secretary. Not-*
13 *withstanding the preceding 2 sentences, after the*
14 *expiration of the 10-year period beginning upon*
15 *the savings initially taking effect, the Secretary*
16 *may reduce the amount allocated to the agency*
17 *under the formula by up to 50 percent of such*
18 *differences.*

19 (3) *CONSIDERATION OF PERFORMANCE, COSTS,*
20 *AND OTHER FACTORS.—The formulas under para-*
21 *graphs (1) and (2) should each reward performance*
22 *and may each consider appropriate factors that re-*
23 *fect the different characteristics and sizes of public*
24 *housing agencies, the relative needs, revenues, costs,*
25 *and capital improvements of agencies, and the rel-*

1 *ative costs to agencies of operating a well-managed*
2 *agency that meets the performance targets for the*
3 *agency established in the local housing management*
4 *plan for the agency.*

5 (4) *DEVELOPMENT UNDER NEGOTIATED RULE-*
6 *MAKING PROCEDURE.—The formulas under this sub-*
7 *section shall be developed according to procedures for*
8 *issuance of regulations under the negotiated rule-*
9 *making procedure under subchapter III of chapter 5*
10 *of title 5, United States Code, except that the for-*
11 *mulas shall not be contained in a regulation.*

12 (5) *REPORT.—Not later than the expiration of*
13 *the 12-month period beginning upon the enactment of*
14 *this Act, the Secretary shall submit a report to the*
15 *Congress containing the proposed formulas established*
16 *pursuant to paragraph (4) that meets the require-*
17 *ments of this subsection.*

18 (d) *INTERIM ALLOCATION REQUIREMENTS.—*

19 (1) *OPERATING ALLOCATION.—*

20 (A) *APPLICABILITY TO APPROPRIATED*
21 *AMOUNTS.—Of any amounts available for alloca-*
22 *tion under this subsection for a fiscal year, an*
23 *amount shall be used only to provide amounts*
24 *for operating allocations under this paragraph*
25 *for eligible public housing agencies that bears the*

1 same ratio to such total amount available for al-
2 location that the amount appropriated for fiscal
3 year 1997 for operating subsidies under section
4 9 of the United States Housing Act of 1937 bears
5 to the sum of such operating subsidy amounts
6 plus the amounts appropriated for such fiscal
7 year for modernization under section 14 of such
8 Act.

9 (B) DETERMINATION.—The operating allo-
10 cation under this paragraph for a public housing
11 agency for a fiscal year shall be an amount de-
12 termined by applying, to the amount to be allo-
13 cated under this paragraph, the formula used for
14 determining the distribution of operating sub-
15 sidies for fiscal year 1997 to public housing
16 agencies (as modified under subparagraphs (C)
17 and (D)) under section 9 of the United States
18 Housing Act of 1937, as in effect immediately
19 before the effective date of the repeal under sec-
20 tion 601(b).

21 (C) TREATMENT OF CHRONICALLY VACANT
22 UNITS.—The Secretary shall revise the formula
23 referred to in subparagraph (B) so that the for-
24 mula does not provide any amounts, other than
25 utility costs and other necessary costs (such as

1 costs necessary for the protection of persons and
2 property), attributable to any dwelling unit of a
3 public housing agency that has been vacant con-
4 tinuously for 6 or more months. A unit shall not
5 be considered vacant for purposes of this para-
6 graph if the unit is unoccupied because of reha-
7 bilitation or renovation that is on schedule.

8 (D) TREATMENT OF INCREASES IN IN-
9 COME.—The Secretary shall revise the formula
10 referred to in subparagraph (B) to provide an
11 incentive to encourage public housing agencies to
12 increase nonrental income and to increase rental
13 income attributable to their units by encouraging
14 occupancy by families whose incomes have in-
15 creased while in occupancy and newly admitted
16 families. Any such incentive shall provide that
17 the agency shall derive the full benefit of any in-
18 crease in nonrental or rental income, and such
19 increase shall not result in a decrease in
20 amounts provided to the agency under this title.
21 In addition, an agency shall be permitted to re-
22 tain, from each fiscal year, the full benefit of
23 such an increase in nonrental or rental income,
24 except that such benefit may not be retained if—

1 (i) the agency's operating allocation
2 equals 100 percent of the amount for which
3 it is eligible under section 9 of the United
4 States Housing Act of 1937, as in effect im-
5 mediately before the effective date of the re-
6 peal under section 601(b) of this Act; and

7 (ii) the agency's operating reserve bal-
8 ance is equal to the maximum amount per-
9 mitted under section 9 of the United States
10 Housing Act of 1937, as in effect imme-
11 diately before the effective date of the repeal
12 under section 601(b) of this Act.

13 (2) CAPITAL IMPROVEMENT ALLOCATION.—

14 (A) APPLICABILITY TO APPROPRIATED
15 AMOUNTS.—Of any amounts available for alloca-
16 tion under this subsection for a fiscal year, an
17 amount shall be used only to provide amounts
18 for capital improvement allocations under this
19 paragraph for eligible public housing agencies
20 that bears the same ratio to such total amount
21 available for allocation that the amount appro-
22 priated for fiscal year 1997 for modernization
23 under section 14 of the United States Housing
24 Act of 1937 bears to the sum of such moderniza-
25 tion amounts plus the amounts appropriated for

1 *such fiscal year for operating subsidies under*
2 *section 9 of such Act.*

3 (B) *DETERMINATION.*—*The capital im-*
4 *provement allocation under this paragraph for*
5 *an eligible public housing agency for a fiscal*
6 *year shall be determined by applying, to the*
7 *amount to be allocated under this paragraph, the*
8 *formula used for determining the distribution of*
9 *modernization assistance for fiscal year 1997 to*
10 *public housing agencies under section 14 of the*
11 *United States Housing Act of 1937, as in effect*
12 *immediately before the effective date of the repeal*
13 *under section 601(b), except that the Secretary*
14 *shall establish a method for taking into consider-*
15 *ation allocation of amounts under the com-*
16 *prehensive improvement assistance program.*

17 (e) *ELIGIBILITY OF UNITS ACQUIRED FROM PRO-*
18 *CEEDS OF SALES UNDER DEMOLITION OR DISPOSITION*
19 *PLAN.*—*If a public housing agency uses proceeds from the*
20 *sale of units under a homeownership program in accord-*
21 *ance with section 251 to acquire additional units to be sold*
22 *to low-income families, the additional units shall be counted*
23 *as public housing for purposes of determining the amount*
24 *of the allocation to the agency under this section until sale*
25 *by the agency, but in any case no longer than 5 years.*

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

2 (a) *IN GENERAL.*—*In addition to any other actions*
3 *authorized under this title, if the Secretary finds pursuant*
4 *to an audit under section 541 that a public housing agency*
5 *receiving grant amounts under this title has failed to com-*
6 *ply substantially with any provision of this title, the Sec-*
7 *retary may—*

8 (1) *terminate payments under this title to the*
9 *agency;*

10 (2) *withhold from the agency amounts from the*
11 *total allocation for the agency pursuant to section*
12 *204;*

13 (3) *reduce the amount of future grant payments*
14 *under this title to the agency by an amount equal to*
15 *the amount of such payments that were not expended*
16 *in accordance with this title;*

17 (4) *limit the availability of grant amounts pro-*
18 *vided to the agency under this title to programs,*
19 *projects, or activities not affected by such failure to*
20 *comply;*

21 (5) *withhold from the agency amounts allocated*
22 *for the agency under title III; or*

23 (6) *order other corrective action with respect to*
24 *the agency.*

1 (b) *TERMINATION OF COMPLIANCE ACTION.*—If the
2 Secretary takes action under subsection (a) with respect to
3 a public housing agency, the Secretary shall—

4 (1) in the case of action under subsection (a)(1),
5 resume payments of grant amounts under this title to
6 the agency in the full amount of the total allocation
7 under section 204 for the agency at the time that the
8 Secretary first determines that the agency will comply
9 with the provisions of this title;

10 (2) in the case of action under paragraph (2),
11 (5), or (6) of subsection (a), make withheld amounts
12 available as the Secretary considers appropriate to
13 ensure that the agency complies with the provisions of
14 this title; or

15 (3) in the case of action under subsection (a)(4),
16 release such restrictions at the time that the Secretary
17 first determines that the agency will comply with the
18 provisions of this title.

19 ***Subtitle B—Admissions and***
20 ***Occupancy Requirements***

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

22 (a) *PRODUCTION ASSISTANCE.*—Any public housing
23 produced using amounts provided under a grant under this
24 title or under the United States Housing Act of 1937 shall

1 *be operated as public housing for the 40-year period begin-*
2 *ning upon such production.*

3 **(b) OPERATING ASSISTANCE.**—*No portion of any pub-*
4 *lic housing development operated with amounts from a*
5 *grant under this title or operating assistance provided*
6 *under the United States Housing Act of 1937 may be dis-*
7 *posed of before the expiration of the 10-year period begin-*
8 *ning upon the conclusion of the fiscal year for which the*
9 *grant or such assistance was provided, except as provided*
10 *in this Act.*

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

14 **(1) LOW-INCOME DEVELOPMENTS.**—*Amounts*
15 *may be used for a low-income housing development*
16 *that—*

17 **(A)** *is owned by public housing agencies;*

18 **(B)** *is operated as low-income rental hous-*
19 *ing and produced or operated with assistance*
20 *provided under a grant under this title; and*

21 **(C)** *is consistent with the purposes of this*
22 *title.*

23 *Any development, or portion thereof, referred to in*
24 *this paragraph for which activities under section*
25 *203(a)(1) are conducted using amounts from a grant*

1 *under this title shall be maintained and used as pub-*
2 *lic housing for the 20-year period beginning upon the*
3 *receipt of such grant. Any public housing develop-*
4 *ment, or portion thereof, that received the benefit of*
5 *a grant pursuant to section 14 of the United States*
6 *Housing Act of 1937 shall be maintained and used as*
7 *public housing for the 20-year period beginning upon*
8 *receipt of such amounts.*

9 (2) *MIXED INCOME DEVELOPMENTS.—Amounts*
10 *may be used for eligible activities under section*
11 *203(a)(1) for mixed-income developments, which shall*
12 *be a housing development that—*

13 (A) *contains dwelling units that are avail-*
14 *able for occupancy by families other than low-in-*
15 *come families;*

16 (B) *contains a number of dwelling units—*

17 (i) *which units are made available (by*
18 *master contract or individual lease) for oc-*
19 *cupancy only by low- and very low-income*
20 *families identified by the public housing*
21 *agency;*

22 (ii) *which number is not less than a*
23 *reasonable number of units, including relat-*
24 *ed amenities, taking into account the*
25 *amount of the assistance provided by the*

1 agency compared to the total investment
2 (including costs of operation) in the devel-
3 opment;

4 (iii) which units are subject to the stat-
5 utory and regulatory requirements of the
6 public housing program, except that the
7 Secretary may grant appropriate waivers to
8 such statutory and regulatory requirements
9 if reductions in funding or other changes to
10 the program make continued application of
11 such requirements impracticable;

12 (iv) which units are specially des-
13 ignated as dwelling units under this sub-
14 paragraph, except the equivalent units in
15 the development may be substituted for des-
16 ignated units during the period the units
17 are subject to the requirements of the public
18 housing program; and

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

21 (C) is owned by the public housing agency,
22 an affiliate controlled by it, or another appro-
23 priate entity.

24 Notwithstanding any other provision of this title, to
25 facilitate the establishment of socioeconomically mixed

1 *communities, a public housing agency that uses grant*
2 *amounts under this title for a mixed income develop-*
3 *ment under this paragraph may, to the extent that*
4 *income from such a development reduces the amount*
5 *of grant amounts used for operating or other costs re-*
6 *lating to public housing, use such resulting savings to*
7 *rent privately developed dwelling units in the neigh-*
8 *borhood of the mixed income development. Such units*
9 *shall be made available for occupancy only by low-in-*
10 *come families eligible for residency in public housing.*

11 **SEC. 222. FAMILY ELIGIBILITY.**

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

15 *(b) INCOME MIX WITHIN DEVELOPMENTS.—A public*
16 *housing agency may establish and utilize income-mix cri-*
17 *teria for the selection of residents for dwelling units in pub-*
18 *lic housing developments that limit admission to a develop-*
19 *ment by selecting applicants having incomes appropriate*
20 *so that the mix of incomes of families occupying the develop-*
21 *ment at any time is proportional to the income mix in the*
22 *eligible population of the jurisdiction of the agency at such*
23 *time, as adjusted to take into consideration the severity of*
24 *housing need. Any criteria established under this subsection*
25 *shall be subject to the provisions of subsection (c).*

1 (c) *INCOME MIX.*—

2 (1) *PHA INCOME MIX.*—Of the public housing
3 dwelling units of a public housing agency made avail-
4 able for occupancy by eligible families, not less than
5 35 percent shall be occupied by families whose in-
6 comes at the time of occupancy do not exceed 30 per-
7 cent of the area median income, as determined by the
8 Secretary with adjustments for smaller and larger
9 families, except that the Secretary, may for purposes
10 of this subsection, establish income ceilings higher or
11 lower than 30 percent of the median for the area on
12 the basis of the Secretary's findings that such vari-
13 ations are necessary because of unusually high or low
14 family incomes. This paragraph may not be con-
15 strued to create any authority on the part of any
16 public housing agency to evict any family residing in
17 public housing solely because of the income of the
18 family or because of any noncompliance or over-
19 compliance with the requirement of this paragraph.

20 (2) *PROHIBITION OF CONCENTRATION OF LOW-IN-*
21 *COME FAMILIES.*—A public housing agency may not,
22 in complying with the requirements under paragraph
23 (1), concentrate very low-income families (or other
24 families with relatively low incomes) in public hous-
25 ing dwelling units in certain public housing develop-

1 *ments or certain buildings within developments. The*
2 *Secretary may review the income and occupancy*
3 *characteristics of the public housing developments,*
4 *and the buildings of such developments, of public*
5 *housing agencies to ensure compliance with the provi-*
6 *sions of this paragraph.*

7 (3) *FUNGIBILITY WITH CHOICE-BASED ASSIST-*
8 *ANCE.—If, during a fiscal year, a public housing*
9 *agency provides choice-based housing assistance under*
10 *title III for a number of low-income families, who are*
11 *initially assisted by the agency in such year and have*
12 *incomes described in section 321(b) (relating to in-*
13 *come targeting), which exceeds the number of families*
14 *that is required for the agency to comply with the*
15 *percentage requirement under such section 321(b) for*
16 *such fiscal year, notwithstanding paragraph (1) of*
17 *this subsection, the number of public housing dwelling*
18 *units that the agency must otherwise make available*
19 *in accordance with such paragraph to comply with*
20 *the percentage requirement under such paragraph*
21 *shall be reduced by such excess number of families for*
22 *such fiscal year.*

23 (d) *WAIVER OF ELIGIBILITY REQUIREMENTS FOR OC-*
24 *CUPANCY BY POLICE OFFICERS.—*

1 (1) *AUTHORITY AND WAIVER.*—*To the extent nec-*
2 *essary to provide occupancy in public housing dwell-*
3 *ing units to police officers and other law enforcement*
4 *or security personnel (who are not otherwise eligible*
5 *for residence in public housing) and to increase secu-*
6 *rity for other public housing residents in develop-*
7 *ments where crime has been a problem, a public hous-*
8 *ing agency may, with respect to such units and sub-*
9 *ject to paragraph (2)—*

10 (A) *waive—*

11 (i) *the provisions of subsection (a) of*
12 *this section and section 225(a); and*

13 (ii) *the applicability of—*

14 (I) *any preferences for occupancy*
15 *established under section 223;*

16 (II) *the minimum rental amount*
17 *established pursuant to section 225(c)*
18 *and any maximum monthly rental*
19 *amount established pursuant to section*
20 *225(b);*

21 (III) *any criteria relating to in-*
22 *come mix within developments estab-*
23 *lished under subsection (b);*

24 (IV) *the income mix requirements*
25 *under subsection (c); and*

1 (V) any other occupancy limita-
2 tions or requirements; and

3 (B) establish special rent requirements and
4 other terms and conditions of occupancy.

5 (2) *CONDITIONS OF WAIVER.*—A public housing
6 agency may take the actions authorized in paragraph
7 (1) only if agency determines that such actions will
8 increase security in the public housing developments
9 involved and will not result in a significant reduction
10 of units available for residence by low-income fami-
11 lies.

12 **SEC. 223. PREFERENCES FOR OCCUPANCY.**

13 (a) *AUTHORITY TO ESTABLISH.*—Each public housing
14 agency may establish a system for making dwelling units
15 in public housing available for occupancy that provides
16 preference for such occupancy to families having certain
17 characteristics.

18 (b) *CONTENT.*—Each system of preferences established
19 pursuant to this section shall be based upon local housing
20 needs and priorities, as determined by the public housing
21 agency using generally accepted data sources, including any
22 information obtained pursuant to an opportunity for public
23 comment as provided under section 106(e) and under the
24 requirements applicable to the comprehensive housing af-
25 fordability strategy for the relevant jurisdiction.

1 (c) *SENSE OF THE CONGRESS.*—*It is the sense of the*
2 *Congress that, to the greatest extent practicable, public*
3 *housing agencies involved in the selection of tenants under*
4 *the provisions of this title should adopt preferences for indi-*
5 *viduals who are victims of domestic violence.*

6 **SEC. 224. ADMISSION PROCEDURES.**

7 (a) *ADMISSION REQUIREMENTS.*—*A public housing*
8 *agency shall ensure that each family residing in a public*
9 *housing development owned or administered by the agency*
10 *is admitted in accordance with the procedures established*
11 *under this title by the agency and the income limits under*
12 *section 222.*

13 (b) *NOTIFICATION OF APPLICATION DECISIONS.*—*A*
14 *public housing agency shall establish procedures designed*
15 *to provide for notification to an applicant for admission*
16 *to public housing of the determination with respect to such*
17 *application, the basis for the determination, and, if the ap-*
18 *plicant is determined to be eligible for admission, the pro-*
19 *jected date of occupancy (to the extent such date can reason-*
20 *ably be determined). If an agency denies an applicant ad-*
21 *mission to public housing, the agency shall notify the appli-*
22 *cant that the applicant may request an informal hearing*
23 *on the denial within a reasonable time of such notification.*

24 (c) *SITE-BASED WAITING LISTS.*—*A public housing*
25 *agency may establish procedures for maintaining waiting*

1 *lists for admissions to public housing developments of the*
2 *agency, which may include (notwithstanding any other law,*
3 *regulation, handbook, or notice to the contrary) a system*
4 *of site-based waiting lists whereby applicants may apply*
5 *directly at or otherwise designate the development or devel-*
6 *opments in which they seek to reside. All such procedures*
7 *shall comply with all provisions of title VI of the Civil*
8 *Rights Act of 1964, the Fair Housing Act, and other appli-*
9 *cable civil rights laws.*

10 *(d) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIO-*
11 *LENCE.—A public housing agency shall be subject to the re-*
12 *strictions regarding release of information relating to the*
13 *identity and new residence of any family in public housing*
14 *that was a victim of domestic violence that are applicable*
15 *to shelters pursuant to the Family Violence Prevention and*
16 *Services Act. The agency shall work with the United States*
17 *Postal Service to establish procedures consistent with the*
18 *confidentiality provisions in the Violence Against Women*
19 *Act of 1994.*

20 *(e) TRANSFERS.—A public housing agency may apply,*
21 *to each public housing resident seeking to transfer from one*
22 *development to another development owned or operated by*
23 *the agency, the screening procedures applicable at such time*
24 *to new applicants for public housing.*

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

2 (a) *RENTAL CONTRIBUTION BY RESIDENT.*—A family
3 residing in a public housing dwelling shall pay as monthly
4 rent for the unit the amount determined under paragraph
5 (1) or (2) of subsection (b), subject to the requirement under
6 subsection (c). Each public housing agency shall provide for
7 each family residing in a public housing dwelling unit
8 owned or administered by the agency to elect annually
9 whether the rent paid by such family shall be determined
10 under paragraph (1) or (2) of subsection (b).

11 (b) *ALLOWABLE RENT STRUCTURES.*—

12 (1) *FLAT RENTS.*—Each public housing agency
13 shall establish, for each dwelling unit in public hous-
14 ing owned or administered by the agency, a flat rent-
15 al amount for the dwelling unit, which shall—

16 (A) be based on the rental value of the unit,
17 as determined by the public housing agency; and

18 (B) be designed in accordance with sub-
19 section (e) so that the rent structures do not cre-
20 ate a disincentive for continued residency in
21 public housing by families who are attempting to
22 become economically self-sufficient through em-
23 ployment or who have attained a level of self-suf-
24 ficiency through their own efforts.

25 The rental amount for a dwelling unit shall be con-
26 sidered to comply with the requirements of this para-

1 *graph if such amount does not exceed the actual*
2 *monthly costs to the public housing agency attrib-*
3 *utable to providing and operating the dwelling unit.*
4 *The preceding sentence may not be construed to re-*
5 *quire establishment of rental amounts equal to or*
6 *based on operating costs or to prevent public housing*
7 *agencies from developing flat rents required under*
8 *this paragraph in any other manner that may com-*
9 *ply with this paragraph.*

10 (2) *INCOME-BASED RENTS.—The monthly rental*
11 *amount determined under this paragraph for a fam-*
12 *ily shall be an amount, determined by the public*
13 *housing agency, that does not exceed the greatest of*
14 *the following amounts (rounded to the nearest dollar):*

15 (A) *30 percent of the monthly adjusted in-*
16 *come of the family.*

17 (B) *10 percent of the monthly income of the*
18 *family.*

19 (C) *If the family is receiving payments for*
20 *welfare assistance from a public agency and a*
21 *part of such payments, adjusted in accordance*
22 *with the actual housing costs of the family, is*
23 *specifically designated by such agency to meet*
24 *the housing costs of the family, the portion of*
25 *such payments that is so designated.*

1 *Nothing in this paragraph may be construed to re-*
2 *quire a public housing agency to charge a monthly*
3 *rent in the maximum amount permitted under this*
4 *paragraph.*

5 *(c) MINIMUM RENTAL AMOUNT.—Notwithstanding the*
6 *method for rent determination elected by a family pursuant*
7 *to subsection (a), each public housing agency shall require*
8 *that the monthly rent for each dwelling unit in public hous-*
9 *ing owned or administered by the agency shall not be less*
10 *than a minimum amount (which amount shall include any*
11 *amount allowed for utilities), which shall be an amount de-*
12 *termined by the agency that is not less than \$25 nor more*
13 *than \$50.*

14 *(d) HARDSHIP PROVISIONS.—*

15 *(1) MINIMUM RENTAL.—*

16 *(A) IN GENERAL.—Notwithstanding sub-*
17 *section (c), a public housing agency shall grant*
18 *an exemption from application of the minimum*
19 *monthly rental under such subsection to any*
20 *family unable to pay such amount because of fi-*
21 *nancial hardship, which shall include situations*
22 *in which (i) the family has lost eligibility for or*
23 *is awaiting an eligibility determination for a*
24 *Federal, State, or local assistance program; (ii)*
25 *the family would be evicted as a result of the im-*

1 *position of the minimum rent requirement under*
2 *subsection (c); (iii) the income of the family has*
3 *decreased because of changed circumstance, in-*
4 *cluding loss of employment; and (iv) a death in*
5 *the family has occurred; and other situations as*
6 *may be determined by the agency.*

7 (B) *WAITING PERIOD.—If a resident re-*
8 *quests a hardship exemption under this para-*
9 *graph and the public housing agency reasonably*
10 *determines the hardship to be of a temporary na-*
11 *ture, an exemption shall not be granted during*
12 *the 90-day period beginning upon the making of*
13 *a request for the exemption. A resident may not*
14 *be evicted during such 90-day period for nonpay-*
15 *ment of rent. In such a case, if the resident*
16 *thereafter demonstrates that the financial hard-*
17 *ship is of a long-term basis, the agency shall*
18 *retroactively exempt the resident from the appli-*
19 *cability of the minimum rent requirement for*
20 *such 90-day period.*

21 (2) *SWITCHING RENT DETERMINATION METH-*
22 *ODS.—Notwithstanding subsection (a), in the case of*
23 *a family that has elected to pay rent in the amount*
24 *determined under subsection (b)(1), a public housing*
25 *agency shall provide for the family to pay rent in the*

1 *amount determined under subsection (b)(2) during*
2 *the period for which such election was made if the*
3 *family is unable to pay the amount determined under*
4 *subsection (b)(1) because of financial hardship, in-*
5 *cluding—*

6 *(A) situations in which the income of the*
7 *family has decreased because of changed cir-*
8 *cumstances, loss of reduction of employment,*
9 *death in the family, and reduction in or loss of*
10 *income or other assistance;*

11 *(B) an increase, because of changed cir-*
12 *cumstances, in the family's expenses for—*

13 *(i) medical costs;*

14 *(ii) child care;*

15 *(iii) transportation;*

16 *(iv) education; or*

17 *(v) similar items; and*

18 *(C) such other situations as may be deter-*
19 *mined by the agency.*

20 *(e) ENCOURAGEMENT OF SELF-SUFFICIENCY.—The*
21 *rental policy developed by each public housing agency shall*
22 *encourage and reward employment and economic self-suffi-*
23 *ciency.*

24 *(f) INCOME REVIEWS.—Each public housing agency*
25 *shall review the income of each family occupying a dwelling*

1 *unit in public housing owned or administered by the agency*
2 *not less than annually, except that, in the case of families*
3 *that are paying rent in the amount determined under sub-*
4 *section (b)(1), the agency shall review the income of such*
5 *family not less than once every 3 years.*

6 *(g) DISALLOWANCE OF EARNED INCOME FROM RENT*
7 *DETERMINATIONS.—*

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

20 *(2) PHASE-IN OF RENT INCREASES.—After the*
21 *expiration of the 18-month period referred to in para-*
22 *graph (1), rent increases due to the continued employ-*
23 *ment of the family member described in paragraph*
24 *(1) shall be phased in over a subsequent 3-year pe-*
25 *riod.*

1 (3) *TRANSITION.*—*Notwithstanding the provi-*
2 *sions of paragraphs (1) and (2), any resident of pub-*
3 *lic housing participating in the program under the*
4 *authority contained in the undesignated paragraph at*
5 *the end of section 3(c)(3) of the United States Hous-*
6 *ing Act of 1937 (as in effect before the effective date*
7 *of the repeal under section 601(b) of this Act) shall*
8 *be governed by such authority after such date.*

9 (h) *PHASE-IN OF RENT CONTRIBUTION INCREASES*
10 *AFTER EFFECTIVE DATE.*—

11 (1) *IN GENERAL.*—*Except as provided in para-*
12 *graph (2), for any family residing in a dwelling unit*
13 *in public housing upon the effective date of this Act,*
14 *if the monthly contribution for rental of an assisted*
15 *dwelling unit to be paid by the family upon initial*
16 *applicability of this title is greater than the amount*
17 *paid by the family under the provisions of the United*
18 *States Housing Act of 1937 immediately before such*
19 *applicability, any such resulting increase in rent con-*
20 *tribution shall be—*

21 (A) *phased in equally over a period of not*
22 *less than 3 years, if such increase is 30 percent*
23 *or more of such contribution before initial appli-*
24 *cability; and*

1 (B) limited to not more than 10 percent per
2 year if such increase is more than 10 percent but
3 less than 30 percent of such contribution before
4 initial applicability.

5 (2) *EXCEPTION.*—The minimum rental amount
6 under subsection (c) shall apply to each family de-
7 scribed in paragraph (1) of this subsection, notwith-
8 standing such paragraph.

9 **SEC. 226. LEASE REQUIREMENTS.**

10 *In renting dwelling units in a public housing develop-*
11 *ment, each public housing agency shall utilize leases that—*

12 (1) *do not contain unreasonable terms and con-*
13 *ditions;*

14 (2) *obligate the public housing agency to main-*
15 *tain the development in compliance with the housing*
16 *quality requirements under section 232;*

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

20 (A) *the period provided under the applica-*
21 *ble law of the jurisdiction or 14 days, whichever*
22 *is less, in the case of nonpayment of rent;*

23 (B) *a reasonable period of time, but not to*
24 *exceed 14 days, when the health or safety of other*

1 *residents or public housing agency employees is*
2 *threatened; and*

3 *(C) the period of time provided under the*
4 *applicable law of the jurisdiction, in any other*
5 *case;*

6 *(4) contain the provisions required under sec-*
7 *tions 642 and 643 (relating to limitations on occu-*
8 *pancy in federally assisted housing); and*

9 *(5) specify that, with respect to any notice of*
10 *eviction or termination, notwithstanding any State*
11 *law, a public housing resident shall be informed of the*
12 *opportunity, prior to any hearing or trial, to exam-*
13 *ine any relevant documents, records or regulations di-*
14 *rectly related to the eviction or termination.*

15 **SEC. 227. DESIGNATED HOUSING FOR ELDERLY AND DIS-**
16 **ABLED FAMILIES.**

17 *(a) AUTHORITY TO PROVIDE DESIGNATED HOUS-*
18 *ING.—*

19 *(1) IN GENERAL.—Subject only to provisions of*
20 *this section and notwithstanding any other provision*
21 *of law, a public housing agency for which the infor-*
22 *mation required under subsection (d) is in effect may*
23 *provide public housing developments (or portions of*
24 *developments) designated for occupancy by (A) only*

1 *elderly families, (B) only disabled families, or (C) el-*
2 *derly and disabled families.*

3 (2) *PRIORITY FOR OCCUPANCY.—In determining*
4 *priority for admission to public housing developments*
5 *(or portions of developments) that are designated for*
6 *occupancy as provided in paragraph (1), the public*
7 *housing agency may make units in such developments*
8 *(or portions) available only to the types of families*
9 *for whom the development is designated.*

10 (3) *ELIGIBILITY OF NEAR-ELDERLY FAMILIES.—*
11 *If a public housing agency determines that there are*
12 *insufficient numbers of elderly families to fill all the*
13 *units in a development (or portion of a development)*
14 *designated under paragraph (1) for occupancy by*
15 *only elderly families, the agency may provide that*
16 *near-elderly families may occupy dwelling units in*
17 *the development (or portion).*

18 (b) *STANDARDS REGARDING EVICTIONS.—Except as*
19 *provided in subtitle C of title VI, any tenant who is law-*
20 *fully residing in a dwelling unit in a public housing devel-*
21 *opment may not be evicted or otherwise required to vacate*
22 *such unit because of the designation of the development (or*
23 *portion of a development) pursuant to this section or be-*
24 *cause of any action taken by the Secretary or any public*
25 *housing agency pursuant to this section.*

1 (c) *RELOCATION ASSISTANCE.*—A public housing
2 agency that designates any existing development or build-
3 ing, or portion thereof, for occupancy as provided under
4 subsection (a)(1) shall provide, to each person and family
5 who agrees to be relocated in connection with such designa-
6 tion—

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

10 (2) access to comparable housing (including ap-
11 propriate services and design features), which may
12 include choice-based rental housing assistance under
13 title III, at a rental rate paid by the tenant that is
14 comparable to that applicable to the unit from which
15 the person or family has vacated; and

16 (3) payment of actual, reasonable moving ex-
17 penses.

18 (d) *REQUIRED INCLUSIONS IN LOCAL HOUSING MAN-*
19 *AGEMENT PLAN.*—A public housing agency may designate
20 a development (or portion of a development) for occupancy
21 under subsection (a)(1) only if the agency, as part of the
22 agency's local housing management plan—

23 (1) establishes that the designation of the devel-
24 opment is necessary—

1 (A) to achieve the housing goals for the ju-
2 isdiction under the comprehensive housing af-
3 fordability strategy under section 105 of the
4 Cranston-Gonzalez National Affordable Housing
5 Act; or

6 (B) to meet the housing needs of the low-in-
7 come population of the jurisdiction; and

8 (2) includes a description of—

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

11 (B) the types of tenants for which the devel-
12 opment is to be designated;

13 (C) any supportive services to be provided
14 to tenants of the designated development (or por-
15 tion);

16 (D) how the design and related facilities (as
17 such term is defined in section 202(d)(8) of the
18 Housing Act of 1959) of the development accom-
19 modate the special environmental needs of the
20 intended occupants; and

21 (E) any plans to secure additional resources
22 or housing assistance to provide assistance to
23 families that may have been housed if occupancy
24 in the development were not restricted pursuant
25 to this section.

1 *For purposes of this subsection, the term “supportive serv-*
2 *ices” means services designed to meet the special needs of*
3 *residents. Notwithstanding section 107, the Secretary may*
4 *approve a local housing management plan without approv-*
5 *ing the portion of the plan covering designation of a devel-*
6 *opment pursuant to this section.*

7 *(e) EFFECTIVENESS.—*

8 *(1) INITIAL 5-YEAR EFFECTIVENESS.—The infor-*
9 *mation required under subsection (d) shall be in effect*
10 *for purposes of this section during the 5-year period*
11 *that begins upon notification under section 107(a) of*
12 *the public housing agency that the information com-*
13 *plies with the requirements under section 106 and*
14 *this section.*

15 *(2) RENEWAL.—Upon the expiration of the 5-*
16 *year period under paragraph (1) or any 2-year pe-*
17 *riod under this paragraph, an agency may extend the*
18 *effectiveness of the designation and information for an*
19 *additional 2-year period (that begins upon such expi-*
20 *ration) by submitting to the Secretary any informa-*
21 *tion needed to update the information. The Secretary*
22 *may not limit the number of times a public housing*
23 *agency extends the effectiveness of a designation and*
24 *information under this paragraph.*

1 (3) *TREATMENT OF EXISTING PLANS.*—*Notwith-*
2 *standing any other provision of this section, a public*
3 *housing agency shall be considered to have submitted*
4 *the information required under this section if the*
5 *agency has submitted to the Secretary an application*
6 *and allocation plan under section 7 of the United*
7 *States Housing Act of 1937 (as in effect before the ef-*
8 *fective date of the repeal under section 601(b) of this*
9 *Act) that has not been approved or disapproved before*
10 *such effective date.*

11 (4) *TRANSITION PROVISION.*—*Any application*
12 *and allocation plan approved under section 7 of the*
13 *United States Housing Act of 1937 (as in effect before*
14 *the effective date of the repeal under section 601(b) of*
15 *this Act) before such effective date shall be considered*
16 *to be the information required to be submitted under*
17 *this section and that is in effect for purposes of this*
18 *section for the 5-year period beginning upon such ap-*
19 *proval.*

20 (f) *INAPPLICABILITY OF UNIFORM RELOCATION AS-*
21 *SISTANCE AND REAL PROPERTY ACQUISITIONS POLICY ACT*
22 *OF 1970.*—*No resident of a public housing development*
23 *shall be considered to be displaced for purposes of the Uni-*
24 *form Relocation Assistance and Real Property Acquisitions*
25 *Policy Act of 1970 because of the designation of any existing*

1 *development or building, or portion thereof, for occupancy*
2 *as provided under subsection (a) of this section.*

3 *(g) USE OF AMOUNTS.—Any amounts appropriated*
4 *pursuant to section 10(b) of the Housing Opportunity Pro-*
5 *gram Extension Act of 1996 (Public Law 104–120) may*
6 *also be used for choice-based rental housing assistance under*
7 *title III for public housing agencies to implement this sec-*
8 *tion.*

9 ***Subtitle C—Management***

10 ***SEC. 231. MANAGEMENT PROCEDURES.***

11 *(a) SOUND MANAGEMENT.—A public housing agency*
12 *that receives grant amounts under this title shall establish*
13 *and comply with procedures and practices sufficient to en-*
14 *sure that the public housing developments owned or admin-*
15 *istered by the agency are operated in a sound manner.*

16 *(b) ACCOUNTING SYSTEM FOR RENTAL COLLECTIONS*
17 *AND COSTS.—*

18 *(1) ESTABLISHMENT.—Each public housing*
19 *agency that receives grant amounts under this title*
20 *shall establish and maintain a system of accounting*
21 *for rental collections and costs (including administra-*
22 *tive, utility, maintenance, repair, and other operating*
23 *costs) for each project and operating cost center (as*
24 *determined by the Secretary).*

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

5 (3) *EXEMPTION.*—*The Secretary may permit au-*
6 *thorities owning or operating fewer than 500 dwelling*
7 *units to comply with the requirements of this sub-*
8 *section by accounting on an agency-wide basis.*

9 (c) *MANAGEMENT BY OTHER ENTITIES.*—*Except as*
10 *otherwise provided under this Act, a public housing agency*
11 *may contract with any other entity to perform any of the*
12 *management functions for public housing owned or oper-*
13 *ated by the public housing agency.*

14 **SEC. 232. HOUSING QUALITY REQUIREMENTS.**

15 (a) *IN GENERAL.*—*Each public housing agency that*
16 *receives grant amounts under this Act shall maintain its*
17 *public housing in a condition that complies—*

18 (1) *in the case of public housing located in a ju-*
19 *risdiction which has in effect laws, regulations, stand-*
20 *ards, or codes regarding habitability of residential*
21 *dwelling, with such applicable laws, regulations,*
22 *standards, or codes; or*

23 (2) *in the case of public housing located in a ju-*
24 *risdiction which does not have in effect laws, regula-*
25 *tions, standards, or codes described in paragraph (1),*

1 *with the housing quality standards established under*
2 *subsection (b).*

3 **(b) FEDERAL HOUSING QUALITY STANDARDS.**—*The*
4 *Secretary shall establish housing quality standards under*
5 *this subsection that ensure that public housing dwelling*
6 *units are safe, clean, and healthy. Such standards shall in-*
7 *clude requirements relating to habitability, including main-*
8 *tenance, health and sanitation factors, condition, and con-*
9 *struction of dwellings, and shall, to the greatest extent prac-*
10 *ticable, be consistent with the standards established under*
11 *section 328(c). The Secretary shall differentiate between*
12 *major and minor violations of such standards.*

13 **(c) DETERMINATIONS.**—*Each public housing agency*
14 *providing housing assistance shall identify, in the local*
15 *housing management plan of the agency, whether the agency*
16 *is utilizing the standard under paragraph (1) or (2) of sub-*
17 *section (a).*

18 **(d) ANNUAL INSPECTIONS.**—*Each public housing*
19 *agency that owns or operates public housing shall make an*
20 *annual inspection of each public housing development to*
21 *determine whether units in the development are maintained*
22 *in accordance with the requirements under subsection (a).*
23 *The agency shall retain the results of such inspections and,*
24 *upon the request of the Secretary, the Inspector General for*
25 *the Department of Housing and Urban Development, or*

1 *any auditor conducting an audit under section 541, shall*
2 *make such results available.*

3 **SEC. 233. EMPLOYMENT OF RESIDENTS.**

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

6 *(1) in subsection (c)(1)—*

7 *(A) in subparagraph (A)—*

8 *(i) by striking “public and Indian*
9 *housing agencies” and inserting “public*
10 *housing agencies and recipients of grants*
11 *under the Native American Housing Assist-*
12 *ance and Self-Determination Act of 1996”;*
13 *and*

14 *(ii) by striking “development assist-*
15 *ance” and all that follows through the end*
16 *and inserting “assistance provided under*
17 *title II of the Housing Opportunity and Re-*
18 *sponsibility Act of 1997 and used for the*
19 *housing production, operation, or capital*
20 *needs.”; and*

21 *(B) in subparagraph (B)(ii), by striking*
22 *“managed by the public or Indian housing agen-*
23 *cy” and inserting “assisted by the public housing*
24 *agency or the recipient of a grant under the Na-*

1 *tive American Housing Assistance and Self-De-*
2 *termination Act of 1996”;* and

3 (2) *in subsection (d)(1)—*

4 (A) *in subparagraph (A)—*

5 (i) *by striking “public and Indian*
6 *housing agencies” and inserting “public*
7 *housing agencies and recipients of grants*
8 *under the Native American Housing Assist-*
9 *ance and Self-Determination Act of 1996”;*
10 and

11 (ii) *by striking “development assist-*
12 *ance” and all that follows through “section*
13 *14 of that Act” and inserting “assistance*
14 *provided under title II of the Housing Op-*
15 *portunity and Responsibility Act of 1997*
16 *and used for the housing production, oper-*
17 *ation, or capital needs”;* and

18 (B) *in subparagraph (B)(ii), by striking*
19 *“operated by the public or Indian housing agen-*
20 *cy” and inserting “assisted by the public housing*
21 *agency or the recipient of a grant under the Na-*
22 *tive American Housing Assistance and Self-De-*
23 *termination Act of 1996”.*

1 **SEC. 234. RESIDENT COUNCILS AND RESIDENT MANAGE-**
2 **MENT CORPORATIONS.**

3 (a) *RESIDENT COUNCILS.*—*The residents of a public*
4 *housing development may establish a resident council for*
5 *the development for purposes of consideration of issues re-*
6 *lating to residents, representation of resident interests, and*
7 *coordination and consultation with a public housing agen-*
8 *cy. A resident council shall be an organization or associa-*
9 *tion that—*

10 (1) *is nonprofit in character;*

11 (2) *is representative of the residents of the eligi-*
12 *ble housing;*

13 (3) *adopts written procedures providing for the*
14 *election of officers on a regular basis; and*

15 (4) *has a democratically elected governing board,*
16 *which is elected by the residents of the eligible housing*
17 *on a regular basis.*

18 (b) *RESIDENT MANAGEMENT CORPORATIONS.*—

19 (1) *ESTABLISHMENT.*—*The residents of a public*
20 *housing development may establish a resident man-*
21 *agement corporation for the purpose of assuming the*
22 *responsibility for the management of the development*
23 *under section 235 or purchasing a development.*

24 (2) *REQUIREMENTS.*—*A resident management*
25 *corporation shall be a corporation that—*

26 (A) *is nonprofit in character;*

1 (B) is organized under the laws of the State
2 in which the development is located;

3 (C) has as its sole voting members the resi-
4 dents of the development; and

5 (D) is established by the resident council for
6 the development or, if there is not a resident
7 council, by a majority of the households of the
8 development.

9 **SEC. 235. MANAGEMENT BY RESIDENT MANAGEMENT COR-**
10 **PORATION.**

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

15 (b) *CONTRACT.*—A contract under this section for
16 management of public housing developments by a resident
17 management corporation shall establish the respective man-
18 agement rights and responsibilities of the corporation and
19 the public housing agency. The contract shall be consistent
20 with the requirements of this Act applicable to public hous-
21 ing development and may include specific terms governing
22 management personnel and compensation, access to public
23 housing records, submission of and adherence to budgets,
24 rent collection procedures, resident income verification,
25 resident eligibility determinations, resident eviction, the ac-

1 *quisition of supplies and materials and such other matters*
2 *as may be appropriate. The contract shall be treated as a*
3 *contracting out of services.*

4 *(c) BONDING AND INSURANCE.—Before assuming any*
5 *management responsibility for a public housing develop-*
6 *ment, the resident management corporation shall provide*
7 *fidelity bonding and insurance, or equivalent protection.*
8 *Such bonding and insurance, or its equivalent, shall be ade-*
9 *quate to protect the Secretary and the public housing agen-*
10 *cy against loss, theft, embezzlement, or fraudulent acts on*
11 *the part of the resident management corporation or its em-*
12 *ployees.*

13 *(d) BLOCK GRANT ASSISTANCE AND INCOME.—A con-*
14 *tract under this section shall provide for—*

15 *(1) the public housing agency to provide a por-*
16 *tion of the block grant assistance under this title to*
17 *the resident management corporation for purposes of*
18 *operating the public housing development covered by*
19 *the contract and performing such other eligible activi-*
20 *ties with respect to the development as may be pro-*
21 *vided under the contract;*

22 *(2) the amount of income expected to be derived*
23 *from the development itself (from sources such as*
24 *rents and charges);*

1 (3) *the amount of income to be provided to the*
2 *development from the other sources of income of the*
3 *public housing agency (such as interest income, ad-*
4 *ministrative fees, and rents); and*

5 (4) *any income generated by a resident manage-*
6 *ment corporation of a public housing development*
7 *that exceeds the income estimated under the contract*
8 *shall be used for eligible activities under section*
9 *203(a).*

10 (e) *CALCULATION OF TOTAL INCOME.—*

11 (1) *MAINTENANCE OF SUPPORT.—Subject to*
12 *paragraph (2), the amount of assistance provided by*
13 *a public housing agency to a public housing develop-*
14 *ment managed by a resident management corporation*
15 *may not be reduced during the 3-year period begin-*
16 *ning on the date on which the resident management*
17 *corporation is first established for the development.*

18 (2) *REDUCTIONS AND INCREASES IN SUPPORT.—*
19 *If the total income of a public housing agency is re-*
20 *duced or increased, the income provided by the public*
21 *housing agency to a public housing development man-*
22 *aged by a resident management corporation shall be*
23 *reduced or increased in proportion to the reduction or*
24 *increase in the total income of the agency, except that*
25 *any reduction in block grant amounts under this title*

1 to the agency that occurs as a result of fraud, waste,
2 or mismanagement by the agency shall not affect the
3 amount provided to the resident management cor-
4 poration.

5 **SEC. 236. TRANSFER OF MANAGEMENT OF CERTAIN HOUS-**
6 **ING TO INDEPENDENT MANAGER AT RE-**
7 **QUEST OF RESIDENTS.**

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

13 (1) such housing is owned or operated by a pub-
14 lic housing agency that is designated as a troubled
15 agency under section 533(a); and

16 (2) the Secretary determines that—

17 (A) such housing has deferred maintenance,
18 physical deterioration, or obsolescence of major
19 systems and other deficiencies in the physical
20 plant of the project;

21 (B) such housing is occupied predominantly
22 by families with children who are in a severe
23 state of distress, characterized by such factors as
24 high rates of unemployment, teenage pregnancy,
25 single-parent households, long-term dependency

1 *on public assistance and minimal educational*
2 *achievement;*

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

7 *(D) the residents can demonstrate that the*
8 *elements of distress for such housing specified in*
9 *subparagraphs (A) through (C) can be remedied*
10 *by an entity that has a demonstrated capacity to*
11 *manage, with reasonable expenses for moderniza-*
12 *tion.*

13 *Such a transfer may be made only as provided in this sec-*
14 *tion, pursuant to the approval by the Secretary of a request*
15 *for the transfer made by a majority vote of the residents*
16 *for the specified housing, after consultation with the public*
17 *housing agency for the specified housing.*

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

1 *of the total block grant amounts for the public housing agen-*
2 *cy transferring the housing, taking into consideration the*
3 *operating and capital improvement needs of the specified*
4 *housing, the operating and capital improvement needs of*
5 *the remaining public housing units managed by the public*
6 *housing agency, and the local housing management plan*
7 *of such agency.*

8 (c) *CONTRACT BETWEEN SECRETARY AND MAN-*
9 *AGER.—*

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

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

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

1 agency to prepare and update its local housing management
2 plan.

3 (e) *DEMOLITION AND DISPOSITION BY MANAGER.*—A
4 manager under this section may demolish or dispose of spec-
5 ified housing only if, and in the manner, provided for in
6 the local housing management plan for the agency transfer-
7 ring management of the housing.

8 (f) *LIMITATION ON PHA LIABILITY.*—A public housing
9 agency that is not a manager for specified housing shall
10 not be liable for any act or failure to act by a manager
11 or resident council for the specified housing.

12 (g) *TREATMENT OF MANAGER.*—To the extent not in-
13 consistent with this section and to the extent the Secretary
14 determines not inconsistent with the purposes of this Act,
15 a manager of specified housing under this section shall be
16 considered to be a public housing agency for purposes of
17 this title.

18 (h) *DEFINITIONS.*—For purposes of this section, the
19 following definitions shall apply:

20 (1) *ELIGIBLE MANAGEMENT ENTITY.*—The term
21 “eligible management entity” means, with respect to
22 any public housing development, any of the following
23 entities:

24 (A) *NONPROFIT ORGANIZATION.*—A public
25 or private nonprofit organization, which shall—

1 (i) include a resident management cor-
2 poration or resident management organiza-
3 tion and, as determined by the Secretary, a
4 public or private nonprofit organization
5 sponsored by the public housing agency that
6 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 any
20 eligible management entity that has entered into a
21 contract under this section with the Secretary for the
22 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 ac-*
11 *countability acceptable to the Secretary; and*

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

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

18 (6) *PUBLIC NONPROFIT ORGANIZATION.*—*The*
19 *term “public nonprofit organization” means any pub-*
20 *lic 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 develop-*
24 *ments, for which the transfer of management is re-*
25 *quested under this section. The term includes one or*

1 *more contiguous buildings and an area of contiguous*
2 *row houses, but in the case of a single building, the*
3 *building shall be sufficiently separable from the re-*
4 *mainder of the development of which it is part to*
5 *make transfer of the management of the building fea-*
6 *sible 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 devel-*
22 *opment” includes one or more contiguous buildings or an*
23 *area of contiguous row houses the elected resident councils*
24 *of which approve the establishment of a resident manage-*

1 *ment corporation and otherwise meet the requirements of*
2 *this section.*

3 *(b) PROGRAM REQUIREMENTS.—*

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

18 *(2) PUBLIC HOUSING MANAGEMENT SPECIAL-*
19 *IST.—The resident council of a public housing devel-*
20 *opment, in cooperation with the public housing agen-*
21 *cy, shall select a qualified public housing manage-*
22 *ment specialist to assist in determining the feasibility*
23 *of, and to help establish, a resident management cor-*
24 *poration and to provide training and other duties*
25 *agreed to in the daily operations of the development.*

1 (3) *MANAGEMENT RESPONSIBILITIES.*—A resi-
2 dent management corporation that qualifies under
3 this section, and that supplies insurance and bonding
4 or equivalent protection sufficient to the Secretary
5 and the public housing agency, shall enter into a con-
6 tract with the agency establishing the respective man-
7 agement rights and responsibilities of the corporation
8 and the agency. The contract shall be treated as a
9 contracting out of services and shall be subject to the
10 requirements under section 235 for such contracts.

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

17 (c) *COMPREHENSIVE IMPROVEMENT ASSISTANCE.*—
18 Public housing developments managed by resident manage-
19 ment corporations may be provided with modernization as-
20 sistance from grant amounts under this title for purposes
21 of renovating such developments. If such renovation activi-
22 ties (including the planning and architectural design of the
23 rehabilitation) are administered by a resident management
24 corporation, the public housing agency involved may not
25 retain, for any administrative or other reason, any portion

1 *of the assistance provided pursuant to this subsection unless*
2 *otherwise provided by contract.*

3 *(d) WAIVER OF FEDERAL REQUIREMENTS.—*

4 *(1) WAIVER OF REGULATORY REQUIREMENTS.—*

5 *Upon the request of any resident management cor-*
6 *poration and public housing agency, and after notice*
7 *and an opportunity to comment is afforded to the af-*
8 *fected residents, the Secretary may waive (for both the*
9 *resident management corporation and the public*
10 *housing agency) any requirement established by the*
11 *Secretary (and not specified in any statute) that the*
12 *Secretary determines to unnecessarily increase the*
13 *costs or restrict the income of a public housing devel-*
14 *opment.*

15 *(2) WAIVER TO PERMIT EMPLOYMENT.—Upon*
16 *the request of any resident management corporation,*
17 *the Secretary may, subject to applicable collective bar-*
18 *gaining agreements, permit residents of such develop-*
19 *ment to volunteer a portion of their labor.*

20 *(3) EXCEPTIONS.—The Secretary may not waive*
21 *under this subsection any requirement with respect to*
22 *income eligibility for purposes of section 222, family*
23 *rental payments under section 225, tenant or appli-*
24 *cant protections, employee organizing rights, or rights*
25 *of employees under collective bargaining agreements.*

1 (e) *OPERATING ASSISTANCE AND DEVELOPMENT IN-*
2 *COME.*—

3 (1) *CALCULATION OF OPERATING SUBSIDY.*—*The*
4 *grant amounts received under this title by a public*
5 *housing agency used for operating fund activities*
6 *under section 203(a)(2) that are allocated to a public*
7 *housing development managed by a resident manage-*
8 *ment corporation shall not be less than per unit*
9 *monthly amount of such assistance used by the public*
10 *housing agency in the previous year, as determined*
11 *on an individual development basis.*

12 (2) *CONTRACT REQUIREMENTS.*—*Any contract*
13 *for management of a public housing development en-*
14 *tered into by a public housing agency and a resident*
15 *management corporation shall specify the amount of*
16 *income expected to be derived from the development*
17 *itself (from sources such as rents and charges) and the*
18 *amount of income funds to be provided to the develop-*
19 *ment from the other sources of income of the agency*
20 *(such as assistance for operating activities under sec-*
21 *tion 203(a)(2), interest income, administrative fees,*
22 *and rents).*

23 (f) *RESIDENT MANAGEMENT TECHNICAL ASSISTANCE*
24 *AND TRAINING.*—

1 (1) *FINANCIAL ASSISTANCE.*—*To the extent budg-*
2 *et authority is available under this title, the Secretary*
3 *shall provide financial assistance to resident manage-*
4 *ment corporations or resident councils that obtain, by*
5 *contract or otherwise, technical assistance for the de-*
6 *velopment of resident management entities, including*
7 *the formation of such entities, the development of the*
8 *management capability of newly formed or existing*
9 *entities, the identification of the social support needs*
10 *of residents of public housing developments, and the*
11 *securing of such support. In addition, the Secretary*
12 *may provide financial assistance to resident manage-*
13 *ment corporations or resident councils for activities*
14 *sponsored by resident organizations for economic up-*
15 *lift, such as job training, economic development, secu-*
16 *rity, and other self-sufficiency activities beyond those*
17 *related to the management of public housing. The Sec-*
18 *retary may require resident councils or resident man-*
19 *agement corporations to utilize public housing agen-*
20 *cies or other qualified organizations as contract ad-*
21 *ministrators with respect to financial assistance pro-*
22 *vided under this paragraph.*

23 (2) *LIMITATION ON ASSISTANCE.*—*The financial*
24 *assistance provided under this subsection with respect*

1 to any public housing development may not exceed
2 \$100,000.

3 (3) *PROHIBITION.*—A resident management cor-
4 poration or resident council may not, before the
5 award to the corporation or council of a grant
6 amount under this subsection, enter into any contract
7 or other agreement with any entity to provide such
8 entity with amounts from the grant for providing
9 technical assistance or carrying out other activities el-
10 igible for assistance with amounts under this sub-
11 section. Any such agreement entered into in violation
12 of this paragraph shall be void and unenforceable.

13 (4) *FUNDING.*—Of any amounts made available
14 for financial assistance under this title, the Secretary
15 may use to carry out this subsection \$15,000,000 for
16 fiscal year 1998.

17 (5) *LIMITATION REGARDING ASSISTANCE UNDER*
18 *HOPE GRANT PROGRAM.*—The Secretary may not pro-
19 vide financial assistance under this subsection to any
20 resident management corporation or resident council
21 with respect to which assistance for the development
22 or formation of such entity is provided under title III
23 of the United States Housing Act of 1937 (as in effect
24 before the effective date of the repeal under section
25 601(b) of this Act).

1 (6) *TECHNICAL ASSISTANCE AND CLEARING-*
2 *HOUSE.—The Secretary may use up to 10 percent of*
3 *the amount made available pursuant to paragraph*
4 *(4)—*

5 *(A) to provide technical assistance, directly*
6 *or by grant or contract, and*

7 *(B) to receive, collect, process, assemble, and*
8 *disseminate information,*
9 *in connection with activities under this subsection.*

10 (g) *ASSESSMENT AND REPORT BY SECRETARY.—Not*
11 *later than 3 years after the date of the enactment of this*
12 *Act, the Secretary shall—*

13 *(1) conduct an evaluation and assessment of*
14 *resident management, and particularly of the effect of*
15 *resident management on living conditions in public*
16 *housing; and*

17 *(2) submit to the Congress a report setting forth*
18 *the findings of the Secretary as a result of the evalua-*
19 *tion and assessment and including any recommenda-*
20 *tions the Secretary determines to be appropriate.*

21 (h) *APPLICABILITY.—Any management contract be-*
22 *tween a public housing agency and a resident management*
23 *corporation that is entered into after the date of the enact-*
24 *ment of the Stewart B. McKinney Homeless Assistance*

1 *Amendments Act of 1988 shall be subject to this section and*
2 *any regulations issued to carry out this section.*

3 ***Subtitle D—Homeownership***

4 ***SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.***

5 (a) *IN GENERAL.*—A public housing agency may carry
6 *out a homeownership program in accordance with this sec-*
7 *tion and the local housing management plan of the agency*
8 *to make public housing dwelling units, public housing de-*
9 *velopments, and other housing projects available for pur-*
10 *chase by low-income families. An agency may transfer a*
11 *unit only pursuant to a homeownership program approved*
12 *by the Secretary. Notwithstanding section 107, the Sec-*
13 *retary may approve a local housing management plan*
14 *without approving the portion of the plan regarding a*
15 *homeownership program pursuant to this section. In the*
16 *case of the portion of a plan regarding the homeownership*
17 *program that is submitted separately pursuant to the pre-*
18 *ceding sentence, the Secretary shall approve or disapprove*
19 *such portion not later than 60 days after the submission*
20 *of such portion.*

21 (b) *PARTICIPATING UNITS.*—A program under this
22 *section may cover any existing public housing dwelling*
23 *units or projects, and may include other dwelling units and*
24 *housing owned, operated, or assisted, or otherwise acquired*
25 *for use under such program, by the public housing agency.*

1 (c) *ELIGIBLE PURCHASERS.*—

2 (1) *LOW-INCOME REQUIREMENT.*—Only low-in-
3 come families assisted by a public housing agency,
4 other low-income families, and entities formed to fa-
5 cilitate such sales by purchasing units for resale to
6 low-income families shall be eligible to purchase hous-
7 ing under a homeownership program under this sec-
8 tion.

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

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

8 (e) *DOWNPAYMENT REQUIREMENT.*—

9 (1) *IN GENERAL.*—Each family purchasing hous-
10 ing under a homeownership program under this sec-
11 tion shall be required to provide from its own re-
12 sources a downpayment in connection with any loan
13 for acquisition of the housing, in an amount deter-
14 mined by the public housing agency. Except as pro-
15 vided in paragraph (2), the agency shall permit the
16 family to use grant amounts, gifts from relatives, con-
17 tributions from private sources, and similar amounts
18 as downpayment amounts in such purchase,

19 (2) *DIRECT FAMILY CONTRIBUTION.*—In pur-
20 chasing housing pursuant to this section, each family
21 shall contribute an amount of the downpayment, from
22 resources of the family other than grants, gifts, con-
23 tributions, or other similar amounts referred to in
24 paragraph (1), that is not less than 1 percent of the
25 purchase price.

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

9 (g) *RESALE.*—

10 (1) *AUTHORITY AND LIMITATION.*—A home-
11 ownership program under this section shall permit
12 the resale of a dwelling unit purchased under the pro-
13 gram by an eligible family, but shall provide such
14 limitations on resale as the agency considers appro-
15 priate (whether the family purchases directly from the
16 agency or from another entity) for the agency to re-
17 capture—

18 (A) from any economic gain derived from
19 any such resale occurring during the 5-year pe-
20 riod beginning upon purchase of the dwelling
21 unit by the eligible family, a portion of the
22 amount of any financial assistance provided
23 under the program by the agency to the eligible
24 family; and

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

5 (2) CONSIDERATIONS.—The limitations referred
6 to in paragraph (1) may provide for consideration of
7 the aggregate amount of assistance provided under the
8 program to the family, the contribution to equity pro-
9 vided by the purchasing eligible family, the period of
10 time elapsed between purchase under the homeown-
11 ership program and resale, the reason for resale, any
12 improvements to the property made by the eligible
13 family, any appreciation in the value of the property,
14 and any other factors that the agency considers ap-
15 propriate.

16 (h) SALE OF CERTAIN SCATTERED-SITE HOUSING.—
17 A public housing agency that the Secretary has determined
18 to be a high-performing agency may use the proceeds from
19 the disposition of scattered-site public housing under a
20 homeownership program under this section to purchase re-
21 placement scattered-site dwelling units, to the extent such
22 use is provided for in the local housing management plan
23 for the agency approved under section 107. Any such re-
24 placement dwelling units shall be considered public housing
25 for purposes of this Act.

1 (i) *INAPPLICABILITY OF DISPOSITION REQUIRE-*
 2 *MENTS.*—*The provisions of section 261 shall not apply to*
 3 *disposition of public housing dwelling units under a home-*
 4 *ownership program under this section, except that any*
 5 *dwelling units sold under such a program shall be treated*
 6 *as public housing dwelling units for purposes of subsections*
 7 *(e) and (f) of section 261.*

8 ***Subtitle E—Disposition, Demolition,***
 9 ***and Revitalization of Developments***

10 ***SEC. 261. REQUIREMENTS FOR DEMOLITION AND DISPOSI-***
 11 ***TION OF DEVELOPMENTS.***

12 (a) *AUTHORITY AND FLEXIBILITY.*—*A public housing*
 13 *agency may demolish, dispose of, or demolish and dispose*
 14 *of nonviable or nonmarketable public housing developments*
 15 *of the agency in accordance with this section.*

16 (b) *LOCAL HOUSING MANAGEMENT PLAN REQUIRE-*
 17 *MENT.*—*A public housing agency may take any action to*
 18 *demolish or dispose of a public housing development (or a*
 19 *portion of a development) only if such demolition or dis-*
 20 *position complies with the provisions of this section and*
 21 *is in accordance with the local housing management plan*
 22 *for the agency. Notwithstanding section 107, the Secretary*
 23 *may approve a local housing management plan without ap-*
 24 *proving the portion of the plan covering demolition or dis-*
 25 *position pursuant to this section.*

1 (c) *PURPOSE OF DEMOLITION OR DISPOSITION.*—A
2 *public housing agency may demolish or dispose of a public*
3 *housing development (or portion of a development) only if*
4 *the agency provides sufficient evidence to the Secretary*
5 *that—*

6 (1) *the development (or portion thereof) is se-*
7 *verely distressed or obsolete;*

8 (2) *the development (or portion thereof) is in a*
9 *location making it unsuitable for housing purposes;*

10 (3) *the development (or portion thereof) has de-*
11 *sign or construction deficiencies that make cost-effec-*
12 *tive rehabilitation infeasible;*

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

23 (5) *retention of the development (or portion*
24 *thereof) is not in the best interests of the residents of*
25 *the public housing agency because—*

1 (A) developmental changes in the area sur-
2 rounding the development adversely affect the
3 health or safety of the residents or the feasible
4 operation of the development by the public hous-
5 ing agency;

6 (B) demolition or disposition will allow the
7 acquisition, development, or rehabilitation of
8 other properties which will be more efficiently or
9 effectively operated as low-income housing; or

10 (C) other factors exist that the agency deter-
11 mines are consistent with the best interests of the
12 residents and the agency and not inconsistent
13 with other provisions of this Act;

14 (6) in the case only of demolition or disposition
15 of a portion of a development, the demolition or dis-
16 position will help to ensure the remaining useful life
17 of the remainder of the development; or

18 (7) in the case only of property other than dwell-
19 ing units—

20 (A) the property is excess to the needs of a
21 development; or

22 (B) the demolition or disposition is inciden-
23 tal to, or does not interfere with, continued oper-
24 ation of a development.

1 *The evidence required under this subsection shall include,*
2 *as a condition of demolishing or disposing of a public hous-*
3 *ing development (or portion of a development) estimated to*
4 *have a value of \$100,000 or more, a statement of the market*
5 *value of the development (or portion), which has been deter-*
6 *mined by a party not having any interest in the housing*
7 *or the public housing agency and pursuant to not less than*
8 *2 professional, independent appraisals of the development*
9 *(or portion).*

10 (d) *CONSULTATION.*—A public housing agency may
11 *demolish or dispose of a public housing development (or*
12 *portion of a development) only if the agency notifies and*
13 *confers regarding the demolition or disposition with—*

14 (1) *the residents of the development (or portion);*

15 *and*

16 (2) *appropriate local government officials.*

17 (e) *COUNSELING.*—A public housing agency may de-
18 *molish or dispose of a public housing development (or a*
19 *portion of a development) only if the agency provides any*
20 *necessary counseling for families displaced by such action*
21 *to facilitate relocation.*

22 (f) *USE OF PROCEEDS.*—Any net proceeds from the
23 *disposition of a public housing development (or portion of*
24 *a development) shall be used for—*

1 (1) *housing assistance for low-income families*
2 *that is consistent with the low-income housing needs*
3 *of the community, through acquisition, development,*
4 *or rehabilitation of, or homeownership programs for,*
5 *other low-income housing or the provision of choice-*
6 *based assistance under title III for such families;*

7 (2) *supportive services relating to job training or*
8 *child care for residents of a development or develop-*
9 *ments; or*

10 (3) *leveraging amounts for securing commercial*
11 *enterprises, on-site in public housing developments of*
12 *the public housing agency, appropriate to serve the*
13 *needs of the residents.*

14 (g) *RELOCATION.*—*A public housing agency that de-*
15 *molishes or disposes of a public housing development (or*
16 *portion of a development thereof) shall ensure that—*

17 (1) *each family that is a resident of the develop-*
18 *ment (or portion) that is demolished or disposed of is*
19 *relocated to other safe, clean, healthy, and affordable*
20 *housing, which is, to the maximum extent practicable,*
21 *housing of the family’s choice, including choice-based*
22 *assistance under title III (provided that with respect*
23 *to choice-based assistance, the preceding requirement*
24 *shall be fulfilled only upon the relocation of the such*
25 *family into such housing);*

1 (2) *the public housing agency does not take any*
2 *action to dispose of any unit until any resident to be*
3 *displaced is relocated in accordance with paragraph*
4 *(1); and*

5 (3) *each resident family to be displaced is paid*
6 *relocation expenses, and the rent to be paid initially*
7 *by the resident following relocation does not exceed the*
8 *amount permitted under section 225(a).*

9 (h) *RIGHT OF FIRST REFUSAL FOR RESIDENT ORGA-*
10 *NIZATIONS AND RESIDENT MANAGEMENT CORPORA-*
11 *TIONS.—*

12 (1) *IN GENERAL.—A public housing agency may*
13 *not dispose of a public housing development (or por-*
14 *tion of a development) unless the agency has, before*
15 *such disposition, offered to sell the property, as pro-*
16 *vided in this subsection, to each resident organization*
17 *and resident management corporation operating at*
18 *the development for continued use as low-income*
19 *housing, and no such organization or corporation*
20 *purchases the property pursuant to such offer. A resi-*
21 *dent organization may act, for purposes of this sub-*
22 *section, through an entity formed to facilitate home-*
23 *ownership under subtitle D.*

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

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

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

20 (C) *if, during the period under subpara-*
21 *graph (B), an organization or corporation ob-*
22 *tains such financing commitment and makes a*
23 *bona fide offer to the agency to purchase the*
24 *property for a price equal to or exceeding the ap-*
25 *plicable offer price under paragraph (3).*

1 *The agency shall sell the property pursuant to any*
2 *purchase offer described in subparagraph (C).*

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

10 (i) *INFORMATION FOR LOCAL HOUSING MANAGEMENT*
11 *PLAN.—A public housing agency may demolish or dispose*
12 *of a public housing development (or portion thereof) only*
13 *if it includes in the applicable local housing management*
14 *plan information sufficient to describe—*

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

16 (2) *the purpose of the demolition or disposition*
17 *under subsection (c) and why the demolition or dis-*
18 *position complies with the requirements under sub-*
19 *section (c), and includes evidence of the market value*
20 *of the development (or portion) required 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 (f);*

1 (5) *how the agency will relocate residents, if nec-*
2 *essary, as required under subsection (g); 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 (h).*

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

14 (k) *TREATMENT OF REPLACEMENT UNITS.—*

15 (1) *PROVISION OF OTHER HOUSING ASSIST-*
16 *ANCE.—In connection with any demolition or disposi-*
17 *tion of public housing under this section, a public*
18 *housing agency may provide for other housing assist-*
19 *ance for low-income families that is consistent with*
20 *the low-income housing needs of the community, in-*
21 *cluding—*

22 (A) *the provision of choice-based assistance*
23 *under title III; and*

1 (B) the development, acquisition, or lease by
2 the agency of dwelling units, which dwelling
3 units shall—

4 (i) be eligible to receive assistance with
5 grant amounts provided under this title;
6 and

7 (ii) be made available for occupancy,
8 operated, and managed in the manner re-
9 quired for public housing, and subject to the
10 other requirements applicable to public
11 housing dwelling units.

12 (2) *TREATMENT OF INDIVIDUALS.*—For purposes
13 of this subsection, an individual between the ages of
14 18 and 21, inclusive, shall, at the discretion of the in-
15 dividual, be considered a family.

16 (1) *USE OF NEW DWELLING UNITS.*—A public housing
17 agency demolishing or disposing of a public housing devel-
18 opment (or portion thereof) under this section shall seek,
19 where practical, to ensure that, if housing units are pro-
20 vided on any property that was previously used for the pub-
21 lic housing demolished or disposed of, not less than 25 per-
22 cent of such dwelling units shall be dwelling units reserved
23 for occupancy during the remaining useful life of the hous-
24 ing by low-income families.

1 (m) *PERMISSIBLE RELOCATION WITHOUT PLAN.*—If
2 a public housing agency determines that because of an
3 emergency situation public housing dwelling units are se-
4 verely uninhabitable, the public housing agency may relo-
5 cate residents of such dwelling units before the submission
6 of a local housing management plan providing for demoli-
7 tion or disposition of such units.

8 (n) *CONSOLIDATION OF OCCUPANCY WITHIN OR*
9 *AMONG BUILDINGS.*—Nothing in this section may be con-
10 strued to prevent a public housing agency from consolidat-
11 ing occupancy within or among buildings of a public hous-
12 ing development, or among developments, or with other
13 housing for the purpose of improving living conditions of,
14 or providing more efficient services to, residents.

15 (o) *DE MINIMIS EXCEPTION TO DEMOLITION RE-*
16 *QUIREMENTS.*—Notwithstanding any other provision of this
17 section, in any 5-year period a public housing agency may
18 demolish not more than the lesser of 5 dwelling units or
19 5 percent of the total dwelling units owned and operated
20 by the public housing agency, without providing for such
21 demolition in a local housing management plan, but only
22 if the space occupied by the demolished unit is used for
23 meeting the service or other needs of public housing resi-
24 dents or the demolished unit was beyond repair.

1 **SEC. 262. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND CHOICE-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.**
2
3

4 (a) *PURPOSES.*—*The purpose of this section is to provide assistance to public housing agencies for the purposes of—*

7 (1) *reducing the density and improving the living environment for public housing residents of severely distressed public housing developments through the demolition of obsolete public housing developments (or portions thereof);*

12 (2) *revitalizing sites (including remaining public housing dwelling units) on which such public housing developments are located and contributing to the improvement of the surrounding neighborhood; and*

16 (3) *providing housing that will avoid or decrease the concentration of very low-income families; and*

18 (4) *providing choice-based assistance in accordance with title III for the purpose of providing replacement housing and assisting residents to be displaced by the demolition.*

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

25 (c) *CONTRIBUTION REQUIREMENT.*—*The Secretary may not make any grant under this section to any appli-*

1 cant unless the applicant certifies to the Secretary that the
2 applicant will supplement the amount of assistance pro-
3 vided under this section with an amount of funds from
4 sources other than this section equal to not less than 5 per-
5 cent of the amount provided under this section, including
6 amounts from other Federal sources, any State or local gov-
7 ernment sources, any private contributions, and the value
8 of any in-kind services or administrative costs provided.

9 (d) *ELIGIBLE ACTIVITIES.*—Grants under this section
10 may be used for activities to carry out revitalization pro-
11 grams for severely distressed public housing, including—

12 (1) architectural and engineering work, includ-
13 ing the redesign, reconstruction, or redevelopment of
14 a severely distressed public housing development, in-
15 cluding the site on which the development is located;

16 (2) the demolition, sale, or lease of the site, in
17 whole or in part;

18 (3) covering the administrative costs of the ap-
19 plicant, which may not exceed such portion of the as-
20 sistance provided under this section as the Secretary
21 may prescribe;

22 (4) payment of reasonable legal fees;

23 (5) providing reasonable moving expenses for
24 residents displaced as a result of the revitalization of
25 the development;

1 (6) *economic development activities that promote*
2 *the economic self-sufficiency of residents under the re-*
3 *vitalization program;*

4 (7) *necessary management improvements;*

5 (8) *leveraging other resources, including addi-*
6 *tional housing resources, retail supportive services,*
7 *jobs, and other economic development uses on or near*
8 *the development that will benefit future residents of*
9 *the site;*

10 (9) *replacement housing and housing assistance*
11 *under title III;*

12 (10) *transitional security activities; and*

13 (11) *necessary supportive services, except that*
14 *not more than 10 percent of the amount of any grant*
15 *may be used for activities under this paragraph.*

16 *(e) APPLICATION AND SELECTION.—*

17 (1) *APPLICATION.—An application for a grant*
18 *under this section shall contain such information and*
19 *shall be submitted at such time and in accordance*
20 *with such procedures, as the Secretary shall prescribe.*

21 (2) *SELECTION CRITERIA.—The Secretary shall*
22 *establish selection criteria for the award of grants*
23 *under this section, which shall include—*

24 (A) *the relationship of the grant to the local*
25 *housing management plan for the public housing*

1 *agency and how the grant will result in a re-*
2 *talized site that will enhance the neighborhood in*
3 *which the development is located;*

4 *(B) the capability and record of the appli-*
5 *cant public housing agency, or any alternative*
6 *management agency for the agency, for manag-*
7 *ing large-scale redevelopment or modernization*
8 *projects, meeting construction timetables, and ob-*
9 *ligating amounts in a timely manner;*

10 *(C) the extent to which the public housing*
11 *agency could undertake such activities without a*
12 *grant under this section;*

13 *(D) the extent of involvement of residents,*
14 *State and local governments, private service pro-*
15 *viders, financing entities, and developers, in the*
16 *development of a revitalization program for the*
17 *development; and*

18 *(E) the amount of funds and other resources*
19 *to be leveraged by the grant.*

20 *The Secretary shall give preference in selection to any*
21 *public housing agency that has been awarded a plan-*
22 *ning grant under section 24(c) of the United States*
23 *Housing Act of 1937 (as in effect before the effective*
24 *date of the repeal under section 601(b) of this Act).*

1 (f) *COST LIMITS.*—*Subject to the provisions of this sec-*
2 *tion, the Secretary—*

3 (1) *shall establish cost limits on eligible activities*
4 *under this section sufficient to provide for effective re-*
5 *vitalization programs; and*

6 (2) *may establish other cost limits on eligible ac-*
7 *tivities under this section.*

8 (g) *DEMOLITION AND REPLACEMENT.*—*Any severely*
9 *distressed public housing demolished or disposed of pursu-*
10 *ant to a revitalization plan and any public housing pro-*
11 *duced in lieu of such severely distressed housing, shall be*
12 *subject to the provisions of section 261.*

13 (h) *ADMINISTRATION BY OTHER ENTITIES.*—*The Sec-*
14 *retary may require a grantee under this section to make*
15 *arrangements satisfactory to the Secretary for use of an en-*
16 *tity other than the public housing agency to carry out ac-*
17 *tivities assisted under the revitalization plan, if the Sec-*
18 *retary determines that such action will help to effectuate*
19 *the purposes of this section.*

20 (i) *WITHDRAWAL OF FUNDING.*—*If a grantee under*
21 *this section does not proceed expeditiously, in the deter-*
22 *mination of the Secretary, the Secretary shall withdraw*
23 *any grant amounts under this section that have not been*
24 *obligated by the public housing agency. The Secretary shall*
25 *redistribute any withdrawn amounts to one or more public*

1 *housing agencies eligible for assistance under this section*
2 *or to one or more other entities capable of proceeding expe-*
3 *ditiously in the same locality in carrying out the revitaliza-*
4 *tion plan of the original grantee.*

5 (j) *DEFINITIONS.*—*For purposes of this section, the fol-*
6 *lowing definitions shall apply:*

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

8 (A) *any public housing agency that is not*
9 *designated as troubled pursuant to section*
10 *533(a);*

11 (B) *any public housing agency or private*
12 *housing management agent selected, or receiver*
13 *appointed pursuant, to section 545; and*

14 (C) *any public housing agency that is des-*
15 *ignated as troubled pursuant to section 533(a)*
16 *that—*

17 (i) *is so designated principally for rea-*
18 *sons that will not affect the capacity of the*
19 *agency to carry out a revitalization pro-*
20 *gram;*

21 (ii) *is making substantial progress to-*
22 *ward eliminating the deficiencies of the*
23 *agency; or*

1 (iii) is otherwise determined by the
2 Secretary to be capable of carrying out a re-
3 vitalization program.

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

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

10 (B) has no part of its net earnings inuring
11 to the benefit of any member, founder, contribu-
12 tor, or individual;

13 (C) complies with standards of financial ac-
14 countability acceptable to the Secretary; and

15 (D) has among its purposes significant ac-
16 tivities related to the provision of decent housing
17 that is affordable to very low-income families.

18 (3) *SEVERELY DISTRESSED PUBLIC HOUSING.*—
19 The term “severely distressed public housing” means
20 a public housing development (or building in a devel-
21 opment) that—

22 (A) requires major redesign, reconstruction
23 or redevelopment, or partial or total demolition,
24 to correct serious deficiencies in the original de-
25 sign (including inappropriately high population

1 *density), deferred maintenance, physical deterior-*
2 *ation or obsolescence of major systems and other*
3 *deficiencies in the physical plant of the develop-*
4 *ment;*

5 *(B) is a significant contributing factor to*
6 *the physical decline of and disinvestment by*
7 *public and private entities in the surrounding*
8 *neighborhood;*

9 *(C)(i) is occupied predominantly by fami-*
10 *lies who are very low-income families with chil-*
11 *dren, are unemployed, and dependent on various*
12 *forms of public assistance; and*

13 *(ii) has high rates of vandalism and crimi-*
14 *nal activity (including drug-related criminal ac-*
15 *tivity) in comparison to other housing in the*
16 *area;*

17 *(D) cannot be revitalized through assistance*
18 *under other programs, such as the public housing*
19 *block grant program under this title, or the pro-*
20 *grams under sections 9 and 14 of the United*
21 *States Housing Act of 1937 (as in effect before*
22 *the effective date of the repeal under section*
23 *601(b) of this Act), because of cost constraints*
24 *and inadequacy of available amounts; and*

1 (E) in the case of individual buildings, is,
2 in the Secretary's determination, sufficiently
3 separable from the remainder of the development
4 of which the building is part to make use of the
5 building feasible for purposes of this section.

6 (4) *SUPPORTIVE SERVICES*.—The term “support-
7 ive services” includes all activities that will promote
8 upward mobility, self-sufficiency, and improved qual-
9 ity of life for the residents of the public housing devel-
10 opment involved, including literacy training, job
11 training, day care, and economic development activi-
12 ties.

13 (k) *ANNUAL REPORT*.—The Secretary shall submit to
14 the Congress an annual report setting forth—

15 (1) the number, type, and cost of public housing
16 units revitalized pursuant to this section;

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

19 (3) the amount and type of financial assistance
20 provided under and in conjunction with this section;
21 and

22 (4) the recommendations of the Secretary for
23 statutory and regulatory improvements to the pro-
24 gram established by this section.

25 (l) *FUNDING*.—

1 (1) *AUTHORIZATION OF APPROPRIATIONS.*—

2 *There are authorized to be appropriated for grants*
3 *under this section \$500,000,000 for each of fiscal*
4 *years 1998, 1999, and 2000.*

5 (2) *TECHNICAL ASSISTANCE.*—*Of the amount ap-*
6 *propriated pursuant to paragraph (1) for any fiscal*
7 *year, the Secretary may use not more than 0.50 per-*
8 *cent for technical assistance. Such assistance may be*
9 *provided directly or indirectly by grants, contracts, or*
10 *cooperative agreements, and shall include training,*
11 *and the cost of necessary travel for participants in*
12 *such training, by or to officials of the Department of*
13 *Housing and Urban Development, of public housing*
14 *agencies, and of residents.*

15 (m) *SUNSET.*—*No assistance may be provided under*
16 *this section after September 30, 2000.*

17 **SEC. 263. VOLUNTARY VOUCHER SYSTEM FOR PUBLIC**
18 **HOUSING.**

19 (a) *IN GENERAL.*—*A public housing agency may con-*
20 *vert any public housing development (or portion thereof)*
21 *owned and operated by the agency to a system of choice-*
22 *based rental housing assistance under title III, in accord-*
23 *ance with this section.*

24 (b) *ASSESSMENT AND PLAN REQUIREMENT.*—*In con-*
25 *verting under this section to a choice-based rental housing*

1 *assistance system, the public housing agency shall develop*
2 *a conversion assessment and plan under this subsection, in*
3 *consultation with the appropriate public officials and with*
4 *significant participation by the residents of the development*
5 *(or portion thereof), which assessment and plan shall—*

6 (1) *be consistent with and part of the local hous-*
7 *ing management plan for the agency;*

8 (2) *describe the conversion and future use or dis-*
9 *position of the public housing development, including*
10 *an impact analysis on the affected community;*

11 (3) *include a cost analysis that demonstrates*
12 *whether or not the cost (both on a net present value*
13 *basis and in terms of new budget authority require-*
14 *ments) of providing choice-based rental housing as-*
15 *sistance under title III for the same families in sub-*
16 *stantially similar dwellings over the same period of*
17 *time is less expensive than continuing public housing*
18 *assistance in the public housing development proposed*
19 *for conversion for the remaining useful life of the de-*
20 *velopment;*

21 (4) *identify the actions, if any, that the public*
22 *housing agency will take with regard to converting*
23 *any public housing development or developments (or*
24 *portions thereof) of the agency to a system of choice-*
25 *based rental housing assistance under title III;*

- 1 (5) *require the public housing agency to—*
- 2 (A) *notify the families residing in the pub-*
3 *lic housing development subject to the conversion,*
4 *in accordance with any guidelines issued by the*
5 *Secretary governing such notifications, that—*
- 6 (i) *the development will be removed*
7 *from the inventory of the public housing*
8 *agency; and*
- 9 (ii) *the families displaced by such ac-*
10 *tion will receive choice-based housing assist-*
11 *ance;*
- 12 (B) *provide any necessary counseling for*
13 *families displaced by such action to facilitate re-*
14 *location; and*
- 15 (C) *provide any reasonable relocation ex-*
16 *penses for families displaced by such action; and*
- 17 (6) *ensure that each family that is a resident of*
18 *the development is relocated to other safe, clean, and*
19 *healthy affordable housing, which is, to the maximum*
20 *extent practicable, housing of the family’s choice, in-*
21 *cluding choice-based assistance under title III (pro-*
22 *vided that with respect to choice-based assistance, the*
23 *preceding requirement shall be fulfilled only upon the*
24 *relocation of such family into such housing).*

1 (c) *STREAMLINED ASSESSMENT AND PLAN.*—At the
2 discretion of the Secretary or at the request of a public hous-
3 ing agency, the Secretary may waive any or all of the re-
4 quirements of subsection (b) or otherwise require a stream-
5 lined assessment with respect to any public housing develop-
6 ment or class of public housing developments.

7 (d) *IMPLEMENTATION OF CONVERSION PLAN.*—

8 (1) *IN GENERAL.*—A public housing agency may
9 implement a conversion plan only if the conversion
10 assessment under this section demonstrates that the
11 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; and

15 (B) will principally benefit the residents of
16 the public housing development (or portion there-
17 of) to be converted, the public housing agency,
18 and the community.

19 (2) *DISAPPROVAL.*—The Secretary shall dis-
20 approve a conversion plan only if the plan is plainly
21 inconsistent with the conversion assessment under
22 subsection (b) or there is reliable information and
23 data available to the Secretary that contradicts that
24 conversion assessment.

1 **SEC. 272. MIXED-FINANCE HOUSING DEVELOPMENTS.**

2 (a) *IN GENERAL.*—For purposes of this subtitle, the
3 term “mixed-finance housing” means low-income housing
4 or mixed-income housing (as described in section 221(c)(2))
5 for which the financing for production or revitalization is
6 provided, in part, from entities other than the public hous-
7 ing agency.

8 (b) *PRODUCTION.*—A mixed-finance housing develop-
9 ment shall be produced or revitalized, and owned—

10 (1) by a public housing agency or by an entity
11 affiliated with a public housing agency;

12 (2) by a partnership, a limited liability com-
13 pany, or other entity in which the public housing
14 agency (or an entity affiliated with a public housing
15 agency) is a general partner, is a managing member,
16 or otherwise participates in the activities of the en-
17 tity;

18 (3) by any entity that grants to the public hous-
19 ing agency the option to purchase the public housing
20 project during the 20-year period beginning on the
21 date of initial occupancy of the public housing project
22 in accordance with section 42(l)(7) of the Internal
23 Revenue Code of 1986; or

24 (4) in accordance with such other terms and con-
25 ditions as the Secretary may prescribe by regulation.

1 *This subsection may not be construed to require production*
2 *or revitalization, and ownership, by the same entity.*

3 **SEC. 273. MIXED-FINANCE HOUSING PLAN.**

4 *The Secretary may approve a plan for production or*
5 *revitalization of mixed-finance housing under this subtitle*
6 *only if the Secretary determines that—*

7 *(1) the public housing agency has the ability, or*
8 *has provided for an entity under section 272(b) that*
9 *has the ability, to use the amounts provided for use*
10 *under the plan for such housing, effectively, either di-*
11 *rectly or through contract management;*

12 *(2) the plan provides permanent financing com-*
13 *mitments from a sufficient number of sources other*
14 *than the public housing agency, which may include*
15 *banks and other conventional lenders, States, units of*
16 *general local government, State housing finance agen-*
17 *cies, secondary market entities, and other financial*
18 *institutions;*

19 *(3) the plan provides for use of amounts pro-*
20 *vided under section 271 by the public housing agency*
21 *for financing the mixed-income housing in the form*
22 *of grants, loans, advances, or other debt or equity in-*
23 *vestments, including collateral or credit enhancement*
24 *of bond issued by the agency for production or revital-*
25 *ization of the development; and*

1 (4) *the plan complies with any other criteria*
2 *that the Secretary may establish.*

3 **SEC. 274. RENT LEVELS FOR HOUSING FINANCED WITH**
4 **LOW-INCOME HOUSING TAX CREDIT.**

5 *With respect to any dwelling unit in a mixed-finance*
6 *housing development that is assisted pursuant to the low-*
7 *income housing tax credit under section 42 of the Internal*
8 *Revenue Code of 1986, the rents charged to the residents*
9 *of the unit shall be set at levels not to exceed the amounts*
10 *allowable under such section.*

11 **SEC. 275. CARRY-OVER OF ASSISTANCE FOR REPLACED**
12 **HOUSING.**

13 *In the case of a mixed-finance housing development*
14 *that is replacement housing for public housing demolished*
15 *or disposed of, or is the result of the revitalization of exist-*
16 *ing public housing, the share of assistance received from the*
17 *capital fund and the operating fund by the public housing*
18 *agency that owned or operated the housing demolished, dis-*
19 *posed of, or revitalized shall not be reduced because of such*
20 *demolition, disposition, or revitalization after the com-*
21 *mencement of such demolition, disposition, or revitaliza-*
22 *tion, unless—*

23 (1) *upon the expiration of the 18-month period*
24 *beginning upon the approval of the plan under sec-*
25 *tion 273 for the mixed-finance housing development,*

1 *the agency does not have binding commitments for*
2 *production or revitalization, or a construction con-*
3 *tract, for such development;*

4 *(2) upon the expiration of the 4-year period be-*
5 *ginning upon the approval of the plan, the mixed-fi-*
6 *nance housing development is not substantially ready*
7 *for occupancy and is placed under the block grant*
8 *contract for the agency under section 201; or*

9 *(3) the number of dwelling units in the mixed-*
10 *finance housing development that are made available*
11 *for occupancy only by low-income families is substan-*
12 *tially less than the number of such dwelling units in*
13 *the public housing demolished, disposed of, or revital-*
14 *ized.*

15 *The Secretary may extend the period under paragraph (1)*
16 *or (2) for a public housing agency if the Secretary deter-*
17 *mines that circumstances beyond the control of the agency*
18 *caused the agency to fail to meet the deadline under such*
19 *paragraph.*

20 ***Subtitle G—General Provisions***

21 ***SEC. 281. PAYMENT OF NON-FEDERAL SHARE.***

22 *Rental or use-value of buildings or facilities paid for,*
23 *in whole or in part, from production, modernization, or op-*
24 *eration costs financed under this title may be used as the*
25 *non-Federal share required in connection with activities*

1 *undertaken under Federal grant-in-aid programs which*
2 *provide social, educational, employment, and other services*
3 *to the residents in a project assisted under this title.*

4 **SEC. 282. AUTHORIZATION OF APPROPRIATIONS FOR**
5 **BLOCK GRANTS.**

6 *There are authorized to be appropriated for grants*
7 *under this title, the following amounts:*

8 *(1) CAPITAL FUND.—For the allocations from the*
9 *capital fund for grants, \$2,500,000,000 for each of fis-*
10 *cal years 1998, 1999, 2000, 2001, and 2002; and*

11 *(2) OPERATING FUND.—For the allocations from*
12 *the operating fund for grants, \$2,900,000,000 for each*
13 *of fiscal years 1998, 1999, 2000, 2001, and 2002.*

14 **SEC. 283. FUNDING FOR OPERATION SAFE HOME.**

15 *Of any amounts made available for fiscal years 1998*
16 *and 1999 for carrying out the Community Partnerships*
17 *Against Crime Act of 1997 (as so designated pursuant to*
18 *section 624(a) of this Act), not more than \$20,000,000 shall*
19 *be available in each such fiscal year, for use under the Oper-*
20 *ation Safe Home program administered by the Office of the*
21 *Inspector General of the Department of Housing and Urban*
22 *Development, for law enforcement efforts to combat violent*
23 *crime on or near the premises of public and federally as-*
24 *sisted housing and to provide assistance (including housing*
25 *assistance under title III) for relocating witnesses of crimes*

1 *pursuant to requests from law enforcement or prosecuting*
 2 *agencies.*

3 **SEC. 284. FUNDING FOR RELOCATION OF VICTIMS OF DO-**
 4 **MESTIC VIOLENCE.**

5 *Of any amounts made available for fiscal years 1998,*
 6 *1999, 2000, 2001, and 2002 for choice-based housing assist-*
 7 *ance under title III of this Act, not more than \$700,000*
 8 *shall be available in each such fiscal year for relocating resi-*
 9 *dents of public housing (including providing assistance for*
 10 *costs of relocation and housing assistance under title III*
 11 *of this Act) who are residing in public housing, who have*
 12 *been subject to domestic violence, and for whom provision*
 13 *of assistance is likely to reduce or eliminate the threat of*
 14 *subsequent violence to the members of the family. The Sec-*
 15 *retary shall establish procedures for eligibility and admin-*
 16 *istration of assistance under this section.*

17 **TITLE III—CHOICE-BASED RENT-**
 18 **AL HOUSING AND HOME-**
 19 **OWNERSHIP ASSISTANCE FOR**
 20 **LOW-INCOME FAMILIES**

21 **Subtitle A—Allocation**

22 **SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE**
 23 **AMOUNTS.**

24 *To the extent that amounts to carry out this title are*
 25 *made available, the Secretary may enter into contracts with*

1 *public housing agencies for each fiscal year to provide hous-*
2 *ing assistance under this title.*

3 **SEC. 302. CONTRACTS WITH PHA'S.**

4 (a) *CONDITION OF ASSISTANCE.*—*The Secretary may*
5 *provide amounts under this title to a public housing agency*
6 *for a fiscal year only if the Secretary has entered into a*
7 *contract under this section with the public housing agency,*
8 *under which the Secretary shall provide such agency with*
9 *amounts (in the amount of the allocation for the agency*
10 *determined pursuant to section 304) for housing assistance*
11 *under this title for low-income families.*

12 (b) *USE FOR HOUSING ASSISTANCE.*—*A contract*
13 *under this section shall require a public housing agency to*
14 *use amounts provided under this title to provide housing*
15 *assistance in any manner authorized under this title.*

16 (c) *ANNUAL OBLIGATION OF AUTHORITY.*—*A contract*
17 *under this title shall provide amounts for housing assistance*
18 *for 1 fiscal year covered by the contract.*

19 (d) *ENFORCEMENT OF HOUSING QUALITY REQUIRE-*
20 *MENTS.*—*Each contract under this section shall require the*
21 *public housing agency administering assistance provided*
22 *under the contract—*

23 (1) *to ensure compliance, under each housing as-*
24 *sistance payments contract entered into pursuant to*
25 *the contract under this section, with the provisions of*

1 *the housing assistance payments contract included*
2 *pursuant to section 351(c)(4); and*

3 *(2) to establish procedures for assisted families to*
4 *notify the agency of any noncompliance with such*
5 *provisions.*

6 **SEC. 303. ELIGIBILITY OF PHA'S FOR ASSISTANCE**
7 **AMOUNTS.**

8 *The Secretary may provide amounts available for*
9 *housing assistance under this title pursuant to the formula*
10 *established under section 304(a) to a public housing agency*
11 *only if—*

12 *(1) the agency has submitted a local housing*
13 *management plan to the Secretary for such fiscal year*
14 *and applied to the Secretary for such assistance;*

15 *(2) the plan has been determined to comply with*
16 *the requirements under section 106 and the Secretary*
17 *has not notified the agency that the plan fails to com-*
18 *ply with such requirements;*

19 *(3) no member of the board of directors or other*
20 *governing body of the agency, or the executive direc-*
21 *tor, has been convicted of a felony; and*

22 *(4) the agency has not been disqualified for as-*
23 *sistance pursuant to title V.*

24 **SEC. 304. ALLOCATION OF AMOUNTS.**

25 *(a) FORMULA ALLOCATION.—*

1 (1) *IN GENERAL.*—When amounts for assistance
2 under this title are first made available for reserva-
3 tion, after reserving amounts in accordance with sub-
4 sections (b)(3) and (c), the Secretary shall allocate
5 such amounts, only among public housing agencies
6 meeting the requirements under this title to receive
7 such assistance, on the basis of a formula that is es-
8 tablished in accordance with paragraph (2) and based
9 upon appropriate criteria to reflect the needs of dif-
10 ferent States, areas, and communities, using the most
11 recent data available from the Bureau of the Census
12 of the Department of Commerce and the comprehen-
13 sive housing affordability strategy under section 105
14 of the Cranston-Gonzalez National Affordable Hous-
15 ing Act (or any consolidated plan incorporating such
16 strategy) for the applicable jurisdiction. The Sec-
17 retary may establish a minimum allocation amount,
18 in which case only the public housing agencies that,
19 pursuant to the formula, are provided an amount
20 equal to or greater than the minimum allocation
21 amount, shall receive an allocation.

22 (2) *REGULATIONS.*—The formula under this sub-
23 section shall be established by regulation issued by the
24 Secretary. Notwithstanding sections 563(a) and
25 565(a) of title 5, United States Code, any proposed

1 *regulation containing such formula shall be issued*
2 *pursuant to a negotiated rulemaking procedure under*
3 *subchapter III of chapter 5 of such title and the Sec-*
4 *retary shall establish a negotiated rulemaking com-*
5 *mittee for development of any such proposed regula-*
6 *tions.*

7 *(b) ALLOCATION CONSIDERATIONS.—*

8 *(1) LIMITATION ON REALLOCATION FOR AN-*
9 *OTHER STATE.—Any amounts allocated for a State or*
10 *areas or communities within a State that are not*
11 *likely to be used within the fiscal year for which the*
12 *amounts are provided shall not be reallocated for use*
13 *in another State, unless the Secretary determines that*
14 *other areas or communities within the same State*
15 *(that are eligible for amounts under this title) cannot*
16 *use the amounts within the same fiscal year.*

17 *(2) EFFECT OF RECEIPT OF TENANT-BASED AS-*
18 *SISTANCE FOR DISABLED FAMILIES.—The Secretary*
19 *may not consider the receipt by a public housing*
20 *agency of assistance under section 811(b)(1) of the*
21 *Cranston-Gonzalez National Affordable Housing Act,*
22 *or the amount received, in approving amounts under*
23 *this title for the agency or in determining the amount*
24 *of such assistance to be provided to the agency.*

1 (3) *EXEMPTION FROM FORMULA ALLOCATION.*—

2 *The formula allocation requirements of subsection (a)*
3 *shall not apply to any assistance under this title that*
4 *is approved in appropriation Acts for uses that the*
5 *Secretary determines are incapable of geographic allo-*
6 *cation, including amendments of existing housing as-*
7 *istance payments contracts, renewal of such con-*
8 *tracts, assistance to families that would otherwise lose*
9 *assistance due to the decision of the project owner to*
10 *prepay the project mortgage or not to renew the hous-*
11 *ing assistance payments contract, assistance to pre-*
12 *vent displacement from public or assisted housing or*
13 *to provide replacement housing in connection with the*
14 *demolition or disposition of public housing, assistance*
15 *for relocation from public housing, assistance in con-*
16 *nection with protection of crime witnesses, assistance*
17 *for conversion from leased housing contracts under*
18 *section 23 of the United States Housing Act of 1937*
19 *(as in effect before the enactment of the Housing and*
20 *Community Development Act of 1974), and assistance*
21 *in support of the property disposition and portfolio*
22 *management functions of the Secretary.*

23 (c) *RECAPTURE OF AMOUNTS.*—

24 (1) *AUTHORITY.*—*In each fiscal year, from any*
25 *budget authority made available for assistance under*

1 *this title or section 8 of the United States Housing*
2 *Act of 1937 (as in effect before the effective date of the*
3 *repeal under section 601(b) of this Act) that is obli-*
4 *gated to a public housing agency but remains unobli-*
5 *gated by the agency upon the expiration of the 8-*
6 *month period beginning upon the initial availability*
7 *of such amounts for obligation by the agency, the Sec-*
8 *retary may deobligate an amount, as determined by*
9 *the Secretary, not exceeding 50 percent of such unob-*
10 *ligated amount.*

11 (2) *USE.—The Secretary may reallocate and*
12 *transfer any amounts deobligated under paragraph*
13 *(1) only to public housing agencies in areas that the*
14 *Secretary determines have received less funding than*
15 *other areas, based on the relative needs of all areas.*

16 **SEC. 305. ADMINISTRATIVE FEES.**

17 (a) *FEE FOR ONGOING COSTS OF ADMINISTRATION.—*

18 (1) *IN GENERAL.—The Secretary shall establish*
19 *fees for the costs of administering the choice-based*
20 *housing assistance program under this title.*

21 (2) *FISCAL YEAR 1998.—*

22 (A) *CALCULATION.—For fiscal year 1998,*
23 *the fee for each month for which a dwelling unit*
24 *is covered by a contract for assistance under this*
25 *title shall be—*

1 (i) *in the case of a public housing*
2 *agency that, on an annual basis, is admin-*
3 *istering a program for not more than 600*
4 *dwelling units, 7.65 percent of the base*
5 *amount; and*

6 (ii) *in the case of an agency that, on*
7 *an annual basis, is administering a pro-*
8 *gram for more than 600 dwelling units—*

9 (I) *for the first 600 units, 7.65*
10 *percent of the base amount; and*

11 (II) *for any additional dwelling*
12 *units under the program, 7.0 percent*
13 *of the base amount.*

14 (B) *BASE AMOUNT.—For purposes of this*
15 *paragraph, the base amount shall be the higher*
16 *of—*

17 (i) *the fair market rental established*
18 *under section 8(c) of the United States*
19 *Housing Act of 1937 (as in effect imme-*
20 *diately before the effective date of the repeal*
21 *under section 601(b) of this Act) for fiscal*
22 *year 1993 for a 2-bedroom existing rental*
23 *dwelling unit in the market area of the*
24 *agency, and*

1 (ii) the amount that is the lesser of (I)
2 such fair market rental for fiscal year 1994
3 or (II) 103.5 percent of the amount deter-
4 mined under clause (i),
5 adjusted based on changes in wage data or other
6 objectively measurable data that reflect the costs
7 of administering the program, as determined by
8 the Secretary. The Secretary may require that
9 the base amount be not less than a minimum
10 amount and not more than a maximum amount.

11 (3) *SUBSEQUENT FISCAL YEARS.*—For subse-
12 quent fiscal years, the Secretary shall publish a notice
13 in the *Federal Register*, for each geographic area, es-
14 tablishing the amount of the fee that would apply for
15 public housing agencies administering the program,
16 based on changes in wage data or other objectively
17 measurable data that reflect the costs of administering
18 the program, as determined by the Secretary.

19 (4) *INCREASE.*—The Secretary may increase the
20 fee if necessary to reflect the higher costs of admin-
21 istering small programs and programs operating over
22 large geographic areas.

23 (b) *FEE FOR PRELIMINARY EXPENSES.*—The Sec-
24 retary shall also establish reasonable fees (as determined by
25 the Secretary) for—

1 (1) *the costs of preliminary expenses, in the*
2 *amount of \$500, for a public housing agency, but*
3 *only in the first year that the agency administers a*
4 *choice-based housing assistance program under this*
5 *title, and only if, immediately before the effective date*
6 *of this Act, the agency was not administering a ten-*
7 *ant-based rental assistance program under the United*
8 *States Housing Act of 1937 (as in effect immediately*
9 *before such effective date), in connection with its ini-*
10 *tial increment of assistance received;*

11 (2) *the costs incurred in assisting families who*
12 *experience difficulty (as determined by the Secretary)*
13 *in obtaining appropriate housing under the pro-*
14 *grams; and*

15 (3) *extraordinary costs approved by the Sec-*
16 *retary.*

17 (c) *TRANSFER OF FEES IN CASES OF CONCURRENT*
18 *GEOGRAPHICAL JURISDICTION.—In each fiscal year, if any*
19 *public housing agency provides tenant-based rental assist-*
20 *ance under section 8 of the United States Housing Act of*
21 *1937 or housing assistance under this title on behalf of a*
22 *family who uses such assistance for a dwelling unit that*
23 *is located within the jurisdiction of such agency but is also*
24 *within the jurisdiction of another public housing agency,*
25 *the Secretary shall take such steps as may be necessary to*

1 *ensure that the public housing agency that provides the*
2 *services for a family receives all or part of the administra-*
3 *tive fee under this section (as appropriate).*

4 **SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.**

5 (a) *IN GENERAL.*—*There is authorized to be appro-*
6 *priated for providing public housing agencies with housing*
7 *assistance under this title, \$1,861,668,000 for each of fiscal*
8 *years 1998, 1999, 2000, 2001, and 2002.*

9 (b) *ASSISTANCE FOR DISABLED FAMILIES.*—

10 (1) *AUTHORIZATION OF APPROPRIATIONS.*—
11 *There is authorized to be appropriated, for choice-*
12 *based housing assistance under this title to be used in*
13 *accordance with paragraph (2), \$50,000,000 for fiscal*
14 *year 1998, and such sums as may be necessary for*
15 *each subsequent fiscal year.*

16 (2) *USE.*—*The Secretary shall provide amounts*
17 *made available under paragraph (1) to public hous-*
18 *ing agencies only for use to provide housing assist-*
19 *ance under this title for nonelderly disabled families*
20 *(including such families relocating pursuant to des-*
21 *ignation of a public housing development under sec-*
22 *tion 227 and other nonelderly disabled families who*
23 *have applied to the agency for housing assistance*
24 *under this title).*

1 (3) *ALLOCATION OF AMOUNTS.*—*The Secretary*
2 *shall allocate and provide amounts made available*
3 *under paragraph (1) to public housing agencies as the*
4 *Secretary determines appropriate based on the rel-*
5 *ative levels of need among the authorities for assist-*
6 *ance for families described in paragraph (1).*

7 (c) *ASSISTANCE FOR WITNESS RELOCATION.*—*Of the*
8 *amounts made available for choice-based housing assistance*
9 *under this title for each fiscal year, the Secretary, in con-*
10 *sultation with the Inspector General, shall make available*
11 *such sums as may be necessary for such housing assistance*
12 *for the relocation of witnesses in connection with efforts to*
13 *combat crime in public and assisted housing pursuant to*
14 *requests from law enforcement and prosecutive agencies.*

15 **SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.**

16 (a) *IN GENERAL.*—*Any amounts made available to a*
17 *public housing agency under a contract for annual con-*
18 *tributions for assistance under section 8 of the United*
19 *States Housing Act of 1937 (as in effect before the effective*
20 *date of the repeal under section 601(b) of this Act) that have*
21 *not been obligated for such assistance by such agency before*
22 *such effective date shall be used to provide assistance under*
23 *this title, except to the extent the Secretary determines such*
24 *use is inconsistent 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, as
5 in effect before October 1, 1983.

6 **SEC. 308. RECAPTURE AND REUSE OF ANNUAL CONTRACT**
7 **PROJECT RESERVES UNDER CHOICE-BASED**
8 **HOUSING ASSISTANCE AND SECTION 8 TEN-**
9 **ANT-BASED ASSISTANCE PROGRAMS.**

10 *To the extent that the Secretary determines that the*
11 *amount in the reserve account for annual contributions con-*
12 *tracts (for housing assistance under this title or tenant-*
13 *based assistance under section 8 of the United States Hous-*
14 *ing Act of 1937) that is under contract with a public hous-*
15 *ing agency for such assistance is in excess of the amounts*
16 *needed by the agency, the Secretary shall recapture such*
17 *excess amount. The Secretary may hold recaptured amounts*
18 *in reserve until needed to enter into, amend, or renew con-*
19 *tracts under this title or to amend or renew contracts under*
20 *section 8 of such Act for tenant-based assistance with any*
21 *agency.*

1 ***Subtitle B—Choice-Based Housing***
2 ***Assistance for Eligible Families***

3 ***SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR AS-***
4 ***SISTANCE.***

5 *(a) LOW-INCOME REQUIREMENT.—Housing assistance*
6 *under this title may be provided only on behalf of a family*
7 *that—*

8 *(1) at the time that such assistance is initially*
9 *provided on behalf of the family, is determined by the*
10 *public housing agency to be a low-income family; or*

11 *(2) qualifies to receive such assistance under any*
12 *other provision of Federal law.*

13 *(b) INCOME TARGETING.—Of the families initially as-*
14 *sisted under this title by a public housing agency in any*
15 *year, not less than 40 percent shall be families whose in-*
16 *comes do not exceed 30 percent of the area median income,*
17 *as determined by the Secretary with adjustments for smaller*
18 *and larger families. The Secretary may establish income*
19 *ceiling higher or lower than 30 percent of the area median*
20 *income on the basis of the Secretary’s findings that such*
21 *variations are necessary because of unusually high or low*
22 *family incomes.*

23 *(c) REVIEWS OF FAMILY INCOMES.—*

24 *(1) IN GENERAL.—Reviews of family incomes for*
25 *purposes of this title shall be subject to the provisions*

1 of section 904 of the Stewart B. McKinney Homeless
2 Assistance Amendments Act of 1988 and shall be con-
3 ducted upon the initial provision of housing assist-
4 ance for the family and thereafter not less than annu-
5 ally.

6 (2) *PROCEDURES.*—Each public housing agency
7 administering housing assistance under this title shall
8 establish procedures that are appropriate and nec-
9 essary to ensure that income data provided to the
10 agency and owners by families applying for or receiv-
11 ing housing assistance from the agency is complete
12 and accurate.

13 (d) *PREFERENCES FOR ASSISTANCE.*—

14 (1) *AUTHORITY TO ESTABLISH.*—Any public
15 housing agency that receives amounts under this title
16 may establish a system for making housing assistance
17 available on behalf of eligible families that provides
18 preference for such assistance to eligible families hav-
19 ing certain characteristics.

20 (2) *CONTENT.*—Each system of preferences estab-
21 lished pursuant to this subsection shall be based upon
22 local housing needs and priorities, as determined by
23 the public housing agency using generally accepted
24 data sources, including any information obtained
25 pursuant to an opportunity for public comment as

1 *provided under section 106(e) and under the require-*
2 *ments applicable to the comprehensive housing afford-*
3 *ability strategy for the relevant jurisdiction.*

4 (3) *SENSE OF THE CONGRESS.—It is the sense of*
5 *the Congress that, to the greatest extent practicable,*
6 *public housing agencies involved in the selection of*
7 *tenants under the provisions of this title should adopt*
8 *preferences for individuals who are victims of domes-*
9 *tic violence.*

10 (i) *PORTABILITY OF HOUSING ASSISTANCE.—*

11 (1) *NATIONAL PORTABILITY.—An eligible family*
12 *that is selected to receive or is receiving assistance*
13 *under this title may rent any eligible dwelling unit*
14 *in any area where a program is being administered*
15 *under this title. Notwithstanding the preceding sen-*
16 *tence, a public housing agency may require that any*
17 *family not living within the jurisdiction of the public*
18 *housing agency at the time the family applies for as-*
19 *sistance from the agency shall, during the 12-month*
20 *period beginning on the date of initial receipt of*
21 *housing assistance made available on behalf of the*
22 *family from such agency, lease and occupy an eligible*
23 *dwelling unit located within the jurisdiction served by*
24 *the agency. The agency for the jurisdiction into which*

1 *the family moves shall have the responsibility for ad-*
2 *ministering 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 *isdiction of a public housing agency and that, at the*
6 *time of the move, has been selected to receive, or is re-*
7 *ceiving, 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 VIO-*
2 *LENCE.*—A public housing agency shall be subject to the re-
3 *strictions regarding release of information relating to the*
4 *identity and new residence of any family receiving housing*
5 *assistance who was a victim of domestic violence that are*
6 *applicable to shelters pursuant to the Family Violence Pre-*
7 *vention and Services Act. The agency shall work with the*
8 *United States Postal Service to establish procedures consist-*
9 *ent with the confidentiality provisions in the Violence*
10 *Against Women Act of 1994.*

11 **SEC. 322. RESIDENT CONTRIBUTION.**

12 (a) *AMOUNT.*—

13 (1) *MONTHLY RENT CONTRIBUTION.*—An assisted
14 *family shall contribute on a monthly basis for the*
15 *rental of an assisted dwelling unit an amount that*
16 *the public housing agency determines is appropriate*
17 *with respect to the family and the unit, but which—*

18 (A) *shall not be less than the minimum*
19 *monthly rental contribution determined under*
20 *subsection (b); and*

21 (B) *shall not exceed the greatest of—*

22 (i) *30 percent of the monthly adjusted*
23 *income of the family;*

24 (ii) *10 percent of the monthly income*
25 *of the family; and*

1 (iii) if the family is receiving pay-
2 ments for welfare assistance from a public
3 agency and a part of such payments, ad-
4 justed in accordance with the actual hous-
5 ing costs of the family, is specifically des-
6 ignated by such agency to meet the housing
7 costs of the family, the portion of such pay-
8 ments that is so designated.

9 (2) *EXCESS RENTAL AMOUNT.*—In any case in
10 which the monthly rent charged for a dwelling unit
11 pursuant to the housing assistance payments contract
12 exceeds the applicable payment standard (established
13 under section 353) for the dwelling unit, the assisted
14 family residing in the unit shall contribute (in addi-
15 tion to the amount of the monthly rent contribution
16 otherwise determined under paragraph (1) for such
17 family) such entire excess rental amount.

18 (b) *MINIMUM MONTHLY RENTAL CONTRIBUTION.*—

19 (1) *IN GENERAL.*—The public housing agency
20 shall determine the amount of the minimum monthly
21 rental contribution of an assisted family (which rent
22 shall include any amount allowed for utilities),
23 which—

1 (A) shall be based upon factors including
2 the adjusted income of the family and any other
3 factors that the agency considers appropriate;

4 (B) shall be not less than \$25, nor more
5 than \$50; and

6 (C) may be increased annually by the agen-
7 cy, except that no such annual increase may ex-
8 ceed 10 percent of the amount of the minimum
9 monthly contribution in effect for the preceding
10 year.

11 (2) *HARDSHIP PROVISIONS.*—

12 (A) *IN GENERAL.*—Notwithstanding para-
13 graph (1), a public housing agency shall grant
14 an exemption in whole or in part from payment
15 of the minimum monthly rental contribution es-
16 tablished under this paragraph to any assisted
17 family unable to pay such amount because of fi-
18 nancial hardship, which shall include situations
19 in which (i) the family has lost eligibility for or
20 is awaiting an eligibility determination for a
21 Federal, State, or local assistance program; (ii)
22 the family would be evicted as a result of imposi-
23 tion of the minimum rent; (iii) the income of the
24 family has decreased because of changed cir-
25 cumstance, including loss of employment; and

1 *(iv) a death in the family has occurred; and*
2 *other situations as may be determined by the*
3 *agency.*

4 *(B) WAITING PERIOD.—If an assisted fam-*
5 *ily requests a hardship exemption under this*
6 *paragraph and the public housing agency rea-*
7 *sonably determines the hardship to be of a tem-*
8 *porary nature, an exemption shall not be grant-*
9 *ed during the 90-day period beginning upon the*
10 *making of a request for the exemption. An as-*
11 *isted family may not be evicted during such 90-*
12 *day period for nonpayment of rent. In such a*
13 *case, if the assisted family thereafter dem-*
14 *onstrates that the financial hardship is of a*
15 *long-term basis, the agency shall retroactively ex-*
16 *empt the family from the applicability of the*
17 *minimum rent requirement for such 90-day pe-*
18 *riod.*

19 *(c) TREATMENT OF CHANGES IN RENTAL CONTRIBU-*
20 *TION.—*

21 *(1) NOTIFICATION OF CHANGES.—A public hous-*
22 *ing agency shall promptly notify the owner of an as-*
23 *sisted dwelling unit of any change in the resident*
24 *contribution by the assisted family residing in the*
25 *unit that takes effect immediately or at a later date.*

1 (2) *COLLECTION OF RETROACTIVE CHANGES.*—*In*
2 *the case of any change in the rental contribution of*
3 *an assisted family that affects rental payments pre-*
4 *viously made, the public housing agency shall collect*
5 *any additional amounts required to be paid by the*
6 *family under such change directly from the family*
7 *and shall refund any excess rental contribution paid*
8 *by the family directly to the family.*

9 (d) *PHASE-IN OF RENT CONTRIBUTION INCREASES.*—

10 (1) *IN GENERAL.*—*Except as provided in para-*
11 *graph (2), for any family that is receiving tenant-*
12 *based rental assistance under section 8 of the United*
13 *States Housing Act of 1937 upon the initial applica-*
14 *bility of the provisions of this title to such family, if*
15 *the monthly contribution for rental of an assisted*
16 *dwelling unit to be paid by the family upon such ini-*
17 *tial applicability is greater than the amount paid by*
18 *the family under the provisions of the United States*
19 *Housing Act of 1937 immediately before such applica-*
20 *bility, any such resulting increase in rent contribu-*
21 *tion shall be—*

22 (A) *phased in equally over a period of not*
23 *less than 3 years, if such increase is 30 percent*
24 *or more of such contribution before initial appli-*
25 *cability; and*

1 (B) limited to not more than 10 percent per
2 year if such increase is more than 10 percent but
3 less than 30 percent of such contribution before
4 initial applicability.

5 (2) *EXCEPTION.*—The minimum rent contribu-
6 tion requirement under subsection (b)(1) shall apply
7 to each family described in paragraph (1) of this sub-
8 section, notwithstanding such paragraph.

9 **SEC. 323. RENTAL INDICATORS.**

10 (a) *IN GENERAL.*—The Secretary shall establish and
11 issue rental indicators under this section periodically, but
12 not less than annually, for existing rental dwelling units
13 that are eligible dwelling units. The Secretary shall estab-
14 lish and issue the rental indicators by housing market area
15 (as the Secretary shall establish) for various sizes and types
16 of dwelling units.

17 (b) *AMOUNT.*—For a market area, the rental indicator
18 established under subsection (a) for a dwelling unit of a
19 particular size and type in the market area shall be a dollar
20 amount that reflects the rental amount for a standard qual-
21 ity rental unit of such size and type in the market area
22 that is an eligible dwelling unit.

23 (c) *EFFECTIVE DATE.*—The Secretary shall cause the
24 proposed rental indicators established under subsection (a)
25 for each market area to be published in the *Federal Register*

1 *with reasonable time for public comment, and such rental*
2 *indicators shall become effective upon the date of publica-*
3 *tion in final form in the Federal Register.*

4 (d) *ANNUAL ADJUSTMENT.*—*Each rental indicator in*
5 *effect under this section shall be adjusted to be effective on*
6 *October 1 of each year to reflect changes, based on the most*
7 *recent available data trended so that the indicators will be*
8 *current for the year to which they apply, in rents for exist-*
9 *ing rental dwelling units of various sizes and types in the*
10 *market area suitable for occupancy by families assisted*
11 *under this title.*

12 **SEC. 324. LEASE TERMS.**

13 *Rental assistance may be provided for an eligible*
14 *dwelling unit only if the assisted family and the owner of*
15 *the dwelling unit enter into a lease for the unit that—*

16 (1) *provides for a single lease term of 12 months*
17 *and continued tenancy after such term under a peri-*
18 *odic tenancy on a month-to-month basis;*

19 (2) *contains terms and conditions specifying*
20 *that termination of tenancy during the term of a*
21 *lease shall be subject to the provisions set forth in sec-*
22 *tions 642 and 643; and*

23 (3) *is set forth in the standard form, which is*
24 *used in the local housing market area by the owner*
25 *and applies generally to any other tenants in the*

1 *property who are not assisted families, together with*
 2 *any addendum necessary to include the many terms*
 3 *required under this section.*

4 *A lease may include any addenda appropriate to set forth*
 5 *the provisions under this title.*

6 **SEC. 325. TERMINATION OF TENANCY.**

7 *Each housing assistance payments contract shall pro-*
 8 *vide that the owner shall conduct the termination of ten-*
 9 *ancy of any tenant of an assisted dwelling unit under the*
 10 *contract in accordance with applicable State or local laws,*
 11 *including providing any notice of termination required*
 12 *under such laws.*

13 **SEC. 326. ELIGIBLE OWNERS.**

14 *(a) OWNERSHIP ENTITY.—Rental assistance under*
 15 *this title may be provided for any eligible dwelling unit*
 16 *for which the owner is any public agency, private person*
 17 *or entity (including a cooperative), nonprofit organization,*
 18 *agency of the Federal Government, or public housing agen-*
 19 *cy.*

20 *(b) INELIGIBLE OWNERS.—*

21 *(1) IN GENERAL.—Notwithstanding subsection*

22 *(a), a public housing agency—*

23 *(A) may not enter into a housing assistance*
 24 *payments contract (or renew an existing con-*
 25 *tract) covering a dwelling unit that is owned by*

1 *an owner who is debarred, suspended, or subject*
2 *to limited denial of participation under part 24*
3 *of title 24, Code of Federal Regulations;*

4 *(B) may prohibit, or authorize the termi-*
5 *nation or suspension of, payment of housing as-*
6 *sistance under a housing assistance payments*
7 *contract in effect at the time such debarment,*
8 *suspension, or limited denial of participation*
9 *takes effect.*

10 *If the public housing agency takes action under sub-*
11 *paragraph (B), the agency shall take such actions as*
12 *may be necessary to protect assisted families who are*
13 *affected by the action, which may include the provi-*
14 *sion of additional assistance under this title to such*
15 *families.*

16 (2) *PROHIBITION OF SALE OR RENTAL TO RE-*
17 *LATED PARTIES.—The Secretary shall establish guide-*
18 *lines to prevent housing assistance payments for a*
19 *dwelling unit that is owned by any spouse, child, or*
20 *other party who allows an owner described in para-*
21 *graph (1) to maintain control of the unit.*

22 **SEC. 327. SELECTION OF DWELLING UNITS.**

23 (a) *FAMILY CHOICE.—The determination of the dwell-*
24 *ing unit in which an assisted family resides and for which*
25 *housing assistance is provided under this title shall be made*

1 *solely by the assisted family, subject to the provisions of*
2 *this title and any applicable law.*

3 (b) *DEED RESTRICTIONS.—Housing assistance may*
4 *not be used in any manner that abrogates any local deed*
5 *restriction that applies to any housing consisting of 1 to*
6 *4 dwelling units. Nothing in this section may be construed*
7 *to affect the provisions or applicability of the Fair Housing*
8 *Act.*

9 **SEC. 328. ELIGIBLE DWELLING UNITS.**

10 (a) *IN GENERAL.—A dwelling unit shall be an eligible*
11 *dwelling unit for purposes of this title only if the public*
12 *housing agency to provide housing assistance for the dwell-*
13 *ing unit determines that the dwelling unit—*

14 (1) *is an existing dwelling unit that is not lo-*
15 *cated within a nursing home or the grounds of any*
16 *penal, reformatory, medical, mental, or similar public*
17 *or private institution; and*

18 (2) *complies—*

19 (A) *in the case of a dwelling unit located in*
20 *a jurisdiction which has in effect laws, regula-*
21 *tions, standards, or codes regarding habitability*
22 *of residential dwellings, with such applicable*
23 *laws, regulations, standards, or codes; or*

24 (B) *in the case of a dwelling unit located in*
25 *a jurisdiction which does not have in effect laws,*

1 *regulations, standards, or codes described in sub-*
2 *paragraph (A), with the housing quality stand-*
3 *ards established under subsection (c).*

4 *Each public housing agency providing housing assistance*
5 *shall identify, in the local housing management plan for*
6 *the agency, whether the agency is utilizing the standard*
7 *under subparagraph (A) or (B) of paragraph (2).*

8 ***(b) DETERMINATIONS.—***

9 ***(1) IN GENERAL.—****A public housing agency shall*
10 *make the determinations required under subsection*
11 *(a) pursuant to an inspection of the dwelling unit*
12 *conducted before any assistance payment is made for*
13 *the unit.*

14 ***(2) EXPEDITIOUS INSPECTION.—****Inspections of*
15 *dwelling units under this subsection shall be made be-*
16 *fore the expiration of the 15-day period beginning*
17 *upon a request by the resident or landlord to the pub-*
18 *lic housing agency. The performance of the agency in*
19 *meeting the 15-day inspection deadline shall be taken*
20 *into account in assessing the performance of the agen-*
21 *cy.*

22 ***(c) FEDERAL HOUSING QUALITY STANDARDS.—****The*
23 *Secretary shall establish housing quality standards under*
24 *this subsection that ensure that assisted dwelling units are*
25 *safe, clean, and healthy. Such standards shall include re-*

1 *quirements relating to habitability, including maintenance,*
2 *health and sanitation factors, condition, and construction*
3 *of dwellings, and shall, to the greatest extent practicable,*
4 *be consistent with the standards established under section*
5 *232(b). The Secretary shall differentiate between major and*
6 *minor violations of such standards.*

7 *(d) ANNUAL INSPECTIONS.—Each public housing*
8 *agency providing housing assistance shall make an annual*
9 *inspection of each assisted dwelling unit during the term*
10 *of the housing assistance payments contracts for the unit*
11 *to determine whether the unit is maintained in accordance*
12 *with the requirements under subsection (a)(2). The agency*
13 *shall retain the records of the inspection for a reasonable*
14 *time and shall make the records available upon request to*
15 *the Secretary, the Inspector General for the Department of*
16 *Housing and Urban Development, and any auditor con-*
17 *ducting an audit under section 541.*

18 *(e) INSPECTION GUIDELINES.—The Secretary shall es-*
19 *tablish procedural guidelines and performance standards to*
20 *facilitate inspections of dwelling units and conform such*
21 *inspections with practices utilized in the private housing*
22 *market. Such guidelines and standards shall take into con-*
23 *sideration variations in local laws and practices of public*
24 *housing agencies and shall provide flexibility to authorities*

1 *appropriate to facilitate efficient provision of assistance*
2 *under this title.*

3 (f) *RULE OF CONSTRUCTION.*—*This section may not*
4 *be construed to prevent the provision of housing assistance*
5 *in connection with supportive services for elderly or dis-*
6 *abled families.*

7 **SEC. 329. HOMEOWNERSHIP OPTION.**

8 (a) *IN GENERAL.*—*A public housing agency providing*
9 *housing assistance under this title may provide homeowner-*
10 *ship assistance to assist eligible families to purchase a*
11 *dwelling unit (including purchase under lease-purchase*
12 *homeownership plans).*

13 (b) *REQUIREMENTS.*—*A public housing agency provid-*
14 *ing homeownership assistance under this section shall, as*
15 *a condition of an eligible family receiving such assistance,*
16 *require the family to—*

17 (1) *demonstrate that the family has sufficient in-*
18 *come from employment or other sources (other than*
19 *public assistance), as determined in accordance with*
20 *requirements established by the agency; and*

21 (2) *meet any other initial or continuing require-*
22 *ments established by the public housing agency.*

23 (c) *DOWNPAYMENT REQUIREMENT.*—

24 (1) *IN GENERAL.*—*A public housing agency may*
25 *establish minimum downpayment requirements, if*

1 *appropriate, in connection with loans made for the*
2 *purchase of dwelling units for which homeownership*
3 *assistance is provided under this section. If the agen-*
4 *cy establishes a minimum downpayment requirement,*
5 *the agency shall permit the family to use grant*
6 *amounts, gifts from relatives, contributions from pri-*
7 *vate sources, and similar amounts as downpayment*
8 *amounts in such purchase, subject to the requirements*
9 *of paragraph (2).*

10 (2) *DIRECT FAMILY CONTRIBUTION.*—*In pur-*
11 *chasing housing pursuant to this section subject to a*
12 *downpayment requirement, each family shall contrib-*
13 *ute an amount of the downpayment, from resources of*
14 *the family other than grants, gifts, contributions, or*
15 *other similar amounts referred to in paragraph (1),*
16 *that is not less than 1 percent of the purchase price.*

17 (d) *INELIGIBILITY UNDER OTHER PROGRAMS.*—*A*
18 *family may not receive homeownership assistance pursuant*
19 *to this section during any period when assistance is being*
20 *provided for the family under other Federal homeownership*
21 *assistance programs, as determined by the Secretary, in-*
22 *cluding assistance under the HOME Investment Partner-*
23 *ships Act, the Homeownership and Opportunity Through*
24 *HOPE Act, title II of the Housing and Community Devel-*

1 *opment Act of 1987, and section 502 of the Housing Act*
2 *of 1949.*

3 **SEC. 330. ASSISTANCE FOR RENTAL OF MANUFACTURED**
4 **HOMES.**

5 (a) *AUTHORITY.*—*Nothing in this title may be con-*
6 *strued to prevent a public housing agency from providing*
7 *housing assistance under this title on behalf of a low-income*
8 *family for the rental of—*

9 (1) *a manufactured home that is the principal*
10 *residence of the family and the real property on*
11 *which the home is located; or*

12 (2) *the real property on which is located a man-*
13 *ufactured home, which is owned by the family and is*
14 *the principal residence of the family.*

15 (b) *ASSISTANCE FOR CERTAIN FAMILIES OWNING*
16 *MANUFACTURED HOMES.*—

17 (1) *AUTHORITY.*—*Notwithstanding section 351*
18 *or any other provision of this title, a public housing*
19 *agency that receives amounts under a contract under*
20 *section 302 may enter into a housing assistance pay-*
21 *ment contract to make assistance payments under*
22 *this title to a family that owns a manufactured home,*
23 *but only as provided in paragraph (2).*

24 (2) *LIMITATIONS.*—*In the case only of a low-in-*
25 *come family that owns a manufactured home, rents*

1 *the real property on which it is located, and to whom*
2 *housing assistance under this title has been made*
3 *available for the rental of such property, the public*
4 *housing agency making such assistance available shall*
5 *enter into a contract to make housing assistance pay-*
6 *ments under this title directly to the family (rather*
7 *than to the owner of such real property) if—*

8 *(A) the owner of the real property refuses to*
9 *enter into a contract to receive housing assist-*
10 *ance payments pursuant to section 351(a);*

11 *(B) the family was residing in such manu-*
12 *factured home on such real property at the time*
13 *such housing assistance was initially made*
14 *available on behalf of the family;*

15 *(C) the family provides such assurances to*
16 *the agency, as the Secretary may require, to en-*
17 *sure that amounts from the housing assistance*
18 *payments are used for rental of the real prop-*
19 *erty; and*

20 *(D) the rental of the real property otherwise*
21 *complies with the requirements for assistance*
22 *under this title.*

23 *A contract pursuant to this subsection shall be subject*
24 *to the provisions of section 351 and any other provi-*
25 *sions applicable to housing assistance payments con-*

1 *tracts under this title, except that the Secretary may*
2 *provide such exceptions as the Secretary considers ap-*
3 *propriate to facilitate the provision of assistance*
4 *under this subsection.*

5 ***Subtitle C—Payment of Housing As-***
6 ***istance on Behalf of Assisted***
7 ***Families***

8 ***SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.***

9 *(a) IN GENERAL.—Each public housing agency that*
10 *receives amounts under a contract under section 302 may*
11 *enter into housing assistance payments contracts with own-*
12 *ers of existing dwelling units to make housing assistance*
13 *payments to such owners in accordance with this title.*

14 *(b) PHA ACTING AS OWNER.—A public housing agen-*
15 *cy may enter into a housing assistance payments contract*
16 *to make housing assistance payments under this title to it-*
17 *self (or any agency or instrumentality thereof) as the owner*
18 *of dwelling units (other than public housing), and the agen-*
19 *cy shall be subject to the same requirements that are appli-*
20 *cable to other owners, except that the determinations under*
21 *section 328(a) and 354(b) shall be made by a competent*
22 *party not affiliated with the agency, and the agency shall*
23 *be responsible for any expenses of such determinations.*

24 *(c) PROVISIONS.—Each housing assistance payments*
25 *contract shall—*

1 (1) *have a term of not more than 12 months;*

2 (2) *require that the assisted dwelling unit may*
3 *be rented only pursuant to a lease that complies with*
4 *the requirements of section 324;*

5 (3) *comply with the requirements of sections 325,*
6 *642, and 643 (relating to termination of tenancy);*

7 (4) *require the owner to maintain the dwelling*
8 *unit in accordance with the applicable standards*
9 *under section 328(a)(2); and*

10 (5) *provide that the screening and selection of el-*
11 *igible families for assisted dwelling units shall be the*
12 *function of the owner.*

13 **SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**

14 (a) **UNITS HAVING GROSS RENT EXCEEDING PAY-**
15 **MENT STANDARD.**—*In the case of a dwelling unit bearing*
16 *a gross rent that exceeds the payment standard established*
17 *under section 353 for a dwelling unit of the applicable size*
18 *and located in the market area in which such assisted dwell-*
19 *ing unit is located, the amount of the monthly assistance*
20 *payment shall be the amount by which such payment stand-*
21 *ard exceeds the amount of the resident contribution deter-*
22 *mined in accordance with section 322(a)(1).*

23 (b) **SHOPPING INCENTIVE FOR UNITS HAVING GROSS**
24 **RENT NOT EXCEEDING PAYMENT STANDARD.**—*In the case*
25 *of an assisted family renting an eligible dwelling unit bear-*

1 *ing a gross rent that does not exceed the payment standard*
2 *established under section 353 for a dwelling unit of the ap-*
3 *plicable size and located in the market area in which such*
4 *assisted dwelling unit is located, the following requirements*
5 *shall apply:*

6 (1) *AMOUNT OF MONTHLY ASSISTANCE PAY-*
7 *MENT.—The amount of the monthly assistance pay-*
8 *ment for housing assistance under this title on behalf*
9 *of the assisted family shall be the amount by which*
10 *the gross rent for the dwelling unit exceeds the*
11 *amount of the resident contribution.*

12 (2) *ESCROW OF SHOPPING INCENTIVE SAV-*
13 *INGS.—An amount equal to 50 percent of the dif-*
14 *ference between payment standard and the gross rent*
15 *for the dwelling unit shall be placed in an interest*
16 *bearing escrow account on behalf of such family on a*
17 *monthly basis by the public housing agency. Amounts*
18 *in the escrow account shall be made available to the*
19 *assisted family on an annual basis.*

20 (3) *DEFICIT REDUCTION.—The public housing*
21 *agency making housing assistance payments on behalf*
22 *of such assisted family in a fiscal year shall reserve*
23 *from amounts made available to the agency for assist-*
24 *ance payments for such fiscal year an amount equal*
25 *to the amount described in paragraph (2). At the end*

1 of each fiscal year, the Secretary shall recapture any
2 such amounts reserved by public housing agencies and
3 such amounts shall be covered into the General Fund
4 of the Treasury of the United States.

5 For purposes of this section, in the case of a family receiv-
6 ing homeownership assistance under section 329, the term
7 “gross rent” shall mean the homeownership costs to the fam-
8 ily as determined in accordance with guidelines of the Sec-
9 retary.

10 **SEC. 353. PAYMENT STANDARDS.**

11 (a) *ESTABLISHMENT.*—Each public housing agency
12 providing housing assistance under this title shall establish
13 payment standards under this section for various areas,
14 and sizes and types of dwelling units, for use in determin-
15 ing the amount of monthly housing assistance payment to
16 be provided on behalf of assisted families.

17 (b) *USE OF RENTAL INDICATORS.*—The payment
18 standard for each size and type of housing for each market
19 area shall be an amount that is not less than 80 percent,
20 and not greater than 120 percent, of the rental indicator
21 established under section 323 for such size and type for such
22 area.

23 (c) *REVIEW.*—If the Secretary determines, at any
24 time, that a significant percentage of the assisted families
25 who are assisted by a public housing agency and are occu-

1 *pying dwelling units of a particular size are paying more*
2 *than 30 percent of their adjusted incomes for rent, the Sec-*
3 *retary shall review the payment standard established by the*
4 *agency for such size dwellings. If, pursuant to the review,*
5 *the Secretary determines that such payment standard is not*
6 *appropriate to serve the needs of the low-income population*
7 *of the jurisdiction served by the agency (taking into consid-*
8 *eration rental costs in the area), as identified in the ap-*
9 *proved community improvement plan of the agency, the*
10 *Secretary may require the public housing agency to modify*
11 *the payment standard.*

12 **SEC. 354. REASONABLE RENTS.**

13 *(a) ESTABLISHMENT.—The rent charged for a dwelling*
14 *unit for which rental assistance is provided under this title*
15 *shall be established pursuant to negotiation and agreement*
16 *between the assisted family and the owner of the dwelling*
17 *unit.*

18 *(b) REASONABLENESS.—*

19 *(1) DETERMINATION.—A public housing agency*
20 *providing rental assistance under this title for a*
21 *dwelling unit shall, before commencing assistance*
22 *payments for a unit (with respect to initial contract*
23 *rents and any rent revisions), determine whether the*
24 *rent charged for the unit exceeds the rents charged for*

1 *comparable units in the applicable private unassisted*
2 *market.*

3 (2) *UNREASONABLE RENTS.*—*If the agency deter-*
4 *mines that the rent charged for a dwelling unit ex-*
5 *ceeds such comparable rents, the agency shall—*

6 (A) *inform the assisted family renting the*
7 *unit that such rent exceeds the rents for com-*
8 *parable unassisted units in the market; and*

9 (B) *refuse to provide housing assistance*
10 *payments for such unit.*

11 **SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT RENT-**
12 **AL UNITS.**

13 *If an assisted family vacates a dwelling unit for which*
14 *rental assistance is provided under a housing assistance*
15 *payments contract before the expiration of the term of the*
16 *lease for the unit, rental assistance pursuant to such con-*
17 *tract may not be provided for the unit after the month dur-*
18 *ing which the unit was vacated.*

19 ***Subtitle D—General and***
20 ***Miscellaneous Provisions***

21 **SEC. 371. DEFINITIONS.**

22 *For purposes of this title:*

23 (1) *ASSISTED DWELLING UNIT.*—*The term “as-*
24 *sisted dwelling unit” means a dwelling unit in which*

1 *an assisted family resides and for which housing as-*
2 *sistance payments are made under this title.*

3 (2) *ASSISTED FAMILY.*—*The term “assisted fam-*
4 *ily” means an eligible family on whose behalf housing*
5 *assistance payments are made under this title or who*
6 *has been selected and approved for housing assistance.*

7 (3) *CHOICE-BASED.*—*The term “choice-based”*
8 *means, with respect to housing assistance, that the as-*
9 *sistance is not attached to a dwelling unit but can be*
10 *used for any eligible dwelling unit selected by the eli-*
11 *gible family.*

12 (4) *ELIGIBLE DWELLING UNIT.*—*The term “eligi-*
13 *ble dwelling unit” means a dwelling unit that com-*
14 *plies with the requirements under section 328 for con-*
15 *sideration as an eligible dwelling unit.*

16 (5) *ELIGIBLE FAMILY.*—*The term “eligible fam-*
17 *ily” means a family that meets the requirements*
18 *under section 321(a) for assistance under this title.*

19 (6) *HOMEOWNERSHIP ASSISTANCE.*—*The term*
20 *“homeownership assistance” means housing assistance*
21 *provided under section 329 for the ownership of a*
22 *dwelling unit.*

23 (7) *HOUSING ASSISTANCE.*—*The term “housing*
24 *assistance” means choice-based assistance provided*

1 *under this title on behalf of low-income families for*
2 *the rental or ownership of an eligible dwelling unit.*

3 (8) *HOUSING ASSISTANCE PAYMENTS CON-*
4 *TRACT.—The term “housing assistance payments con-*
5 *tract” means a contract under section 351 between a*
6 *public housing agency (or the Secretary) and an*
7 *owner to make housing assistance payments under*
8 *this title to the owner on behalf of an assisted family.*

9 (9) *PUBLIC HOUSING AGENCY.—The terms “pub-*
10 *lic housing agency” and “agency” have the meaning*
11 *given such terms in section 103, except that the terms*
12 *include—*

13 (A) *a consortia of public housing agencies*
14 *that the Secretary determines has the capacity*
15 *and capability to administer a program for*
16 *housing assistance under this title in an efficient*
17 *manner;*

18 (B) *any other entity that, upon the effective*
19 *date of this Act, was administering any program*
20 *for tenant-based rental assistance under section 8*
21 *of the United States Housing Act of 1937 (as in*
22 *effect before the effective date of the repeal under*
23 *section 601(b) of this Act), pursuant to a con-*
24 *tract with the Secretary or a public housing*
25 *agency; and*

1 (C) *with respect to any area in which no*
2 *public housing agency has been organized or*
3 *where the Secretary determines that a public*
4 *housing agency is unwilling or unable to imple-*
5 *ment this title, or is not performing effectively—*

6 (i) *the Secretary or another entity that*
7 *by contract agrees to receive assistance*
8 *amounts under this title and enter into*
9 *housing assistance payments contracts with*
10 *owners and perform the other functions of*
11 *public housing agency under this title; or*

12 (ii) *notwithstanding any provision of*
13 *State or local law, a public housing agency*
14 *for another area that contracts with the*
15 *Secretary to administer a program for*
16 *housing assistance under this title, without*
17 *regard to any otherwise applicable limita-*
18 *tions on its area of operation.*

19 (10) *OWNER.—The term “owner” means the per-*
20 *son or entity having the legal right to lease or sub-*
21 *lease dwelling units. Such term includes any prin-*
22 *cipals, general partners, primary shareholders, and*
23 *other similar participants in any entity owning a*
24 *multifamily housing project, as well as the entity it-*
25 *self.*

1 (11) *RENT*.—The terms “rent” and “rental” in-
2 clude, with respect to members of a cooperative, the
3 charges under the occupancy agreements between such
4 members and the cooperative.

5 (12) *RENTAL ASSISTANCE*.—The term “rental as-
6 sistance” means housing assistance provided under
7 this title for the rental of a dwelling unit.

8 **SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

9 (a) *AUTHORITY TO RETAIN RECOVERED AMOUNTS*.—
10 The Secretary shall permit public housing agencies admin-
11 istering housing assistance under this title to retain, out
12 of amounts obtained by the authorities from tenants that
13 are due as a result of fraud and abuse, an amount (deter-
14 mined in accordance with regulations issued by the Sec-
15 retary) 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 Sec-
24 retary. 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 this*
4 *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 crimi-*
8 *nal proceeding resulting from an agency's investiga-*
9 *tion where the agency seeks prosecution of a family*
10 *or where an agency seeks prosecution of an owner;*

11 (2) *through administrative repayment agree-*
12 *ments with a family or owner entered into as a result*
13 *of an administrative grievance procedure conducted*
14 *by an impartial decisionmaker in accordance with*
15 *section 110; or*

16 (3) *through an agreement between the parties.*

17 **SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRA-**
18 **TION OF ASSISTED FAMILIES.**

19 (a) *IN GENERAL.*—*The Secretary shall conduct a*
20 *study of the geographic areas in the State of Illinois served*
21 *by the Housing Authority of Cook County and the Chicago*
22 *Housing Authority and submit to the Congress a report and*
23 *a specific proposal, which addresses and resolves the issues*
24 *of—*

1 (1) *the adverse impact on local communities due*
2 *to geographic concentration of assisted households*
3 *under the tenant-based housing programs under sec-*
4 *tion 8 of the United States Housing Act of 1937 (as*
5 *in effect upon the enactment of this Act) and under*
6 *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, the*
14 *term “concentration” means, with respect to any area with-*
15 *in a census tract, that—*

16 (1) *15 percent or more of the households residing*
17 *within such area have incomes which do not exceed*
18 *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 **SEC. 374. STUDY REGARDING RENTAL ASSISTANCE.**

2 *The Secretary shall conduct a nationwide study of the*
3 *choice-based housing assistance program under this title*
4 *and the tenant-based rental assistance program under sec-*
5 *tion 8 of the United States Housing Act of 1937 (as in effect*
6 *pursuant to section 601(c) and 602(b)). The study shall,*
7 *for various localities—*

8 (1) *determine who are the providers of the hous-*
9 *ing in which families assisted under such programs*
10 *reside;*

11 (2) *describe and analyze the physical and demo-*
12 *graphic characteristics of the housing in which such*
13 *assistance is used, including, for housing in which at*
14 *least one such assisted family resides, the total num-*
15 *ber of units in the housing and the number of units*
16 *in the housing for which such assistance is provided;*

17 (3) *determine the total number of units for which*
18 *such assistance is provided;*

19 (4) *describe the durations that families remain*
20 *on waiting lists before being provided such housing*
21 *assistance; and*

22 (5) *assess the extent and quality of participation*
23 *of housing owners in such assistance programs in re-*
24 *lation to the local housing market, including compar-*
25 *ing—*

1 (A) the quality of the housing assisted to the
2 housing generally available in the same market;
3 and

4 (B) the extent to which housing is available
5 to be occupied using such assistance to the extent
6 to which housing is generally available in the
7 same market.

8 *The Secretary shall submit a report describing the results*
9 *of the study to the Congress not later than the expiration*
10 *of the 2-year period beginning on the date of the enactment*
11 *of this Act.*

12 **TITLE IV—HOME RULE FLEXIBLE**
13 **GRANT OPTION**

14 **SEC. 401. PURPOSE.**

15 *The purpose of this title is to give local governments*
16 *and municipalities the flexibility to design creative ap-*
17 *proaches for providing and administering Federal housing*
18 *assistance based on the particular needs of the communities*
19 *that—*

20 (1) *give incentives to low-income families with*
21 *children where the head of household is working, seek-*
22 *ing work, or preparing for work by participating in*
23 *job training, educational programs, or programs that*
24 *assist people to obtain employment and become eco-*
25 *nomically self-sufficient;*

1 (2) *reduce cost and achieve greater cost-effective-*
2 *ness in Federal housing assistance expenditures;*

3 (3) *increase housing choices for low-income fami-*
4 *lies; and*

5 (4) *reduce excessive geographic concentration of*
6 *assisted families.*

7 **SEC. 402. FLEXIBLE GRANT PROGRAM.**

8 (a) *AUTHORITY AND USE.*—*The Secretary shall carry*
9 *out a program under which a jurisdiction may, upon the*
10 *application of the jurisdiction and the review and approval*
11 *of the Secretary, receive, combine, and enter into perform-*
12 *ance-based contracts for the use of amounts of covered hous-*
13 *ing assistance in a period consisting of not less than 1 nor*
14 *more than 5 fiscal years in the manner determined appro-*
15 *priate by the participating jurisdiction—*

16 (1) *to provide housing assistance and services for*
17 *low-income families in a manner that facilitates the*
18 *transition of such families to work;*

19 (2) *to reduce homelessness;*

20 (3) *to increase homeownership among low-in-*
21 *come families; and*

22 (4) *for other housing purposes for low-income*
23 *families determined by the participating jurisdiction.*

24 (b) *INAPPLICABILITY OF CATEGORICAL PROGRAM RE-*
25 *QUIREMENTS.*—

1 (1) *IN GENERAL.*—*Except as provided in para-*
2 *graph (2) and section 405, the provisions of this Act*
3 *regarding use of amounts made available under each*
4 *of the programs included as covered housing assist-*
5 *ance and the program requirements applicable to each*
6 *such program shall not apply to amounts received by*
7 *a jurisdiction pursuant to this title.*

8 (2) *APPLICABILITY OF CERTAIN LAWS.*—*This*
9 *title may not be construed to exempt assistance under*
10 *this Act from, or make inapplicable any provision of*
11 *this Act or of any other law that requires that assist-*
12 *ance under this Act be provided in compliance with—*

13 (A) *title VI of the Civil Rights Act of 1964*
14 *(42 U.S.C. 2000d et seq.);*

15 (B) *the Fair Housing Act (42 U.S.C. 3601*
16 *et seq.);*

17 (C) *section 504 of the Rehabilitation Act of*
18 *1973 (29 U.S.C. 701 et seq.);*

19 (D) *title IX of the Education Amendments*
20 *of 1972 (86 Stat. 373 et seq.);*

21 (E) *the Age Discrimination Act of 1975 (42*
22 *U.S.C. 6101 et seq.);*

23 (F) *the Americans with Disabilities Act of*
24 *1990; or*

1 (G) *the National Environmental Policy Act*
2 *of 1969 and other provisions of law that further*
3 *protection of the environment (as specified in*
4 *regulations that shall be issued by the Secretary).*

5 (c) *EFFECT ON PROGRAM ALLOCATIONS FOR COVERED*
6 *HOUSING ASSISTANCE.—The amount of assistance received*
7 *pursuant to this title by a participating jurisdiction shall*
8 *not be decreased, because of participation in the program*
9 *under this title, from the sum of the amounts that otherwise*
10 *would be made available for or within the participating*
11 *jurisdiction under the programs included as covered hous-*
12 *ing assistance.*

13 **SEC. 403. COVERED HOUSING ASSISTANCE.**

14 *For purposes of this title, the term “covered housing*
15 *assistance” means—*

16 (1) *operating assistance provided under section 9*
17 *of the United States Housing Act of 1937 (as in effect*
18 *before the effective date of the repeal under section*
19 *601(b) of this Act);*

20 (2) *modernization assistance provided under sec-*
21 *tion 14 of such Act;*

22 (3) *assistance provided under section 8 of such*
23 *Act for the certificate and voucher programs;*

24 (4) *assistance for public housing provided under*
25 *title II of this Act; and*

1 (5) *choice-based rental assistance provided under*
2 *title III of this Act.*

3 *Such term does not include any amounts obligated for as-*
4 *sistance under existing contracts for project-based assist-*
5 *ance under section 8 of the United States Housing Act of*
6 *1937 or section 601(f) of this Act.*

7 **SEC. 404. PROGRAM REQUIREMENTS.**

8 (a) *ELIGIBLE FAMILIES.*—*Each family on behalf of*
9 *whom assistance is provided for rental or homeownership*
10 *of a dwelling unit using amounts made available pursuant*
11 *to this title shall be a low-income family. Each dwelling*
12 *unit assisted using amounts made available pursuant to*
13 *this title shall be available for occupancy only by families*
14 *that are low-income families at the time of their initial oc-*
15 *cupancy of the unit.*

16 (b) *COMPLIANCE WITH ASSISTANCE PLAN.*—*A partici-*
17 *parting jurisdiction shall provide assistance using amounts*
18 *received pursuant to this title in the manner set forth in*
19 *the plan of the jurisdiction approved by the Secretary under*
20 *section 406(a)(2).*

21 (c) *RENT POLICY.*—*A participating jurisdiction shall*
22 *ensure that the rental contributions charged to families as-*
23 *sisted with amounts received pursuant to this title are rea-*
24 *sonable and designed to encourage employment and self-suf-*
25 *iciency by participating families.*

1 (d) *HOUSING QUALITY STANDARDS.*—

2 (1) *COMPLIANCE.*—*A participating jurisdiction*
3 *shall ensure that housing assisted with amounts re-*
4 *ceived pursuant to this title is maintained in a con-*
5 *dition that complies—*

6 (A) *in the case of housing located in a juris-*
7 *isdiction which has in effect laws, regulations,*
8 *standards, or codes regarding habitability of res-*
9 *idential dwellings, with such applicable laws,*
10 *regulations, standards, or codes; or*

11 (B) *in the case of housing located in a ju-*
12 *risdiction which does not have in effect laws, reg-*
13 *ulations, standards, or codes described in para-*
14 *graph (1), with the housing quality standards es-*
15 *tablished under paragraph (2).*

16 (2) *FEDERAL HOUSING QUALITY STANDARDS.*—
17 *The Secretary shall establish housing quality stand-*
18 *ards under this paragraph that ensure that dwelling*
19 *units assisted under this title are safe, clean, and*
20 *healthy. Such standards shall include requirements*
21 *relating to habitability, including maintenance,*
22 *health and sanitation factors, condition, and con-*
23 *struction of dwellings, and shall, to the greatest extent*
24 *practicable, be consistent with the standards estab-*
25 *lished under sections 232(b) and 328(c). The Sec-*

1 *retary shall differentiate between major and minor*
2 *violations of such standards.*

3 *(e) NUMBER OF FAMILIES ASSISTED.—A participat-*
4 *ing jurisdiction shall ensure that, in providing assistance*
5 *with amounts received pursuant to this title in each fiscal*
6 *year, not less than substantially the same total number of*
7 *eligible low-income families are assisted as would have been*
8 *assisted had the amounts of covered housing assistance not*
9 *been combined for use under this title.*

10 *(f) CONSISTENCY WITH WELFARE PROGRAM.—A par-*
11 *ticipating jurisdiction shall ensure that assistance provided*
12 *with amounts received pursuant to this title is provided in*
13 *a manner that is consistent with the welfare, public assist-*
14 *ance, or other economic self-sufficiency programs operating*
15 *in the jurisdiction by facilitating the transition of assisted*
16 *families to work, which may include requiring compliance*
17 *with the requirements under such welfare, public assistance,*
18 *or self-sufficiency programs as a condition of receiving*
19 *housing assistance with amounts provided under this title.*

20 *(g) TREATMENT OF CURRENTLY ASSISTED FAMI-*
21 *LIES.—*

22 *(1) CONTINUATION OF ASSISTANCE.—A partici-*
23 *pating jurisdiction shall ensure that each family that*
24 *was receiving housing assistance or residing in an as-*
25 *sisted dwelling unit pursuant to any of the programs*

1 *included as covered housing assistance immediately*
2 *before the jurisdiction initially provides assistance*
3 *pursuant to this title shall be offered assistance or an*
4 *assisted dwelling unit under the program of the juris-*
5 *diction under this title.*

6 (2) *PHASE-IN OF RENT CONTRIBUTION IN-*
7 *CREASES.—For any family that was receiving hous-*
8 *ing assistance pursuant to any of the programs in-*
9 *cluded as covered housing assistance immediately be-*
10 *fore the jurisdiction initially provides assistance pur-*
11 *suant to this title, if the monthly contribution for*
12 *rental of a dwelling unit assisted under this title to*
13 *be paid by the family upon initial applicability of*
14 *this title is greater than the amount paid by the fam-*
15 *ily immediately before such applicability, any such*
16 *resulting increase in rent contribution shall be—*

17 (A) *phased in equally over a period of not*
18 *less than 3 years, if such increase is 30 percent*
19 *or more of such contribution before initial appli-*
20 *cability; and*

21 (B) *limited to not more than 10 percent per*
22 *year if such increase is more than 10 percent but*
23 *less than 30 percent of such contribution before*
24 *initial applicability.*

1 (h) *AMOUNT OF ASSISTANCE.*—*In providing housing*
2 *assistance using amounts received pursuant to this title, the*
3 *amount of assistance provided by a participating jurisdic-*
4 *tion on behalf of each assisted low-income family shall be*
5 *sufficient so that if the family used such assistance to rent*
6 *a dwelling unit having a rent equal to the 40th percentile*
7 *of rents for standard quality rental units of the same size*
8 *and type in the same market area, the contribution toward*
9 *rental paid by the family would be affordable (as such term*
10 *is defined by the jurisdiction) to the family.*

11 (i) *PORTABILITY.*—*A participating jurisdiction shall*
12 *ensure that financial assistance for housing provided with*
13 *amounts received pursuant to this title may be used by a*
14 *family moving from an assisted dwelling unit located with-*
15 *in the jurisdiction to obtain a dwelling unit located outside*
16 *of the jurisdiction.*

17 (j) *PREFERENCES.*—*In providing housing assistance*
18 *using amounts received pursuant to this section, a partici-*
19 *pating jurisdiction may establish a system for making*
20 *housing assistance available that provides preference for as-*
21 *sistance to families having certain characteristics. A system*
22 *of preferences established pursuant to this subsection shall*
23 *be based on local housing needs and priorities, as deter-*
24 *mined by the jurisdiction using generally accepted data*
25 *sources.*

1 **SEC. 405. APPLICABILITY OF CERTAIN PROVISIONS.**

2 (a) *PUBLIC HOUSING DEMOLITION AND DISPOSITION*
3 *REQUIREMENTS.*—Section 261 shall continue to apply to
4 public housing notwithstanding any use of the housing
5 under this title.

6 (b) *LABOR STANDARDS.*—Section 112 shall apply to
7 housing assisted with amounts provided pursuant to this
8 title, other than housing assisted solely due to occupancy
9 by families receiving tenant-based assistance.

10 **SEC. 406. APPLICATION.**

11 (a) *IN GENERAL.*—The Secretary shall provide for ju-
12 risdictions to submit applications to receive and use covered
13 housing assistance amounts as authorized in this title for
14 periods of not less than 1 and not more than 5 fiscal years.
15 An application—

16 (1) shall be submitted only after the jurisdiction
17 provides for citizen participation through a public
18 hearing and, if appropriate, other means;

19 (2) shall include a plan developed by the juris-
20 diction for the provision of housing assistance with
21 amounts received pursuant to this title that takes into
22 consideration comments from the public hearing and
23 any other public comments on the proposed program,
24 and comments from current and prospective residents
25 who would be affected, and that includes criteria for

1 *meeting each of the requirements under section 404*
2 *and this title;*

3 (3) *shall describe how the plan for use of*
4 *amounts will assist in meeting the goals set forth in*
5 *section 401;*

6 (4) *shall propose standards for measuring per-*
7 *formance in using assistance provided pursuant to*
8 *this title based on the performance standards under*
9 *subsection (b)(2);*

10 (5) *shall propose the length of the period for*
11 *which the jurisdiction is applying for assistance*
12 *under this title;*

13 (6) *may include a request assistance for training*
14 *and technical assistance to assist with design of the*
15 *program and to participate in a detailed evaluation;*

16 (7) *shall—*

17 (A) *in the case of the application of any ju-*
18 *risdiction within whose boundaries are areas*
19 *subject to any other unit of general local govern-*
20 *ment, include the signed consent of the appro-*
21 *priate executive official of such unit to the appli-*
22 *cation; and*

23 (B) *in the case of the application of a con-*
24 *sortia of units of general local government (as*
25 *provided under section 409(1)(B)), include the*

1 *signed consent of the appropriate executive offi-*
2 *cial of each unit included in the consortia;*

3 *(8) shall include information sufficient, in the*
4 *determination of the Secretary—*

5 *(A) to demonstrate that the jurisdiction has*
6 *or will have management and administrative ca-*
7 *capacity sufficient to carry out the plan under*
8 *paragraph (2);*

9 *(B) to demonstrate that carrying out the*
10 *plan will not result in excessive duplication of*
11 *administrative efforts and costs, particularly*
12 *with respect to activities performed by public*
13 *housing agencies operating within the boundaries*
14 *of the jurisdiction;*

15 *(C) to describe the function and activities to*
16 *be carried out by such public housing agencies*
17 *affected by the plan; and*

18 *(D) to demonstrate that the amounts re-*
19 *ceived by the jurisdiction will be maintained*
20 *separate from other funds available to the juris-*
21 *isdiction and will be used only to carry out the*
22 *plan; and*

23 *(9) shall include information describing how the*
24 *jurisdiction will make decisions regarding asset man-*
25 *agement of housing for low-income families under*

1 *programs for covered housing assistance or assisted*
2 *with grant amounts under this title.*

3 *A plan required under paragraph (2) to be included in the*
4 *application may be contained in a memorandum of agree-*
5 *ment or other document executed by a jurisdiction and pub-*
6 *lic housing agency, if such document is submitted together*
7 *with the application.*

8 *(b) REVIEW, APPROVAL, AND PERFORMANCE STAND-*
9 *ARDS.—*

10 *(1) REVIEW.—The Secretary shall review appli-*
11 *cations for assistance pursuant to this title and shall*
12 *approve or disapprove such applications within 60*
13 *days after their submission. The Secretary shall pro-*
14 *vide affected public housing agencies an opportunity*
15 *to review an application submitted under this sub-*
16 *section and to provide written comments on the ap-*
17 *plication, which shall be a period of not less than 30*
18 *days ending before the Secretary approves or dis-*
19 *approves the application. If the Secretary determines*
20 *that the application complies with the requirements of*
21 *this title, the Secretary shall offer to enter into an*
22 *agreement with jurisdiction providing for assistance*
23 *pursuant to this title and incorporating a require-*
24 *ment that the jurisdiction achieve a particular level*
25 *of performance in each of the areas for which per-*

1 *formance standards are established under paragraph*
2 *(2). If the Secretary determines that an application*
3 *does not comply with the requirements of this title,*
4 *the Secretary shall notify the jurisdiction submitting*
5 *the application of the reasons for such disapproval*
6 *and actions that may be taken to make the applica-*
7 *tion approvable.*

8 *(2) PERFORMANCE STANDARDS.—The Secretary*
9 *shall establish standards for measuring performance*
10 *of jurisdictions in the following areas:*

11 *(A) Success in moving dependent low-in-*
12 *come families to economic self-sufficiency.*

13 *(B) Success in reducing the numbers of*
14 *long-term homeless families.*

15 *(C) Decrease in the per-family cost of pro-*
16 *viding assistance.*

17 *(D) Reduction of excessive geographic con-*
18 *centration of assisted families.*

19 *(E) Any other performance goals that the*
20 *Secretary may prescribe.*

21 *(3) APPROVAL.—If the Secretary and a jurisdic-*
22 *tion that the Secretary determines has submitted an*
23 *application meeting the requirements of this title*
24 *enter into an agreement referred to in paragraph (1),*
25 *the Secretary shall approve the application and pro-*

1 *vide covered housing assistance for the jurisdiction in*
2 *the manner authorized under this title. The Secretary*
3 *may not approve any application for assistance pur-*
4 *suant to this title unless the Secretary and jurisdic-*
5 *tion enter into an agreement referred to in paragraph*
6 *(1). The Secretary shall establish requirements for the*
7 *approval of applications under this section submitted*
8 *by public housing agencies designated under section*
9 *533(a) as troubled, which may include additional or*
10 *different criteria determined by the Secretary to be*
11 *more appropriate for such agencies.*

12 *(c) STATUS OF PHA'S.—Nothing in this section or*
13 *title may be construed to require any change in the legal*
14 *status of any public housing agency or in any legal rela-*
15 *tionship between a jurisdiction and a public housing agency*
16 *as a condition of participation in the program under this*
17 *title.*

18 **SEC. 407. TRAINING.**

19 *The Secretary, in consultation with representatives of*
20 *public and assisted housing interests, shall provide training*
21 *and technical assistance relating to providing assistance*
22 *under this title and conduct detailed evaluations of up to*
23 *30 jurisdictions for the purpose of identifying replicable*
24 *program models that are successful at carrying out the pur-*
25 *poses of this title.*

1 **SEC. 408. ACCOUNTABILITY.**

2 (a) *PERFORMANCE GOALS.*—*The Secretary shall mon-*
3 *itor the performance of participating jurisdictions in pro-*
4 *viding assistance pursuant to this title based on the per-*
5 *formance standards contained in the agreements entered*
6 *into pursuant to section 406(b)(1).*

7 (b) *KEEPING RECORDS.*—*Each participating jurisdic-*
8 *tion shall keep such records as the Secretary may prescribe*
9 *as reasonably necessary to disclose the amounts and the dis-*
10 *position of amounts provided pursuant to this title, to en-*
11 *sure compliance with the requirements of this title and to*
12 *measure performance against the performance goals under*
13 *subsection (a).*

14 (c) *REPORTS.*—*Each participating jurisdiction agen-*
15 *cy shall submit to the Secretary a report, or series of re-*
16 *ports, in a form and at a time specified by the Secretary.*
17 *The reports shall—*

18 (1) *document the use of funds made available*
19 *under this title;*

20 (2) *provide such information as the Secretary*
21 *may request to assist the Secretary in assessing the*
22 *program under this title; and*

23 (3) *describe and analyze the effect of assisted ac-*
24 *tivities in addressing the purposes of this title.*

25 (d) *ACCESS TO DOCUMENTS BY SECRETARY.*—*The*
26 *Secretary shall have access for the purpose of audit and ex-*

1 *amination to any books, documents, papers, and records*
2 *that are pertinent to assistance in connection with, and the*
3 *requirements of, this title.*

4 *(e) ACCESS TO DOCUMENTS BY COMPTROLLER GEN-*
5 *ERAL.—The Comptroller General of the United States, or*
6 *any of the duly authorized representatives of the Comptrol-*
7 *ler General, shall have access for the purpose of audit and*
8 *examination to any books, documents, papers, and records*
9 *that are pertinent to assistance in connection with, and the*
10 *requirements of, this title.*

11 **SEC. 409. DEFINITIONS.**

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

14 *(1) JURISDICTION.—The term “jurisdiction”*
15 *means—*

16 *(A) a unit of general local government (as*
17 *such term is defined in section 104 of the Cran-*
18 *ston-Gonzalez National Affordable Housing Act)*
19 *that has boundaries, for purposes of carrying out*
20 *this title, that—*

21 *(i) wholly contain the area within*
22 *which a public housing agency is authorized*
23 *to operate; and*

1 (ii) do not contain any areas con-
2 tained within the boundaries of any other
3 participating jurisdiction; and

4 (B) a consortia of such units of general
5 local government, organized for purposes of this
6 title.

7 (2) *PARTICIPATING JURISDICTION.*—The term
8 “participating jurisdiction” means, with respect to a
9 period for which such approval is made, a jurisdic-
10 tion that has been approved under section 406(b)(3)
11 to receive assistance pursuant to this title for such fis-
12 cal year.

13 **TITLE V—ACCOUNTABILITY AND**
14 **OVERSIGHT OF PUBLIC HOUS-**
15 **ING AGENCIES**

16 **Subtitle A—Study of Alternative**
17 **Methods for Evaluating Public**
18 **Housing Agencies**

19 **SEC. 501. IN GENERAL.**

20 The Secretary of Housing and Urban Development
21 shall provide under section 505 for a study to be conducted
22 to determine the effectiveness of various alternative methods
23 of evaluating the performance of public housing agencies
24 and other providers of federally assisted housing.

1 **SEC. 502. PURPOSES.**

2 *The purposes of the study under this subtitle shall be—*

3 *(1) to identify and examine various methods of*
4 *evaluating and improving the performance of public*
5 *housing agencies in administering public housing and*
6 *tenant-based rental assistance programs and of other*
7 *providers of federally assisted housing, which are al-*
8 *ternatives to oversight by the Department of Housing*
9 *and Urban Development; and*

10 *(2) to identify specific monitoring and oversight*
11 *activities currently conducted by the Department of*
12 *Housing and Urban Development that are insuffi-*
13 *cient or ineffective in accurately and efficiently as-*
14 *sessing the performance of public housing agencies*
15 *and other providers of federally assisted housing, and*
16 *to evaluate whether such activities should be elimi-*
17 *nated, modified, or transferred to other entities (in-*
18 *cluding government and private entities) to increase*
19 *accuracy and effectiveness and improve monitoring.*

20 **SEC. 503. EVALUATION OF VARIOUS PERFORMANCE EVAL-**
21 **UATION SYSTEMS.**

22 *To carry out the purpose under section 502(1), the*
23 *study under this subtitle shall identify, and analyze and*
24 *assess the costs and benefits of, the following methods of reg-*
25 *ulating and evaluating the performance of public housing*
26 *agencies and other providers of federally assisted housing:*

1 (1) *CURRENT SYSTEM.*—*The system pursuant to*
2 *the United States Housing Act of 1937 (as in effect*
3 *upon the enactment of this Act), including the meth-*
4 *ods and requirements under such system for report-*
5 *ing, auditing, reviewing, sanctioning, and monitoring*
6 *of such agencies and housing providers and the public*
7 *housing management assessment program pursuant to*
8 *subtitle C of this title (and section 6(j) of the United*
9 *States Housing Act of 1937 (as in effect upon the en-*
10 *actment of this Act)).*

11 (2) *ACCREDITATION MODELS.*—*Various models*
12 *that are based upon accreditation of such agencies*
13 *and housing providers, subject to the following re-*
14 *quirements:*

15 (A) *The study shall identify and analyze*
16 *various models used in other industries and pro-*
17 *fessions for accreditation and determine the ex-*
18 *tent of their applicability to the programs for*
19 *public housing and federally assisted housing.*

20 (B) *If any accreditation models are deter-*
21 *mined to be applicable to the public and feder-*
22 *ally assisted housing programs, the study shall*
23 *identify appropriate goals, objectives, and proce-*
24 *dures for an accreditation program for such*
25 *agencies housing providers.*

1 (C) *The study shall evaluate the effectiveness*
2 *of establishing an independent accreditation and*
3 *evaluation entity to assist, supplement, or re-*
4 *place the role of the Department of Housing and*
5 *Urban Development in assessing and monitoring*
6 *the performance of such agencies and housing*
7 *providers.*

8 (D) *The study shall identify the necessary*
9 *and appropriate roles and responsibilities of var-*
10 *ious entities that would be involved in an accred-*
11 *itation program, including the Department of*
12 *Housing and Urban Development, the Inspector*
13 *General of the Department, an accreditation en-*
14 *tity, independent auditors and examiners, local*
15 *entities, and public housing agencies.*

16 (E) *The study shall determine the costs in-*
17 *volved in developing and maintaining such an*
18 *independent accreditation program.*

19 (F) *The study shall analyze the need for*
20 *technical assistance to assist public housing*
21 *agencies in improving performance and identify*
22 *the most effective methods to provide such assist-*
23 *ance.*

24 (3) *PERFORMANCE BASED MODELS.—Various*
25 *performance-based models, including systems that es-*

1 *tablish performance goals or targets, assess the com-*
2 *pliance with such goals or targets, and provide for in-*
3 *centives or sanctions based on performance relative to*
4 *such goals or targets.*

5 (4) *LOCAL REVIEW AND MONITORING MODELS.—*
6 *Various models providing for local, resident, and com-*
7 *munity review and monitoring of such agencies and*
8 *housing providers, including systems for review and*
9 *monitoring by local and State governmental bodies*
10 *and agencies.*

11 (5) *PRIVATE MODELS.—Various models using*
12 *private contractors for review and monitoring of such*
13 *agencies and housing providers.*

14 (6) *OTHER MODELS.—Various models of any*
15 *other systems that may be more effective and efficient*
16 *in regulating and evaluating such agencies and hous-*
17 *ing providers.*

18 **SEC. 504. CONSULTATION.**

19 *The entity that, pursuant to section 505, carries out*
20 *the study under this subtitle shall, in carrying out the*
21 *study, consult with individuals and organization experi-*
22 *enced in managing public housing, private real estate man-*
23 *agers, representatives from State and local governments,*
24 *residents of public housing, families and individuals receiv-*
25 *ing choice- or tenant-based assistance, the Secretary of*

1 *Housing and Urban Development, the Inspector General of*
2 *the Department of Housing and Urban Development, and*
3 *the Comptroller General of the United States.*

4 **SEC. 505. CONTRACT TO CONDUCT STUDY.**

5 (a) *IN GENERAL.*—Subject to subsection (b), the Sec-
6 *retary shall enter into a contract with a public or nonprofit*
7 *private entity to conduct the study under this subtitle, using*
8 *amounts made available pursuant to section 507.*

9 (b) *NATIONAL ACADEMY OF PUBLIC ADMINISTRA-*
10 *TION.*—The Secretary shall request the National Academy
11 *of Public Administration to enter into the contract under*
12 *paragraph (1) to conduct the study under this subtitle. If*
13 *such Academy declines to conduct the study, the Secretary*
14 *shall carry out such paragraph through other public or non-*
15 *profit private entities.*

16 **SEC. 506. REPORT.**

17 (a) *INTERIM REPORT.*—The Secretary shall ensure
18 *that not later than the expiration of the 6-month period*
19 *beginning on the date of the enactment of this Act, the entity*
20 *conducting the study under this subtitle submits to the Con-*
21 *gress an interim report describing the actions taken to carry*
22 *out the study, the actions to be taken to complete the study,*
23 *and any findings and recommendations available at the*
24 *time.*

1 (b) *FINAL REPORT.*—*The Secretary shall ensure*
2 *that—*

3 (1) *not later than the expiration of the 12-month*
4 *period beginning on the date of the enactment of this*
5 *Act, the study required under this subtitle is com-*
6 *pleted and a report describing the findings and rec-*
7 *ommendations as a result of the study is submitted to*
8 *the Congress; and*

9 (2) *before submitting the report under this sub-*
10 *section to the Congress, the report is submitted to the*
11 *Secretary and national organizations for public hous-*
12 *ing agencies at such time to provide the Secretary*
13 *and such agencies an opportunity to review the report*
14 *and provide written comments on the report, which*
15 *shall be included together with the report upon sub-*
16 *mission to the Congress under paragraph (1).*

17 **SEC. 507. FUNDING.**

18 *Of any amounts made available under title V of the*
19 *Housing and Urban Development Act of 1970 for policy*
20 *development and research for fiscal year 1998, \$500,000*
21 *shall be available to carry out this subtitle.*

22 **SEC. 508. EFFECTIVE DATE.**

23 *This subtitle shall take effect on the date of the enact-*
24 *ment of this Act.*

1 **Subtitle B—Housing Evaluation**
2 **and Accreditation Board**

3 **SEC. 521. ESTABLISHMENT.**

4 (a) *IN GENERAL.*—*There is established an independent*
5 *agency in the executive branch of the Government to be*
6 *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 subsection.*
14 *This subsection may not be construed to prevent the ap-*
15 *pointment 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 12*
20 *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 pur-*
23 *suant to section 506(b), as follows:*

1 (1) 4 members shall be appointed from among 10
2 individuals recommended by the Secretary of Housing
3 and Urban Development.

4 (2) 4 members shall be appointed from among 10
5 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 III
17 of this Act or the provisions of section 8 of the
18 United States Housing Act of 1937 (as in effect
19 before the effective date of the repeal under sec-
20 tion 601(b) of this Act).

21 (B) At least 2, but not more than 4 mem-
22 bers who are executive directors of public housing
23 agencies.

24 (C) 1 member who is a member of the Insti-
25 tute of Real Estate Managers.

1 (D) 1 member who is the owner of a multi-
2 family housing project assisted under a program
3 administered by the Secretary of Housing and
4 Urban Development.

5 (2) *REQUIRED EXPERIENCE.*—The Board shall
6 at all times have as members individuals with the fol-
7 lowing 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 ex-
24 perience may satisfy the requirements of more than 1
25 subparagraph of this paragraph. A single member of

1 *the board with the appropriate qualifications and ex-*
2 *perience may satisfy the requirements of a subpara-*
3 *graph of paragraph (1) and a subparagraph of this*
4 *paragraph.*

5 *(c) POLITICAL AFFILIATION.—Not more than 6 mem-*
6 *bers 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 year;*

15 *(B) 3 shall be appointed for terms of 2*
16 *years;*

17 *(C) 3 shall be appointed for terms of 3*
18 *years; and*

19 *(D) 3 shall be appointed for terms of 4*
20 *years.*

21 *(3) VACANCIES.—Any member appointed to fill a*
22 *vacancy occurring before the expiration of the term*
23 *for which the member's predecessor was appointed*
24 *shall be appointed only for the remainder of that*
25 *term. A member may serve after the expiration of that*

1 *member's term until a successor has taken office. A*
2 *vacancy in the Board shall be filled in the manner*
3 *in which the original appointment was made.*

4 *(e) CHAIRPERSON.—The Board shall elect a chair-*
5 *person from among members of the Board.*

6 *(f) QUORUM.—A majority of the members of the Board*
7 *shall constitute a quorum for the transaction of business.*

8 *(g) VOTING.—Each member of the Board shall be enti-*
9 *tled to 1 vote, which shall be equal to the vote of every other*
10 *member of the Board.*

11 *(h) PROHIBITION ON ADDITIONAL PAY.—Members of*
12 *the Board shall serve without compensation, but shall be*
13 *reimbursed for travel, subsistence, and other necessary ex-*
14 *penses incurred in the performance of their duties as mem-*
15 *bers of the Board.*

16 **SEC. 523. FUNCTIONS.**

17 *The purpose of this subtitle is to establish the Board*
18 *as a nonpolitical entity to carry out, not later than the*
19 *expiration of the 12-month period beginning upon the ap-*
20 *pointment under section 522 of all of the initial members*
21 *of the Board (or such other date as may be provided by*
22 *law), the following functions:*

23 *(1) ESTABLISHMENT OF PERFORMANCE BENCH-*
24 *MARKS.—The Board shall establish standards and*
25 *guidelines for use by the Board in measuring the per-*

1 *formance and efficiency of public housing agencies*
2 *and other owners and providers of federally assisted*
3 *housing in carrying out operational and financial*
4 *functions. The standards and guidelines shall be de-*
5 *signed to replace the public housing management as-*
6 *essment program under section 6(j) of the United*
7 *States Housing Act of 1937 (as in effect before the en-*
8 *actment of this Act) and improve the evaluation of*
9 *the performance of housing providers relative to such*
10 *program. In establishing such standards and guide-*
11 *lines, the Board shall consult with the Secretary, the*
12 *Inspector General of the Department of Housing and*
13 *Urban Development, and such other persons and enti-*
14 *ties as the Board considers appropriate.*

15 (2) *ESTABLISHMENT OF ACCREDITATION PROCE-*
16 *DURE AND ACCREDITATION.—The Board shall—*

17 (A) *establish a procedure for the Board to*
18 *accredit public housing agencies to receive block*
19 *grants under title II for the operation, mainte-*
20 *nance, and production of public housing and*
21 *amounts for housing assistance under title III,*
22 *based on the performance of agencies, as meas-*
23 *ured by the performance benchmarks established*
24 *under paragraph (1) and any audits and re-*
25 *views of agencies; and*

1 (B) commence the review and accreditation
2 of public housing agencies under the procedures
3 established under subparagraph (A).

4 *In carrying out the functions under this section, the Board*
5 *shall take into consideration the findings and recommenda-*
6 *tions contained in the report issued under section 506(b).*

7 **SEC. 524. POWERS.**

8 (a) *HEARINGS.*—*The Board may, for the purpose of*
9 *carrying out this subtitle, hold such hearings and sit and*
10 *act at such times and places as the Board determines appro-*
11 *priate.*

12 (b) *RULES AND REGULATIONS.*—*The Board may*
13 *adopt such rules and regulations as may be necessary to*
14 *establish its procedures and to govern the manner of its op-*
15 *erations, organization, and personnel.*

16 (c) *ASSISTANCE FROM FEDERAL AGENCIES.*—

17 (1) *INFORMATION.*—*The Board may secure di-*
18 *rectly from any department or agency of the Federal*
19 *Government such information as the Board may re-*
20 *quire for carrying out its functions, including public*
21 *housing agency plans submitted to the Secretary by*
22 *public housing agencies under title I. Upon request of*
23 *the Board, any such department or agency shall fur-*
24 *nish such information.*

1 (2) *GENERAL SERVICES ADMINISTRATION.*—*The*
2 *Administrator of General Services shall provide to the*
3 *Board, on a reimbursable basis, such administrative*
4 *support services as the Board may request.*

5 (3) *DEPARTMENT OF HOUSING AND URBAN DE-*
6 *VELOPMENT.*—*Upon the request of the chairperson of*
7 *the Board, the Secretary of Housing and Urban De-*
8 *velopment shall, to the extent possible and subject to*
9 *the discretion of the Secretary, detail any of the per-*
10 *sonnel of the Department of Housing and Urban De-*
11 *velopment, on a nonreimbursable basis, to assist the*
12 *Board in carrying out its functions under this sub-*
13 *title.*

14 (4) *HUD INSPECTOR GENERAL.*—*The Inspector*
15 *General of the Department of Housing and Urban*
16 *Development shall serve the Board as a principal ad-*
17 *viser with respect to all aspects of audits of public*
18 *housing agencies. The Inspector General may advise*
19 *the Board with respect to other activities and func-*
20 *tions of the Board.*

21 (d) *MAILS.*—*The Board may use the United States*
22 *mails in the same manner and under the same conditions*
23 *as other Federal agencies.*

24 (e) *CONTRACTING.*—*The Board may, to such extent*
25 *and in such amounts as are provided in appropriation*

1 *Acts, enter into contracts with private firms, institutions,*
2 *and individuals for the purpose of conducting evaluations*
3 *of public housing agencies, audits of public housing agen-*
4 *cies, and research and surveys necessary to enable the Board*
5 *to discharge its functions under this subtitle.*

6 (f) *STAFF.*—

7 (1) *EXECUTIVE DIRECTOR.*—*The Board shall ap-*
8 *point an executive director of the Board, who shall be*
9 *compensated at a rate fixed by the Board, but which*
10 *shall not exceed the rate established for level V of the*
11 *Executive Schedule under title 5, United States Code.*

12 (2) *OTHER PERSONNEL.*—*In addition to the ex-*
13 *ecutive director, the Board may appoint and fix the*
14 *compensation of such personnel as the Board consid-*
15 *ers necessary, in accordance with the provisions of*
16 *title 5, United States Code, governing appointments*
17 *to the competitive service, and the provisions of chap-*
18 *ter 51 and subchapter III of chapter 53 of such title,*
19 *relating to classification and General Schedule pay*
20 *rates.*

21 (g) *ACCESS TO DOCUMENTS.*—*The Board shall have*
22 *access for the purposes of carrying out its functions under*
23 *this subtitle to any books, documents, papers, and records*
24 *of a public housing agency to which the Secretary has access*
25 *under this Act.*

1 **SEC. 525. FEES.**

2 (a) *ACCREDITATION FEES.*—*The Board may establish*
3 *and charge reasonable fees for the accreditation of public*
4 *housing agencies as the Board considers necessary to cover*
5 *the costs of the operations of the Board relating to its func-*
6 *tions under section 523.*

7 (b) *FUND.*—*Any fees collected under this section shall*
8 *be deposited in an operations fund for the Board, which*
9 *is hereby established in the Treasury of the United States.*
10 *Amounts in such fund shall be available, to the extent pro-*
11 *vided in appropriation Acts, for the expenses of the Board*
12 *in carrying out its functions under this subtitle.*

13 **SEC. 526. GAO AUDIT.**

14 *The activities and transactions of the Board shall be*
15 *subject to audit by the Comptroller General of the United*
16 *States under such rules and regulations as may be pre-*
17 *scribed by the Comptroller General. The representatives of*
18 *the General Accounting Office shall have access for the pur-*
19 *pose of audit and examination to any books, documents,*
20 *papers, and records of the Board that are necessary to fa-*
21 *cilitate an audit.*

1 ***Subtitle C—Interim Applicability of***
2 ***Public Housing Management As-***
3 ***essment Program***

4 **SEC. 531. INTERIM APPLICABILITY.**

5 *This subtitle shall be effective only during the period*
6 *that begins on the effective date of this Act and ends upon*
7 *the date of the effectiveness of the standards and procedures*
8 *required under section 523.*

9 **SEC. 532. MANAGEMENT ASSESSMENT INDICATORS.**

10 *(a) ESTABLISHMENT.—The Secretary shall develop*
11 *and publish in the Federal Register indicators to assess the*
12 *management performance of public housing agencies and*
13 *other entities managing public housing (including resident*
14 *management corporations, independent managers pursuant*
15 *to section 236, and management entities pursuant to sub-*
16 *title D). The indicators shall be established by rule under*
17 *section 553 of title 5, United States Code. Such indicators*
18 *shall enable the Secretary to evaluate the performance of*
19 *public housing agencies and such other managers of public*
20 *housing in all major areas of management operations.*

21 *(b) CONTENT.—The management assessment indica-*
22 *tors shall include the following indicators:*

23 *(1) The number and percentage of vacancies*
24 *within an agency's or manager's inventory, including*

1 *the progress that an agency or manager has made*
2 *within the previous 3 years to reduce such vacancies.*

3 (2) *The amount and percentage of funds obli-*
4 *gated to the public housing agency or manager from*
5 *the capital fund or under section 14 of the United*
6 *States Housing Act of 1937 (as in effect before the ef-*
7 *fective date of the repeal under section 601(b) of this*
8 *Act), which remain unexpended after 3 years.*

9 (3) *The percentage of rents uncollected.*

10 (4) *The energy consumption (with appropriate*
11 *adjustments to reflect different regions and unit*
12 *sizes).*

13 (5) *The average period of time that an agency or*
14 *manager requires to repair and turn-around vacant*
15 *dwelling units.*

16 (6) *The proportion of maintenance work orders*
17 *outstanding, including any progress that an agency*
18 *or manager has made during the preceding 3 years*
19 *to reduce the period of time required to complete*
20 *maintenance work orders.*

21 (7) *The percentage of dwelling units that an*
22 *agency or manager fails to inspect to ascertain main-*
23 *tenance or modernization needs within such period of*
24 *time as the Secretary deems appropriate (with appro-*

1 *appropriate adjustments, if any, for large and small agen-*
2 *cies or managers).*

3 *(8) The extent to which the rent policies of any*
4 *public housing agency establishing rental amounts in*
5 *accordance with section 225(b) comply with the re-*
6 *quirement under section 225(c).*

7 *(9) Whether the agency is providing acceptable*
8 *basic housing conditions, as determined by the Sec-*
9 *retary.*

10 *(10) Any other factors as the Secretary deems*
11 *appropriate.*

12 *(c) CONSIDERATIONS IN EVALUATION.—The Secretary*
13 *shall—*

14 *(1) administer the system of evaluating public*
15 *housing agencies and managers flexibly to ensure that*
16 *agencies and managers are not penalized as result of*
17 *circumstances beyond their control;*

18 *(2) reflect in the weights assigned to the various*
19 *management assessment indicators the differences in*
20 *the difficulty of managing individual developments*
21 *that result from their physical condition and their*
22 *neighborhood environment; and*

23 *(3) determine a public housing agency's or man-*
24 *ager's status as "troubled with respect to moderniza-*
25 *tion" under section 533(b) based upon factors solely*

1 *related to its ability to carry out modernization ac-*
2 *tivities.*

3 **SEC. 533. DESIGNATION OF PHA'S.**

4 *(a) TROUBLED PHA'S.—The Secretary shall, under*
5 *the rulemaking procedures under section 553 of title 5,*
6 *United States Code, establish procedures for designating*
7 *troubled public housing agencies and managers, which pro-*
8 *cedures shall include identification of serious and substan-*
9 *tial failure to perform as measured by (1) the performance*
10 *indicators specified under section 532 and such other fac-*
11 *tors as the Secretary may deem to be appropriate; or (2)*
12 *such other evaluation system as is determined by the Sec-*
13 *retary to assess the condition of the public housing agency*
14 *or other entity managing public housing, which system may*
15 *be in addition to or in lieu of the performance indicators*
16 *established under section 532. Such procedures shall provide*
17 *that an agency that does not provide acceptable basic hous-*
18 *ing conditions shall be designated a troubled public housing*
19 *agency.*

20 *(b) AGENCIES TROUBLED WITH RESPECT TO CAPITAL*
21 *ACTIVITIES.—The Secretary shall designate, by rule under*
22 *section 553 of title 5, United States Code, agencies and*
23 *managers that are troubled with respect to capital activi-*
24 *ties.*

1 (c) *AGENCIES AT RISK OF BECOMING TROUBLED.*—
2 *The Secretary shall designate, by rule under section 553*
3 *of title 5, United States Code, agencies and managers that*
4 *are at risk of becoming troubled.*

5 (d) *EXEMPLARY AGENCIES.*—*The Secretary may also,*
6 *in consultation with national organizations representing*
7 *public housing agencies and managers and public officials*
8 *(as the Secretary determines appropriate), identify and*
9 *commend public housing agencies and managers that meet*
10 *the performance standards established under section 532 in*
11 *an exemplary manner.*

12 (e) *APPEAL OF DESIGNATION.*—*The Secretary shall es-*
13 *tablish procedures for public housing agencies and man-*
14 *agers to appeal designation as a troubled agency or man-*
15 *ager (including designation as a troubled agency or man-*
16 *ager for purposes of capital activities), to petition for re-*
17 *moval of such designation, and to appeal any refusal to*
18 *remove such designation.*

19 **SEC. 534. ON-SITE INSPECTION OF TROUBLED PHA'S.**

20 (a) *IN GENERAL.*—*Upon designating a public housing*
21 *agency or manager as troubled pursuant to section 533 and*
22 *determining that an assessment under this section will not*
23 *duplicate any other review previously conducted or required*
24 *to be conducted of the agency or manager, the Secretary*

1 *shall provide for an on-site, independent assessment of the*
2 *management of the agency or manager.*

3 (b) *CONTENT.*—*To the extent the Secretary deems ap-*
4 *propriate (taking into consideration an agency’s or man-*
5 *ager’s performance under the indicators specified under sec-*
6 *tion 532, the assessment team shall also consider issues re-*
7 *lating to the agency’s or manager’s resident population and*
8 *physical inventory, including the extent to which—*

9 (1) *the public housing agency plan for the agen-*
10 *cy or manager adequately and appropriately address-*
11 *es the rehabilitation needs of the public housing in-*
12 *ventory;*

13 (2) *residents of the agency or manager are in-*
14 *volved in and informed of significant management*
15 *decisions; and*

16 (3) *any developments in the agency’s or man-*
17 *ager’s inventory are severely distressed (as such term*
18 *is defined under section 262.*

19 (c) *INDEPENDENT ASSESSMENT TEAM.*—*An independ-*
20 *ent assessment under this section shall be carried out by*
21 *a team of knowledgeable individuals selected by the Sec-*
22 *retary (referred to in this title as the “assessment team”)*
23 *with expertise in public housing and real estate manage-*
24 *ment. In conducting an assessment, the assessment team*
25 *shall consult with the residents and with public and private*

1 *entities in the jurisdiction in which the public housing is*
2 *located. The assessment team shall provide to the Secretary*
3 *and the public housing agency or manager a written report,*
4 *which shall contain, at a minimum, recommendations for*
5 *such management improvements as are necessary to elimi-*
6 *nate or substantially remedy existing deficiencies.*

7 **SEC. 535. ADMINISTRATION.**

8 (a) *PHA'S.*—*The Secretary shall carry out this sub-*
9 *title with respect to public housing agencies substantially*
10 *in the same manner as the public housing management as-*
11 *essment system under section 6(j) of the United States*
12 *Housing Act of 1937 (as in effect immediately before the*
13 *effective date of the repeal under section 601(b) of this Act)*
14 *was required to be carried out with respect to public hous-*
15 *ing agencies. The Secretary may comply with the require-*
16 *ments under this subtitle by using any regulations issued*
17 *to carry out such system and issuing any additional regula-*
18 *tions necessary to make such system comply with the re-*
19 *quirements under this subtitle.*

20 (b) *OTHER MANAGERS.*—*The Secretary shall establish*
21 *specific standards and procedures for carrying out this sub-*
22 *title with respect to managers of public housing that are*
23 *not public housing agencies. Such standards and procedures*
24 *shall take in consideration special circumstances relating*

1 *to entities hired, directed, or appointed to manage public*
2 *housing.*

3 ***Subtitle D—Accountability and***
4 ***Oversight Standards and Proce-***
5 ***dures***

6 ***SEC. 541. AUDITS.***

7 *(a) BY SECRETARY AND COMPTROLLER GENERAL.—*
8 *Each block grant contract under section 201 and each con-*
9 *tract for housing assistance amounts under section 302*
10 *shall provide that the Secretary, the Inspector General of*
11 *the Department of Housing and Urban Development, and*
12 *the Comptroller General of the United States, or any of*
13 *their duly authorized representatives, shall, for the purpose*
14 *of audit and examination, have access to any books, docu-*
15 *ments, papers, and records of the public housing agency (or*
16 *other entity) entering into such contract that are pertinent*
17 *to this Act and to its operations with respect to financial*
18 *assistance under the this Act.*

19 *(b) BY PHA.—*

20 *(1) REQUIREMENT.—Each public housing agency*
21 *that owns or operates 250 or more public housing*
22 *dwelling units and receives assistance under this Act*
23 *shall have an audit made in accordance with chapter*
24 *75 of title 31, United States Code. The Secretary, the*
25 *Inspector General of the Department of Housing and*

1 *Urban Development, and the Comptroller General of*
2 *the United States shall have access to all books, docu-*
3 *ments, papers, or other records that are pertinent to*
4 *the activities carried out under this Act in order to*
5 *make audit examinations, excerpts, and transcripts.*

6 (2) *WITHHOLDING OF AMOUNTS.—The Secretary*
7 *may, in the sole discretion of the Secretary, arrange*
8 *for, and pay the costs of, an audit required under*
9 *paragraph (1). In such circumstances, the Secretary*
10 *may withhold, from assistance otherwise payable to*
11 *the agency under this Act, amounts sufficient to pay*
12 *for the reasonable costs of conducting an acceptable*
13 *audit, including, when appropriate, the reasonable*
14 *costs of accounting services necessary to place the*
15 *agency's books and records in auditable condition.*

16 **SEC. 542. PERFORMANCE AGREEMENTS FOR AUTHORITIES**
17 **AT RISK OF BECOMING TROUBLED.**

18 (a) *IN GENERAL.—Upon designation of a public hous-*
19 *ing agency as at risk of becoming troubled under section*
20 *533(c), the Secretary shall seek to enter into an agreement*
21 *with the agency providing for improvement of the elements*
22 *of the agency that have been identified. An agreement under*
23 *this section shall contain such terms and conditions as the*
24 *Secretary determines are appropriate for addressing the ele-*

1 ments identified, which may include an on-site, independ-
2 ent assessment of the management of the agency.

3 (b) *POWERS OF SECRETARY.*—If the Secretary deter-
4 mines that such action is necessary to prevent the public
5 housing agency from becoming a troubled agency, the Sec-
6 retary may—

7 (1) *solicit competitive proposals from other pub-*
8 *lic housing agencies and private housing management*
9 *agents (which may be selected by existing tenants*
10 *through administrative procedures established by the*
11 *Secretary), for any case in which such agents may be*
12 *needed for managing all, or part, of the housing or*
13 *functions administered by the agency; or*

14 (2) *solicit competitive proposals from other pub-*
15 *lic housing agencies and private entities with experi-*
16 *ence in construction management, for any case in*
17 *which such authorities or firms may be needed to*
18 *oversee implementation of assistance made available*
19 *for capital improvement for public housing of the*
20 *agency.*

21 **SEC. 543. PERFORMANCE AGREEMENTS AND CDBG SANC-**
22 **TIONS FOR TROUBLED PHA'S.**

23 (a) *IN GENERAL.*—Upon designation of a public hous-
24 ing agency as a troubled agency under section 533(a) and
25 after reviewing the report submitted pursuant to section

1 534(c) and consulting with the assessment team for the
2 agency under section 534, the Secretary shall seek to enter
3 into an agreement with the agency providing for improving
4 the management performance of the agency.

5 (b) CONTENTS.—An agreement under this section be-
6 tween the Secretary and a public housing agency shall set
7 forth—

8 (1) targets for improving performance, as meas-
9 ured by the guidelines and standards established
10 under section 532 and other requirements within a
11 specified period of time, which shall include targets to
12 be met upon the expiration of the 12-month period be-
13 ginning upon entering into the agreement;

14 (2) strategies for meeting such targets;

15 (3) sanctions for failure to implement such strat-
16 egies; and

17 (4) to the extent the Secretary deems appro-
18 priate, a plan for enhancing resident involvement in
19 the management of the public housing agency.

20 (c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The
21 Secretary and the public housing agency shall, to the maxi-
22 mum extent practicable, seek the assistance of local public
23 and private entities in carrying out an agreement under
24 this section.

1 (d) *DEFAULT UNDER PERFORMANCE AGREEMENT.*—
 2 *Upon the expiration of the 12-month period beginning upon*
 3 *entering into an agreement under this section with a public*
 4 *housing agency, the Secretary shall review the performance*
 5 *of the agency in relation to the performance targets and*
 6 *strategies under the agreement. If the Secretary determines*
 7 *that the agency has failed to comply with the performance*
 8 *targets established for such period, the Secretary shall take*
 9 *the action authorized under subsection (b)(2) or (b)(5) of*
 10 *section 545.*

11 (e) *CDBG SANCTION AGAINST LOCAL GOVERNMENT*
 12 *CONTRIBUTING TO TROUBLED STATUS OF PHA.*—*If the*
 13 *Secretary determines that the actions or inaction of any*
 14 *unit of general local government within which any portion*
 15 *of the jurisdiction of a public housing agency is located has*
 16 *substantially contributed to the conditions resulting in the*
 17 *agency being designated under section 533(a) as a troubled*
 18 *agency, the Secretary may redirect or withhold, from such*
 19 *unit of general local government any amounts allocated for*
 20 *such unit under section 106 of the Housing and Community*
 21 *Development Act of 1974.*

22 **SEC. 544. OPTION TO DEMAND CONVEYANCE OF TITLE TO**
 23 **OR POSSESSION OF PUBLIC HOUSING.**

24 (a) *AUTHORITY FOR CONVEYANCE.*—*A contract under*
 25 *section 201 for block grants under title II (including con-*

1 *tracts which amend or supersede contracts previously made*
2 *(including contracts for contributions)) may provide that*
3 *upon the occurrence of a substantial default with respect*
4 *to the covenants or conditions to which the public housing*
5 *agency is subject (as such substantial default shall be de-*
6 *fin ed in such contract), the public housing agency shall be*
7 *obligated, at the option of the Secretary, to—*

8 (1) *convey title in any case where, in the deter-*
9 *mination of the Secretary (which determination shall*
10 *be final and conclusive), such conveyance of title is*
11 *necessary to achieve the purposes of this Act; or*

12 (2) *deliver to the Secretary possession of the de-*
13 *velopment, as then constituted, to which such contract*
14 *relates.*

15 (b) *OBLIGATION TO RECONVEY.—Any block grant con-*
16 *tract under title II containing the provisions authorized in*
17 *subsection (a) shall also provide that the Secretary shall*
18 *be obligated to reconvey or redeliver possession of the devel-*
19 *opment, as constituted at the time of reconveyance or rede-*
20 *livery, to such public housing agency or to its successor (if*
21 *such public housing agency or a successor exists) upon such*
22 *terms as shall be prescribed in such contract, and as soon*
23 *as practicable after—*

24 (1) *the Secretary is satisfied that all defaults*
25 *with respect to the development have been cured, and*

1 *that the development will, in order to fulfill the pur-*
2 *poses of this Act, thereafter be operated in accordance*
3 *with the terms of such contract; or*

4 *(2) the termination of the obligation to make an-*
5 *ual block grants to the agency, unless there are any*
6 *obligations or covenants of the agency to the Secretary*
7 *which are then in default.*

8 *Any prior conveyances and reconveyances or deliveries and*
9 *redeliveries of possession shall not exhaust the right to re-*
10 *quire a conveyance or delivery of possession of the develop-*
11 *ment to the Secretary pursuant to subsection (a) upon the*
12 *subsequent occurrence of a substantial default.*

13 *(c) CONTINUED GRANTS FOR REPAYMENT OF BONDS*
14 *AND NOTES UNDER 1937 ACT.—If—*

15 *(1) a contract for block grants under title II for*
16 *an agency includes provisions that expressly state*
17 *that the provisions are included pursuant to this sub-*
18 *section, and*

19 *(2) the portion of the block grant payable for*
20 *debt service requirements pursuant to the contract has*
21 *been pledged by the public housing agency as security*
22 *for the payment of the principal and interest on any*
23 *of its obligations, then—*

24 *(A) the Secretary shall (notwithstanding*
25 *any other provisions of this Act), continue to*

1 *make the block grant payments for the agency so*
2 *long as any of such obligations remain outstand-*
3 *ing; and*

4 *(B) the Secretary may covenant in such a*
5 *contract that in any event such block grant*
6 *amounts shall in each year be at least equal to*
7 *an amount which, together with such income or*
8 *other funds as are actually available from the de-*
9 *velopment for the purpose at the time such block*
10 *grant payments are made, will suffice for the*
11 *payment of all installments of principal and in-*
12 *terest on the obligations for which the amounts*
13 *provided for in the contract shall have been*
14 *pledged as security that fall due within the next*
15 *succeeding 12 months.*

16 *In no case shall such block grant amounts be in excess of*
17 *the maximum sum specified in the contract involved, nor*
18 *for longer than the remainder of the maximum period fixed*
19 *by the contract.*

20 **SEC. 545. REMOVAL OF INEFFECTIVE PHA'S.**

21 *(a) CONDITIONS OF REMOVAL.—The actions specified*
22 *in subsection (b) may be taken only upon—*

23 *(1) the occurrence of events or conditions that*
24 *constitute a substantial default by a public housing*
25 *agency with respect to (A) the covenants or conditions*

1 to which the public housing agency is subject, or (B)
2 an agreement entered into under section 543; or

3 (2) submission to the Secretary of a petition by
4 the residents of the public housing owned or operated
5 by a public housing agency that is designated as trou-
6 bled pursuant to section 533(a).

7 (b) *REMOVAL ACTIONS*.—Notwithstanding any other
8 provision of law or of any block grant contract under title
9 II or any grant agreement under title III, in accordance
10 with subsection (a), the Secretary may—

11 (1) solicit competitive proposals from other pub-
12 lic housing agencies and private housing management
13 agents (which, in the discretion of the Secretary, may
14 be selected by existing public housing residents
15 through administrative procedures established by the
16 Secretary) and, if appropriate, provide for such
17 agents to manage all, or part, of the housing adminis-
18 tered by the public housing agency or all or part of
19 the other functions of the agency;

20 (2) take possession of the public housing agency,
21 including any developments or functions of the agency
22 under any section of this Act;

23 (3) solicit competitive proposals from other pub-
24 lic housing agencies and private entities with experi-
25 ence in construction management and, if appropriate,

1 *provide for such authorities or firms to oversee imple-*
2 *mentation of assistance made available for capital*
3 *improvements for public housing;*

4 *(4) require the agency to make other arrange-*
5 *ments acceptable to the Secretary and in the best in-*
6 *terests of the public housing residents and assisted*
7 *families under title III for managing all, or part of,*
8 *the public housing administered by the agency or the*
9 *functions of the agency; or*

10 *(5) petition for the appointment of a receiver for*
11 *the public housing agency to any district court of the*
12 *United States or to any court of the State in which*
13 *any portion of the jurisdiction of the public housing*
14 *agency is located, that is authorized to appoint a re-*
15 *ceiver for the purposes and having the powers pre-*
16 *scribed in this section.*

17 *(c) EMERGENCY ASSISTANCE.—The Secretary may*
18 *make available to receivers and other entities selected or ap-*
19 *pointed pursuant to this section such assistance as is fair*
20 *and reasonable to remedy the substantial deterioration of*
21 *living conditions in individual public housing developments*
22 *or other related emergencies that endanger the health, safety*
23 *and welfare of public housing residents or assisted families*
24 *under title III.*

1 (d) *POWERS OF SECRETARY.*—If the Secretary takes
2 possession of an agency, or any developments or functions
3 of an agency, pursuant to subsection (b)(2), the Secretary—

4 (1) may abrogate contracts that substantially
5 impede correction of the substantial default or im-
6 provement of the classification, but only after efforts
7 to renegotiate such contracts have failed and the Sec-
8 retary has made a written determination regarding
9 such abrogation, which shall be available to the public
10 upon request, identify such contracts, and explain the
11 determination that such contracts may be abrogated;

12 (2) may demolish and dispose of assets of the
13 agency in accordance with section 261;

14 (3) where determined appropriate by the Sec-
15 retary, may require the establishment of one or more
16 new public housing agencies;

17 (4) may consolidate the agency into other well-
18 managed public housing agencies with the consent of
19 such well-managed authorities;

20 (5) shall not be subject to any State or local laws
21 relating to civil service requirements, employee rights,
22 procurement, or financial or administrative controls
23 that, in the determination of the Secretary, substan-
24 tially impede correction of the substantial default or
25 improvement of the classification, but only if the Sec-

1 *retary has made a written determination regarding*
2 *such inapplicability, which shall be available to the*
3 *public upon request, identify such inapplicable laws,*
4 *and explain the determination that such laws impede*
5 *such correction; and*

6 *(6) shall have such additional authority as a dis-*
7 *trict court of the United States has the authority to*
8 *confer under like circumstances upon a receiver to*
9 *achieve the purposes of the receivership.*

10 *The Secretary may appoint, on a competitive or non-*
11 *competitive basis, an individual or entity as an adminis-*
12 *trative receiver to assume the Secretary's responsibility*
13 *under this paragraph for the administration of a public*
14 *housing agency. The Secretary may delegate to the adminis-*
15 *trative receiver any or all of the powers of the Secretary*
16 *under this subsection. Regardless of any delegation under*
17 *this subsection, an administrative receiver may not require*
18 *the establishment of one or more new public housing agen-*
19 *cies pursuant to paragraph (3) unless the Secretary first*
20 *approves such establishment. For purposes of this sub-*
21 *section, the term "public housing agency" includes any de-*
22 *velopments or functions of a public housing agency under*
23 *any section of this title.*

24 *(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 default*
21 *or improvement of the classification, but only*
22 *after bona fide efforts to renegotiate such con-*
23 *tracts have failed and the receiver has made a*
24 *written determination regarding such abroga-*
25 *tion, which shall be available to the public upon*

1 *request, identify such contracts, and explain the*
2 *determination that such contracts may be abro-*
3 *gated;*

4 *(B) may demolish and dispose of assets of*
5 *the agency in accordance with section 261;*

6 *(C) where determined appropriate by the*
7 *Secretary, may require the establishment of one*
8 *or more new public housing agencies, to the ex-*
9 *tent permitted by State and local law; and*

10 *(D) except as provided in subparagraph*
11 *(C), shall not be subject to any State or local*
12 *laws relating to civil service requirements, em-*
13 *ployee rights, procurement, or financial or ad-*
14 *ministrative controls that, in the determination*
15 *of the receiver, substantially impede correction of*
16 *the substantial default or improvement of the*
17 *classification, but only if the receiver has made*
18 *a written determination regarding such inappli-*
19 *cability, which shall be available to the public*
20 *upon request, identify such inapplicable laws,*
21 *and explain the determination that such laws*
22 *impede such correction.*

23 *For purposes of this paragraph, the term “public*
24 *housing agency” includes any developments or func-*

1 *tions of a public housing agency under any section of*
2 *this title.*

3 (3) *TERMINATION.*—*The appointment of a re-*
4 *ceiver pursuant to this subsection may be terminated,*
5 *upon the petition of any party, when the court deter-*
6 *mines that all defaults have been cured or the public*
7 *housing agency will be able to make the same amount*
8 *of progress in correcting the management of the hous-*
9 *ing as the receiver.*

10 (f) *LIABILITY.*—*If the Secretary takes possession of an*
11 *agency pursuant to subsection (b)(2) or a receiver is ap-*
12 *pointed pursuant to subsection (b)(5) for a public housing*
13 *agency, the Secretary or the receiver shall be deemed to be*
14 *acting in the capacity of the public housing agency (and*
15 *not in the official capacity as Secretary or other official)*
16 *and any liability incurred shall be a liability of the public*
17 *housing agency.*

18 (g) *EFFECTIVENESS.*—*The provisions of this section*
19 *shall apply with respect to actions taken before, on, or after*
20 *the effective date of this Act and shall apply to any receivers*
21 *appointed for a public housing agency before the effective*
22 *date of this Act.*

1 *effective date of this Act; except that such term does not*
2 *include any agency that owns or operates less than 1250*
3 *public housing dwelling units and that the Secretary deter-*
4 *mines can, with a reasonable amount of effort, make such*
5 *improvements or remedies as may be necessary to remove*
6 *its designation as troubled within 12 months.*

7 **SEC. 547. TREATMENT OF TROUBLED PHA'S.**

8 (a) *EFFECT OF TROUBLED STATUS ON CHAS.*—*The*
9 *comprehensive housing affordability strategy (or any con-*
10 *solidated plan incorporating such strategy) for the State or*
11 *unit of general local government in which any troubled pub-*
12 *lic housing agency is located shall not be considered to com-*
13 *ply with the requirements under section 105 of the Cran-*
14 *ston-Gonzalez National Affordable Housing Act unless such*
15 *plan includes a description of the manner in which the*
16 *State or unit will assist such troubled agency in improving*
17 *its operations to remove such designation.*

18 (b) *DEFINITION.*—*For purposes of this section, the*
19 *term “troubled public housing agency” means a public*
20 *housing agency that—*

21 (1) *upon the effective date of this Act, is des-*
22 *ignated under section 6(j)(2) of the United States*
23 *Housing Act of 1937 (as in effect immediately before*
24 *the effective date of the repeal under section 601(b) of*
25 *this Act) as a troubled public housing agency; and*

1 (2) *is not a chronically troubled public housing*
2 *agency, as such term is defined in section 546(b) of*
3 *this Act.*

4 **SEC. 548. MAINTENANCE OF RECORDS.**

5 *Each public housing agency shall keep such records as*
6 *may be reasonably necessary to disclose the amount and*
7 *the disposition by the agency of the proceeds of assistance*
8 *received pursuant to this Act and to ensure compliance with*
9 *the requirements of this Act.*

10 **SEC. 549. ANNUAL REPORTS REGARDING TROUBLED PHA'S.**

11 *The Secretary shall submit a report to the Congress*
12 *annually, as a part of the report of the Secretary under*
13 *section 8 of the Department of Housing and Urban Develop-*
14 *ment Act, that—*

15 (1) *identifies the public housing agencies that*
16 *are designated under section 533 as troubled or at-*
17 *risk of becoming troubled and the reasons for such*
18 *designation; and*

19 (2) *describes any actions that have been taken in*
20 *accordance with sections 542, 543, 544, and 545.*

21 **SEC. 550. APPLICABILITY TO RESIDENT MANAGEMENT COR-**
22 **PORATIONS.**

23 *The Secretary shall apply the provisions of this sub-*
24 *title to resident management corporations in the same man-*
25 *ner as applied to public housing agencies.*

1 **SEC. 551. ADVISORY COUNCIL FOR HOUSING AUTHORITY**
2 **OF NEW ORLEANS.**

3 (a) *ESTABLISHMENT.*—*The Secretary and the Housing*
4 *Authority of New Orleans (in this section referred to as the*
5 *“Housing Authority”)* shall, pursuant to the cooperative en-
6 *deavor agreement in effect between the Secretary and the*
7 *Housing Authority, establish an advisory council for the*
8 *Housing Authority of New Orleans (in this section referred*
9 *to as the “advisory council”)* that complies with the require-
10 *ments of this section.*

11 (b) *MEMBERSHIP.*—

12 (1) *IN GENERAL.*—*The advisory council shall be*
13 *appointed by the Secretary, not later than 90 days*
14 *after the date of the enactment of this Act, and shall*
15 *be composed of the following members:*

16 (A) *The Inspector General of the Depart-*
17 *ment of Housing and Urban Development (or the*
18 *Inspector General’s designee).*

19 (B) *Not more than 7 other members, who*
20 *shall be selected for appointment based on their*
21 *experience in successfully reforming troubled*
22 *public housing agencies or in providing afford-*
23 *able housing in coordination with State and*
24 *local governments, the private sector, affordable*
25 *housing residents, or local nonprofit organiza-*
26 *tions.*

1 (2) *PROHIBITION ON ADDITIONAL PAY.*—*Members*
2 *of the advisory council shall serve without compensa-*
3 *tion, but shall be reimbursed for travel, subsistence,*
4 *and other necessary expenses incurred in the perform-*
5 *ance of their duties as members of the Board using*
6 *amounts from the Headquarters Reserve fund pursu-*
7 *ant to section 111(b)(4).*

8 (c) *FUNCTIONS.*—*The advisory council shall—*

9 (1) *establish standards and guidelines for assess-*
10 *ing the performance of the Housing Authority in car-*
11 *rying out operational, asset management, and finan-*
12 *cial functions for purposes of the reports and finding*
13 *under subsections (d) and (e), respectively;*

14 (2) *provide advice, expertise, and recommenda-*
15 *tions to the Housing Authority regarding the manage-*
16 *ment, operation, repair, redevelopment, revitalization,*
17 *demolition, and disposition of public housing develop-*
18 *ments of the Housing Authority;*

19 (3) *report to the Congress under subsection (d)*
20 *regarding any progress of the Housing Authority in*
21 *improving the performance of its functions; and*

22 (4) *make a final finding to the Congress under*
23 *subsection (e) regarding the future of the Housing Au-*
24 *thority.*

1 (d) *QUARTERLY REPORTS.*—*The advisory council*
2 *shall report to the Congress and the Secretary not less than*
3 *every 3 months regarding the performance of the Housing*
4 *Authority and any progress of the authority in improving*
5 *its performance and carrying out its functions.*

6 (e) *FINAL FINDING.*—*Upon the expiration of the 18-*
7 *month period that begins upon the appointment under sub-*
8 *section (b)(1) of all members of the advisory council, the*
9 *council shall make and submit to the Congress and the Sec-*
10 *retary a finding of whether the Housing Authority has sub-*
11 *stantially improved its performance, the performance of its*
12 *functions, and the overall condition of the Authority such*
13 *that the Authority should be allowed to continue to operate*
14 *as the manager of the public housing of the Authority. In*
15 *making the finding under this subsection, the advisory*
16 *council shall consider whether the Housing Authority has*
17 *made sufficient progress in the demolition and revitaliza-*
18 *tion of the Desire Homes development, the revitalization of*
19 *the St. Thomas Homes development, the appropriate alloca-*
20 *tion of operating subsidy amounts, and the appropriate ex-*
21 *pending of modernization amounts.*

22 (f) *RECEIVERSHIP.*—*If the advisory council finds*
23 *under subsection (e) that the Housing Authority has not*
24 *substantially improved its performance such that the Au-*
25 *thority should be allowed to continue to operate as the man-*

1 *ager of the public housing of the Authority, the Secretary*
 2 *shall (notwithstanding section 545(a)) petition under sec-*
 3 *tion 545(b) for the appointment of a receiver for the Hous-*
 4 *ing Authority, which receivership shall be subject to the pro-*
 5 *visions of section 545.*

6 *(g) EXEMPTION.—The provisions of section 546 shall*
 7 *not apply to the Housing Authority.*

8 **TITLE VI—REPEALS AND**
 9 **RELATED AMENDMENTS**
 10 ***Subtitle A—Repeals, Effective Date,***
 11 ***and Savings Provisions***

12 **SEC. 601. EFFECTIVE DATE AND REPEAL OF UNITED STATES**

13 **HOUSING ACT OF 1937.**

14 *(a) EFFECTIVE DATE.—*

15 *(1) IN GENERAL.—This Act and the amendments*
 16 *made by this Act shall take effect upon the expiration*
 17 *of the 6-month period beginning on the date of the en-*
 18 *actment of this Act, except as otherwise provided in*
 19 *this section.*

20 *(2) EXCEPTION.—If the Secretary determines*
 21 *that action under this paragraph is necessary for pro-*
 22 *gram administration or to avoid hardship, the Sec-*
 23 *retary may, by notice in accordance with subsection*
 24 *(d), delay the effective date of any provision of this*
 25 *Act until a date not later than October 1, 1998.*

1 (3) *SPECIFIC EFFECTIVE DATES.*—Any provision
2 of this Act that specifically provides for the effective
3 date of such provision shall take effect in accordance
4 with the terms of the provision.

5 (b) *REPEAL OF UNITED STATES HOUSING ACT OF*
6 *1937.*—Effective upon the effective date under subsection
7 (a)(1), the United States Housing Act of 1937 (42 U.S.C.
8 1437 *et seq.*) is repealed, subject to the conditions under
9 subsection (c). Subsection (a)(2) shall not apply to this sub-
10 section.

11 (c) *SAVINGS PROVISIONS.*—

12 (1) *OBLIGATIONS UNDER 1937 ACT.*—Any obliga-
13 tion of the Secretary made under authority of the
14 United States Housing Act of 1937 shall continue to
15 be governed by the provisions of such Act, except
16 that—

17 (A) notwithstanding the repeal of such Act,
18 the Secretary may make a new obligation under
19 such Act upon finding that such obligation is re-
20 quired—

21 (i) to protect the financial interests of
22 the United States or the Department of
23 Housing and Urban Development; or

24 (ii) for the amendment, extension, or
25 renewal of existing obligations; and

1 (B) notwithstanding the repeal of such Act,
2 the Secretary may, in accordance with subsection
3 (d), issue regulations and other guidance and di-
4 rectives as if such Act were in effect if the Sec-
5 retary finds that such action is necessary to fa-
6 cilitate the administration of obligations under
7 such Act.

8 (2) *TRANSITION OF FUNDING.*—Amounts appro-
9 priated under the United States Housing Act of 1937
10 shall, upon repeal of such Act, remain available for
11 obligation under such Act in accordance with the
12 terms under which amounts were made available.

13 (3) *CROSS REFERENCES.*—The provisions of the
14 United States Housing Act of 1937 shall remain in
15 effect for purposes of the validity of any reference to
16 a provision of such Act in any statute (other than
17 such Act) until such reference is modified by law or
18 repealed.

19 (d) *PUBLICATION AND EFFECTIVE DATE OF NOTICES*
20 *OF DELAY.*—

21 (1) *SUBMISSION TO CONGRESS.*—The Secretary
22 shall submit to the Committee on Banking and Fi-
23 nancial Services of the House of Representatives and
24 the Committee on Banking, Housing, and Urban Af-
25 fairs of the Senate a copy of any proposed notice

1 *under subsection (a)(2) or any proposed regulation,*
2 *guidance, or directive under subsection (c)(1)(B).*

3 (2) *OPPORTUNITY TO REVIEW.—Such a regula-*
4 *tion, notice, guidance, or directive may not be pub-*
5 *lished for comment or for final effectiveness before or*
6 *during the 15-calendar day period beginning on the*
7 *day after the date on which such regulation, notice,*
8 *guidance, or directive was submitted to the Congress.*

9 (3) *EFFECTIVE DATE.—No regulation, notice,*
10 *guideline, or directive may become effective until after*
11 *the expiration of the 30-calendar day period begin-*
12 *ning on the day after the day on which such rule or*
13 *regulation is published as final.*

14 (4) *WAIVER.—The provisions of paragraphs (2)*
15 *and (3) may be waived upon the written request of*
16 *the Secretary, if agreed to by the Chairmen and*
17 *Ranking Minority Members of both Committees.*

18 (e) *MODIFICATIONS.—Notwithstanding any provision*
19 *of this Act or any annual contributions contract or other*
20 *agreement entered into by the Secretary and a public hous-*
21 *ing agency pursuant to the provisions of the United States*
22 *Housing Act of 1937 (as in effect before the effective date*
23 *of the repeal under section 601(b) of this Act), the Secretary*
24 *and the agency may by mutual consent amend, supersede,*
25 *or modify any such agreement as appropriate to provide*

1 *for assistance under this Act, except that the Secretary and*
2 *the agency may not consent to any such amendment, super-*
3 *session, or modification that substantially alters any out-*
4 *standing obligations requiring continued maintenance of*
5 *the low-income character of any public housing development*
6 *and any such amendment, supersession, or modification*
7 *shall not be given effect.*

8 (f) *SECTION 8 PROJECT-BASED ASSISTANCE.—*

9 (1) *IN GENERAL.—The provisions of the United*
10 *States Housing Act of 1937 (42 U.S.C. 1437 et seq.)*
11 *shall remain in effect after the effectiveness of the re-*
12 *peal under subsection (b) with respect to all section*
13 *8 project-based assistance, pursuant to existing and*
14 *future contracts, except as otherwise provided by this*
15 *section.*

16 (2) *TENANT SELECTION PREFERENCES.—An*
17 *owner of housing assisted with section 8 project-based*
18 *assistance shall give preference, in the selection of ten-*
19 *ants for units of such projects that become available,*
20 *according to any system of local preferences estab-*
21 *lished pursuant to section 223 by the public housing*
22 *agency having jurisdiction for the area in which such*
23 *projects are located.*

24 (3) *1-YEAR NOTIFICATION.—Paragraphs (9) and*
25 *(10) of section 8(c) of the United States Housing Act*

1 of 1937 (42 U.S.C. 1437f(c)) shall not be applicable
2 to section 8 project-based assistance.

3 (4) *LEASE TERMS.*—Leases for dwelling units as-
4 sisted with section 8 project-based assistance shall
5 comply with the provisions of paragraphs (1) and (3)
6 of section 324 of this Act and shall not be subject to
7 the provisions of 8(d)(1)(B) of the United States
8 Housing Act of 1937.

9 (5) *TERMINATION OF TENANCY.*—Any termi-
10 nation of tenancy of a resident of a dwelling unit as-
11 sisted with section 8 project-based assistance shall
12 comply with the provisions of section 324(2) and sec-
13 tion 325 of this Act and shall not be subject to the
14 provisions of section 8(d)(1)(B) of the United States
15 Housing Act of 1937.

16 (6) *DEFINITION.*—For purposes of this sub-
17 section, the term “section 8 project-based assistance”
18 means assistance under any of the following pro-
19 grams:

20 (A) *The new construction or substantial re-*
21 *habilitation program under section 8(b)(2) of the*
22 *United States Housing Act of 1937 (as in effect*
23 *before October 1, 1983).*

24 (B) *The property disposition program*
25 *under section 8(b) of the United States Housing*

1 *Act of 1937 (as in effect before the effective date*
2 *of the repeal under section 601(b) of this Act).*

3 *(C) The loan management set-aside pro-*
4 *gram under subsections (b) and (v) of section 8*
5 *of such Act.*

6 *(D) The project-based certificate program*
7 *under section 8(d)(2) of such Act.*

8 *(E) The moderate rehabilitation program*
9 *under section 8(e)(2) of the United States Hous-*
10 *ing Act of 1937 (as in effect before October 1,*
11 *1991).*

12 *(F) The low-income housing preservation*
13 *program under Low-Income Housing Preserva-*
14 *tion and Resident Homeownership Act of 1990*
15 *or the provisions of the Emergency Low Income*
16 *Housing Preservation Act of 1987 (as in effect*
17 *before November 28, 1990).*

18 *(G) Section 8 of the United States Housing*
19 *Act of 1937 (as in effect before the effective date*
20 *of the repeal under section 601(b) of this Act),*
21 *following conversion from assistance under sec-*
22 *tion 101 of the Housing and Urban Development*
23 *Act of 1965 or section 236(f)(2) of the National*
24 *Housing Act.*

1 (g) *EFFECTIVE DATE.*—*This section shall take effect*
2 *on the date of the enactment of this Act.*

3 **SEC. 602. OTHER REPEALS.**

4 (a) *IN GENERAL.*—*The following provisions of law are*
5 *hereby repealed:*

6 (1) *ASSISTED HOUSING ALLOCATION.*—*Section*
7 *213 of the Housing and Community Development Act*
8 *of 1974 (42 U.S.C. 1439).*

9 (2) *PUBLIC HOUSING RENT WAIVERS FOR PO-*
10 *LICE.*—*Section 519 of the Cranston-Gonzalez Na-*
11 *tional Affordable Housing Act (42 U.S.C. 1437a–1).*

12 (3) *TREATMENT OF CERTIFICATE AND VOUCHER*
13 *HOLDERS.*—*Subsection (c) of section 183 of the Hous-*
14 *ing and Community Development Act of 1987 (42*
15 *U.S.C. 1437f note).*

16 (4) *EXCESSIVE RENT BURDEN DATA.*—*Subsection*
17 *(b) of section 550 of the Cranston-Gonzalez National*
18 *Affordable Housing Act (42 U.S.C. 1437f note).*

19 (5) *MOVING TO OPPORTUNITY FOR FAIR HOUS-*
20 *ING.*—*Section 152 of the Housing and Community*
21 *Development Act of 1992 (42 U.S.C. 1437f note).*

22 (6) *REPORT REGARDING FAIR HOUSING OBJEC-*
23 *TIVES.*—*Section 153 of the Housing and Community*
24 *Development Act of 1992 (42 U.S.C. 1437f note).*

1 (7) *SPECIAL PROJECTS FOR ELDERLY OR HANDI-*
2 *CAPPED FAMILIES.*—Section 209 of the *Housing and*
3 *Community Development Act of 1974* (42 U.S.C.
4 1438).

5 (8) *ACCESS TO PHA BOOKS.*—Section 816 of the
6 *Housing Act of 1954* (42 U.S.C. 1435).

7 (9) *MISCELLANEOUS PROVISIONS.*—Subsections
8 (b)(1) and (d) of section 326 of the *Housing and*
9 *Community Development Amendments of 1981* (Pub-
10 lic Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

11 (10) *PAYMENT FOR DEVELOPMENT MANAGERS.*—
12 Section 329A of the *Housing and Community Devel-*
13 *opment Amendments of 1981* (42 U.S.C. 1437j–1).

14 (11) *PROCUREMENT OF INSURANCE BY PHA’S.*—
15 In the item relating to “ADMINISTRATIVE PROVI-
16 SIONS” under the heading “MANAGEMENT AND AD-
17 MINISTRATION” in title II of the *Departments of Vet-*
18 *erans Affairs and Housing and Urban Development,*
19 *and Independent Agencies Appropriations Act, 1991,*
20 *the penultimate undesignated paragraph of such item*
21 *(Public Law 101–507; 104 Stat. 1369).*

22 (12) *PUBLIC HOUSING CHILDHOOD DEVELOP-*
23 *MENT.*—Section 222 of the *Housing and Urban-Rural*
24 *Recovery Act of 1983* (12 U.S.C. 1701z–6 note).

1 (13) *INDIAN HOUSING CHILDHOOD DEVELOP-*
2 *MENT.—Section 518 of the Cranston-Gonzalez Na-*
3 *tional Affordable Housing Act (12 U.S.C. 1701z–6*
4 *note).*

5 (14) *PUBLIC HOUSING COMPREHENSIVE TRANSI-*
6 *TION DEMONSTRATION.—Section 126 of the Housing*
7 *and Community Development Act of 1987 (42 U.S.C.*
8 *1437f note).*

9 (15) *PUBLIC HOUSING ONE-STOP PERINATAL*
10 *SERVICES DEMONSTRATION.—Section 521 of the*
11 *Cranston-Gonzalez National Affordable Housing Act*
12 *(42 U.S.C. 1437t note).*

13 (16) *PUBLIC HOUSING MINCS DEMONSTRA-*
14 *TION.—Section 522 of the Cranston-Gonzalez Na-*
15 *tional Affordable Housing Act (42 U.S.C. 1437f note).*

16 (17) *PUBLIC HOUSING ENERGY EFFICIENCY DEM-*
17 *ONSTRATION.—Section 523 of the Cranston-Gonzalez*
18 *National Affordable Housing Act (42 U.S.C. 1437g*
19 *note).*

20 (18) *OMAHA HOMEOWNERSHIP DEMONSTRA-*
21 *TION.—Section 132 of the Housing and Community*
22 *Development Act of 1992 (Public Law 102–550; 106*
23 *Stat. 3712).*

24 (19) *PUBLIC AND ASSISTED HOUSING YOUTH*
25 *SPORTS PROGRAMS.—Section 520 of the Cranston-*

1 *Gonzalez National Affordable Housing Act (42 U.S.C.*
2 *11903a).*

3 (20) *FROST-LELAND PROVISIONS.*—Section 415
4 *of the Department of Housing and Urban Develop-*
5 *ment—Independent Agencies Appropriations Act,*
6 *1988 (Public Law 100–202; 101 Stat. 1329–213); ex-*
7 *cept that, notwithstanding any other provision of law,*
8 *beginning on the date of enactment of this Act, the*
9 *public housing projects described in section 415 of*
10 *such appropriations Act (as such section existed im-*
11 *mediately before the date of enactment of this Act)*
12 *shall be eligible for demolition—*

13 (A) *under section 14 of the United States*
14 *Housing Act of 1937 (as such section existed*
15 *upon the enactment of this Act); and*

16 (B) *under section 9 of the United States*
17 *Housing Act of 1937.*

18 (21) *MULTIFAMILY FINANCING.*—The penul-
19 *timate sentence of section 302(b)(2) of the National*
20 *Housing Act (12 U.S.C. 1717(b)(2)) and the penul-*
21 *timate sentence of section 305(a)(2) of the Emergency*
22 *Home Finance Act of 1970 (12 U.S.C. 1454(a)(2)).*

23 (22) *CONFLICTS OF INTEREST.*—Subsection (c) of
24 *section 326 of the Housing and Community Develop-*
25 *ment Amendments of 1981 (42 U.S.C. 1437f note).*

1 (23) *CONVERSION OF PUBLIC HOUSING.—Section*
2 *202 of the Departments of Veterans Affairs and Hous-*
3 *ing and Urban Development, and Independent Agen-*
4 *cies Appropriations Act, 1996 (42 U.S.C. 1437l note)*
5 *(enacted as section 101(e) of Omnibus Consolidated*
6 *Rescissions and Appropriations Act of 1996 (Public*
7 *Law 104–134; 110 Stat. 1321–279)).*

8 (b) *SAVINGS PROVISION.—Except to the extent other-*
9 *wise provided in this Act—*

10 (1) *the repeals made by subsection (a) shall not*
11 *affect any legally binding obligations entered into be-*
12 *fore the effective date of this Act; and*

13 (2) *any funds or activities subject to a provision*
14 *of law repealed by subsection (a) shall continue to be*
15 *governed by the provision as in effect immediately be-*
16 *fore such repeal.*

17 ***Subtitle B—Other Provisions Relat-***
18 ***ing to Public Housing and Rent-***
19 ***al Assistance Programs***

20 ***SEC. 621. ALLOCATION OF ELDERLY HOUSING AMOUNTS.***

21 *Section 202(l) of the Housing Act of 1959 (12 U.S.C.*
22 *1701q(l)) is amended by adding at the end the following*
23 *new paragraph:*

24 “(4) *CONSIDERATION IN ALLOCATING ASSIST-*
25 *ANCE.—Assistance under this section shall be allo-*

1 *cated in a manner that ensures that the awards of the*
2 *assistance are made for projects of sufficient size to*
3 *accommodate facilities for supportive services appro-*
4 *priate to the needs of frail elderly residents.”.*

5 **SEC. 622. PET OWNERSHIP.**

6 *Section 227 of the Housing and Urban-Rural Recovery*
7 *Act of 1983 (12 U.S.C. 1701r-1) is amended to read as*
8 *follows:*

9 **“SEC. 227. PET OWNERSHIP IN FEDERALLY ASSISTED RENT-**
10 **AL HOUSING.**

11 *“(a) RIGHT OF OWNERSHIP.—A resident of a dwelling*
12 *unit in federally assisted rental housing may own common*
13 *household pets or have common household pets present in*
14 *the dwelling unit of such resident, subject to the reasonable*
15 *requirements of the owner of the federally assisted rental*
16 *housing and providing that the resident maintains the ani-*
17 *mals responsibly and in compliance with applicable local*
18 *and State public health, animal control, and anticruelty*
19 *laws. Such reasonable requirements may include requiring*
20 *payment of a nominal fee and pet deposit by residents own-*
21 *ing or having pets present, to cover the operating costs to*
22 *the project relating to the presence of pets and to establish*
23 *an escrow account for additional such costs not otherwise*
24 *covered, respectively. Notwithstanding section 225(d) of the*
25 *Housing Opportunity and Responsibility Act of 1997, a*

1 *public housing agency may not grant any exemption under*
2 *such section from payment, in whole or in part, of any fee*
3 *or deposit required pursuant to the preceding sentence.*

4 “(b) *PROHIBITION AGAINST DISCRIMINATION.—No*
5 *owner of federally assisted rental housing may restrict or*
6 *discriminate against any person in connection with admis-*
7 *sion to, or continued occupancy of, such housing by reason*
8 *of the ownership of common household pets by, or the pres-*
9 *ence of such pets in the dwelling unit of, such person.*

10 “(c) *DEFINITIONS.—For purposes of this section, the*
11 *following definitions shall apply:*

12 “(1) *FEDERALLY ASSISTED RENTAL HOUSING.—*
13 *The term ‘federally assisted rental housing’ means*
14 *any multifamily rental housing project that is—*

15 “(A) *public housing (as such term is defined*
16 *in section 103 of the Housing Opportunity and*
17 *Responsibility Act of 1997);*

18 “(B) *assisted with project-based assistance*
19 *pursuant to section 601(f) of the Housing Oppor-*
20 *tunity and Responsibility Act of 1997 or under*
21 *section 8 of the United States Housing Act of*
22 *1937 (as in effect before the effective date of the*
23 *repeal under section 601(b) of the Housing Op-*
24 *portunity and Responsibility Act of 1997);*

1 “(C) assisted under section 202 of the Hous-
2 ing Act of 1959 (as amended by section 801 of
3 the Cranston-Gonzalez National Affordable
4 Housing Act);

5 “(D) assisted under section 202 of the Hous-
6 ing Act of 1959 (as in effect before the enactment
7 of the Cranston-Gonzalez National Affordable
8 Housing Act);

9 “(E) assisted under title V of the Housing
10 Act of 1949; or

11 “(F) insured, assisted, or held by the Sec-
12 retary or a State or State agency under section
13 236 of the National Housing Act.

14 “(2) OWNER.—The term ‘owner’ means, with re-
15 spect to federally assisted rental housing, the entity or
16 private person, including a cooperative or public
17 housing agency, that has the legal right to lease or
18 sublease dwelling units in such housing (including a
19 manager of such housing having such right).

20 “(d) REGULATIONS.—This section shall take effect
21 upon the date of the effectiveness of regulations issued by
22 the Secretary to carry out this section. Such regulations
23 shall be issued not later than the expiration of the 1-year
24 period beginning on the date of the enactment of the Hous-
25 ing Opportunity and Responsibility Act of 1997 and after

1 *notice and opportunity for public comment in accordance*
2 *with the procedure under section 553 of title 5, United*
3 *States Code, applicable to substantive rules (notwithstand-*
4 *ing subsections (a)(2), (b)(B), and (d)(3) of such section).”.*

5 **SEC. 623. REVIEW OF DRUG ELIMINATION PROGRAM CON-**
6 **TRACTS.**

7 *(a) REQUIREMENT.—The Secretary of Housing and*
8 *Urban Development shall investigate all security contracts*
9 *awarded by grantees under the Public and Assisted Housing*
10 *Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.)*
11 *that are public housing agencies that own or operate more*
12 *than 4,500 public housing dwelling units—*

13 *(1) to determine whether the contractors under*
14 *such contracts have complied with all laws and regu-*
15 *lations regarding prohibition of discrimination in*
16 *hiring practices;*

17 *(2) to determine whether such contracts were*
18 *awarded in accordance with the applicable laws and*
19 *regulations regarding the award of such contracts;*

20 *(3) to determine how many such contracts were*
21 *awarded under emergency contracting procedures;*

22 *(4) to evaluate the effectiveness of the contracts;*
23 *and*

24 *(5) to provide a full accounting of all expenses*
25 *under the contracts.*

1 (b) *REPORT.*—Not later than 180 days after the date
2 of the enactment of this Act, the Secretary shall complete
3 the investigation required under subsection (a) and submit
4 a report to the Congress regarding the findings under the
5 investigation. With respect to each such contract, the report
6 shall (1) state whether the contract was made and is operat-
7 ing, or was not made or is not operating, in full compliance
8 with applicable laws and regulations, and (2) for each con-
9 tract that the Secretary determines is in such compliance
10 issue a personal certification of such compliance by the Sec-
11 retary of Housing and Urban Development.

12 (c) *ACTIONS.*—For each contract that is described in
13 the report under subsection (b) as not made or not operating
14 in full compliance with applicable laws and regulations,
15 the Secretary of Housing and Urban Development shall
16 promptly take any actions available under law or regula-
17 tion that are necessary—

18 (1) to bring such contract into compliance; or

19 (2) to terminate the contract.

20 (d) *EFFECTIVE DATE.*—This section shall take effect
21 on the date of the enactment of this Act.

22 **SEC. 624. AMENDMENTS TO PUBLIC AND ASSISTED HOUS-**
23 **ING DRUG ELIMINATION ACT OF 1990.**

24 (a) *SHORT TITLE, PURPOSES, AND AUTHORITY TO*
25 *MAKE GRANTS.*—Chapter 2 of subtitle C of title V of the

1 *Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is*
2 *amended by striking the chapter heading and all that fol-*
3 *lows through section 5123 and inserting the following:*

4 **“CHAPTER 2—COMMUNITY PARTNERSHIPS**
5 **AGAINST CRIME**

6 **“SEC. 5121. SHORT TITLE.**

7 *“This chapter may be cited as the ‘Community Part-*
8 *nerships Against Crime Act of 1997’.*

9 **“SEC. 5122. PURPOSES.**

10 *“The purposes of this chapter are to—*

11 *“(1) improve the quality of life for the vast ma-*
12 *jority of law-abiding public housing residents by re-*
13 *ducing the levels of fear, violence, and crime in their*
14 *communities;*

15 *“(2) broaden the scope of the Public and Assisted*
16 *Housing Drug Elimination Act of 1990 to apply to*
17 *all types of crime, and not simply crime that is drug-*
18 *related; and*

19 *“(3) reduce crime and disorder in and around*
20 *public housing through the expansion of community-*
21 *oriented policing activities and problem solving.*

22 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

23 *“The Secretary of Housing and Urban Development*
24 *may make grants in accordance with the provisions of this*
25 *chapter for use in eliminating crime in and around public*

1 *housing and other federally assisted low-income housing*
2 *projects to (1) public housing agencies, and (2) private, for-*
3 *profit and nonprofit owners of federally assisted low-income*
4 *housing.”.*

5 (b) *ELIGIBLE ACTIVITIES.—*

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

9 (A) *in the matter preceding paragraph (1),*
10 *by inserting “and around” after “used in”;*

11 (B) *in paragraph (3), by inserting before*
12 *the semicolon the following: “, including fencing,*
13 *lighting, locking, and surveillance systems”;*

14 (C) *in paragraph (4), by striking subpara-*
15 *graph (A) and inserting the following new sub-*
16 *paragraph:*

17 “(A) *to investigate crime; and”;*

18 (D) *in paragraph (6)—*

19 (i) *by striking “in and around public*
20 *or other federally assisted low-income hous-*
21 *ing projects”;* and

22 (ii) *by striking “and” after the semi-*
23 *colon; and*

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

1 “(7) providing funding to nonprofit public hous-
2 ing resident management corporations and resident
3 councils to develop security and crime prevention pro-
4 grams involving site residents;

5 “(8) the employment or utilization of one or
6 more individuals, including law enforcement officers,
7 made available by contract or other cooperative ar-
8 rangement with State or local law enforcement agen-
9 cies, to engage in community- and problem-oriented
10 policing involving interaction with members of the
11 community in proactive crime control and prevention
12 activities;

13 “(9) programs and activities for or involving
14 youth, including training, education, recreation and
15 sports, career planning, and entrepreneurship and
16 employment activities and after school and cultural
17 programs; and

18 “(10) service programs for residents that address
19 the contributing factors of crime, including programs
20 for job training, education, drug and alcohol treat-
21 ment, and other appropriate social services.”.

22 (2) *OTHER PHA-OWNED HOUSING.*—Section
23 5124(b) of the Anti-Drug Abuse Act of 1988 (42
24 U.S.C. 11903(b)) is amended—

1 (A) in the matter preceding paragraph

2 (1)—

3 (i) by striking “drug-related crime in”

4 and inserting “crime in and around”; and

5 (ii) by striking “paragraphs (1)

6 through (7)” and inserting “paragraphs (1)

7 through (10)”; and

8 (B) in paragraph (2), by striking “drug-re-

9 lated” and inserting “criminal”.

10 (c) *GRANT PROCEDURES*.—Section 5125 of the Anti-

11 Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to

12 read as follows:

13 **“SEC. 5125. GRANT PROCEDURES.**

14 **“(a) PHA’S WITH 250 OR MORE UNITS.—**

15 **“(1) GRANTS.—**In each fiscal year, the Secretary

16 shall make a grant under this chapter from any

17 amounts available under section 5131(b)(1) for the

18 fiscal year to each of the following public housing

19 agencies:

20 **“(A) NEW APPLICANTS.—**Each public hous-

21 ing agency that owns or operates 250 or more

22 public housing dwelling units and has—

23 **“(i) submitted an application to the**

24 **Secretary for a grant for such fiscal year,**

25 **which includes a 5-year crime deterrence**

1 *and reduction plan under paragraph (2);*

2 *and*

3 *“(ii) had such application and plan*

4 *approved by the Secretary.*

5 *“(B) RENEWALS.—Each public housing*

6 *agency that owns or operates 250 or more public*

7 *housing dwelling units and for which—*

8 *“(i) a grant was made under this*

9 *chapter for the preceding Federal fiscal*

10 *year;*

11 *“(ii) the term of the 5-year crime de-*

12 *terrence and reduction plan applicable to*

13 *such grant includes the fiscal year for which*

14 *the grant under this subsection is to be*

15 *made; and*

16 *“(iii) the Secretary has determined,*

17 *pursuant to a performance review under*

18 *paragraph (4), that during the preceding*

19 *fiscal year the agency has substantially ful-*

20 *filled the requirements under subparagraphs*

21 *(A) and (B) of paragraph (4).*

22 *Notwithstanding subparagraphs (A) and (B), the Sec-*

23 *retary may make a grant under this chapter to a*

24 *public housing agency that owns or operates 250 or*

25 *more public housing dwelling units only if the agency*

1 *includes in the application for the grant information*
2 *that demonstrates, to the satisfaction of the Secretary,*
3 *that the agency has a need for the grant amounts*
4 *based on generally recognized crime statistics showing*
5 *that (I) the crime rate for the public housing develop-*
6 *ments of the agency (or the immediate neighborhoods*
7 *in which such developments are located) is higher*
8 *than the crime rate for the jurisdiction in which the*
9 *agency operates, (II) the crime rate for the develop-*
10 *ments (or such neighborhoods) is increasing over a pe-*
11 *riod of sufficient duration to indicate a general trend,*
12 *or (III) the operation of the program under this chap-*
13 *ter substantially contributes to the reduction of crime.*

14 *“(2) 5-YEAR CRIME DETERRENCE AND REDUC-*
15 *TION PLAN.—Each application for a grant under this*
16 *subsection shall contain a 5-year crime deterrence*
17 *and reduction plan. The plan shall be developed with*
18 *the participation of residents and appropriate law*
19 *enforcement officials. The plan shall describe, for the*
20 *public housing agency submitting the plan—*

21 *“(A) the nature of the crime problem in*
22 *public housing owned or operated by the public*
23 *housing agency;*

24 *“(B) the building or buildings of the public*
25 *housing agency affected by the crime problem;*

1 “(C) *the impact of the crime problem on*
2 *residents of such building or buildings; and*

3 “(D) *the actions to be taken during the term*
4 *of the plan to reduce and deter such crime, which*
5 *shall include actions involving residents, law en-*
6 *forcement, and service providers.*

7 *The term of a plan shall be the period consisting of*
8 *5 consecutive fiscal years, which begins with the first*
9 *fiscal year for which funding under this chapter is*
10 *provided to carry out the plan.*

11 “(3) *AMOUNT.—In any fiscal year, the amount*
12 *of the grant for a public housing agency receiving a*
13 *grant pursuant to paragraph (1) shall be the amount*
14 *that bears the same ratio to the total amount made*
15 *available under section 5131(b)(1) as the total num-*
16 *ber of public dwelling units owned or operated by*
17 *such agency bears to the total number of dwelling*
18 *units owned or operated by all public housing agen-*
19 *cies that own or operate 250 or more public housing*
20 *dwelling units that are approved for such fiscal year.*

21 “(4) *PERFORMANCE REVIEW.—For each fiscal*
22 *year, the Secretary shall conduct a performance re-*
23 *view of the activities carried out by each public hous-*
24 *ing agency receiving a grant pursuant to this sub-*
25 *section to determine whether the agency—*

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

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

6 “(5) *SUBMISSION OF APPLICATIONS.*—The Sec-
7 retary shall establish such deadlines and requirements
8 for submission of applications under this subsection.

9 “(6) *REVIEW AND DETERMINATION.*—The Sec-
10 retary shall review each application submitted under
11 this subsection upon submission and shall approve the
12 application unless the application and the 5-year
13 crime deterrence and reduction plan are inconsistent
14 with the purposes of this chapter or any requirements
15 established by the Secretary or the information in the
16 application or plan is not substantially complete.
17 Upon approving or determining not to approve an
18 application and plan submitted under this subsection,
19 the Secretary shall notify the public housing agency
20 submitting the application and plan of such approval
21 or disapproval.

22 “(7) *DISAPPROVAL OF APPLICATIONS.*—If the
23 Secretary notifies an agency that the application and
24 plan of the agency is not approved, not later than the
25 expiration of the 15-day period beginning upon such

1 *notice of disapproval, the Secretary shall also notify*
2 *the agency, in writing, of the reasons for the dis-*
3 *approval, the actions that the agency could take to*
4 *comply with the criteria for approval, and the dead-*
5 *lines for such actions.*

6 “(8) *FAILURE TO APPROVE OR DISAPPROVE.—If*
7 *the Secretary fails to notify an agency of approval or*
8 *disapproval of an application and plan submitted*
9 *under this subsection before the expiration of the 60-*
10 *day period beginning upon the submission of the plan*
11 *or fails to provide notice under paragraph (7) within*
12 *the 15-day period under such paragraph to an agency*
13 *whose application has been disapproved, the applica-*
14 *tion and plan shall be considered to have been ap-*
15 *proved for purposes of this section.*

16 “(b) *PHA’S WITH FEWER THAN 250 UNITS AND OWN-*
17 *ERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—*

18 “(1) *APPLICATIONS AND PLANS.—To be eligible*
19 *to receive a grant under this chapter, a public hous-*
20 *ing agency that owns or operates fewer than 250 pub-*
21 *lic housing dwelling units or an owner of federally as-*
22 *sisted low-income housing shall submit an application*
23 *to the Secretary at such time, in such manner, and*
24 *accompanied by such additional information as the*
25 *Secretary may require. The application shall include*

1 *a plan for addressing the problem of crime in and*
2 *around the housing for which the application is sub-*
3 *mitted, describing in detail activities to be conducted*
4 *during the fiscal year for which the grant is re-*
5 *quested.*

6 *“(2) GRANTS FOR PHA’S WITH FEWER THAN 250*
7 *UNITS.—In each fiscal year the Secretary may, to the*
8 *extent amounts are available under section*
9 *5131(b)(2), make grants under this chapter to public*
10 *housing agencies that own or operate fewer than 250*
11 *public housing dwelling units and have submitted ap-*
12 *plications under paragraph (1) that the Secretary has*
13 *approved pursuant to the criteria under paragraph*
14 *(4).*

15 *“(3) GRANTS FOR FEDERALLY ASSISTED LOW-IN-*
16 *COME HOUSING.—In each fiscal year the Secretary*
17 *may, to the extent amounts are available under sec-*
18 *tion 5131(b)(3), make grants under this chapter to*
19 *owners of federally assisted low-income housing that*
20 *have submitted applications under paragraph (1)*
21 *that the Secretary has approved pursuant to the cri-*
22 *teria under paragraphs (4) and (5).*

23 *“(4) CRITERIA FOR APPROVAL OF APPLICA-*
24 *TIONS.—The Secretary shall determine whether to ap-*

1 *prove each application under this subsection on the*
2 *basis of—*

3 “(A) *the extent of the crime problem in and*
4 *around the housing for which the application is*
5 *made;*

6 “(B) *the quality of the plan to address the*
7 *crime problem in the housing for which the ap-*
8 *plication is made;*

9 “(C) *the capability of the applicant to carry*
10 *out the plan; and*

11 “(D) *the extent to which the tenants of the*
12 *housing, the local government, local community-*
13 *based nonprofit organizations, local tenant orga-*
14 *nizations representing residents of neighboring*
15 *projects that are owned or assisted by the Sec-*
16 *retary, and the local community support and*
17 *participate in the design and implementation of*
18 *the activities proposed to be funded under the*
19 *application.*

20 *In each fiscal year, the Secretary may give preference*
21 *to applications under this subsection for housing*
22 *made by applicants who received a grant for such*
23 *housing for the preceding fiscal year under this sub-*
24 *section or under the provisions of this chapter as in*
25 *effect immediately before the date of the enactment of*

1 *the Housing Opportunity and Responsibility Act of*
2 *1997.*

3 “(5) *ADDITIONAL CRITERIA FOR FEDERALLY AS-*
4 *SISTED LOW-INCOME HOUSING.*—*In addition to the*
5 *selection criteria under paragraph (4), the Secretary*
6 *may establish other criteria for evaluating applica-*
7 *tions submitted by owners of federally assisted low-in-*
8 *come housing, except that such additional criteria*
9 *shall be designed only to reflect—*

10 “(A) *relevant differences between the finan-*
11 *cial resources and other characteristics of public*
12 *housing agencies and owners of federally assisted*
13 *low-income housing; or*

14 “(B) *relevant differences between the prob-*
15 *lem of crime in public housing administered by*
16 *such authorities and the problem of crime in fed-*
17 *erally assisted low-income housing.*”.

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

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

21 (2) *in paragraph (4)(A), by striking “section”*
22 *before “221(d)(4)”;*

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

1 (4) *by adding at the end the following new para-*
2 *graph:*

3 “(3) *PUBLIC HOUSING AGENCY.*—*The term ‘pub-*
4 *lic housing agency’ has the meaning given the term*
5 *in section 103 of the Housing Opportunity and Re-*
6 *sponsibility Act of 1997.”.*

7 (e) *IMPLEMENTATION.*—*Section 5127 of the Anti-Drug*
8 *Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking*
9 *“Cranston-Gonzalez National Affordable Housing Act” and*
10 *inserting “Housing Opportunity and Responsibility Act of*
11 *1997”.*

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

14 (1) *by striking “drug-related crime in” and in-*
15 *serting “crime in and around”; and*

16 (2) *by striking “described in section 5125(a)”*
17 *and inserting “for the grantee submitted under sub-*
18 *section (a) or (b) of section 5125, as applicable”.*

19 (g) *FUNDING AND PROGRAM SUNSET.*—*Chapter 2 of*
20 *subtitle C of title V of the Anti-Drug Abuse Act of 1988*
21 *is amended by striking section 5130 (42 U.S.C. 11909) and*
22 *inserting the following new section:*

23 **“SEC. 5130. FUNDING.**

24 “(a) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
25 *are authorized to be appropriated to carry out this chapter*

1 \$290,000,000 for each of fiscal years 1998, 1999, 2000,
2 2001, and 2002.

3 “(b) *ALLOCATION.*—Of any amounts available, or that
4 the Secretary is authorized to use, to carry out this chapter
5 in any fiscal year—

6 “(1) 85 percent shall be available only for assist-
7 ance pursuant to section 5125(a) to public housing
8 agencies that own or operate 250 or more public hous-
9 ing dwelling units;

10 “(2) 10 percent shall be available only for assist-
11 ance pursuant to section 5125(b)(2) to public housing
12 agencies that own or operate fewer than 250 public
13 housing dwelling units; and

14 “(3) 5 percent shall be available only for assist-
15 ance to federally assisted low-income housing pursu-
16 ant to section 5125(b)(3).

17 “(c) *RETENTION OF PROCEEDS OF ASSET FORFEIT-*
18 *URES BY INSPECTOR GENERAL.*—Notwithstanding section
19 3302 of title 31, United States Code, or any other provision
20 of law affecting the crediting of collections, the proceeds of
21 forfeiture proceedings and funds transferred to the Office
22 of Inspector General of the Department of Housing and
23 Urban Development, as a participating agency, from the
24 Department of Justice Assets Forfeiture Fund or the De-
25 partment of the Treasury Forfeiture Fund, as an equitable

1 *share from the forfeiture of property in investigations in*
2 *which the Office of Inspector General participates, shall be*
3 *deposited to the credit of the Office of Inspector General for*
4 *Operation Safe Home activities authorized under the In-*
5 *spector General Act of 1978, as amended, to remain avail-*
6 *able until expended.”.*

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

10 (1) *by striking the item relating to the heading*
11 *for chapter 2 of subtitle C of title V and inserting the*
12 *following:*

 “CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

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

 “Sec. 5122. Purposes.”;

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

 “Sec. 5125. Grant procedures.”;

17 *and*

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

 “Sec. 5130. Funding.”.

20 (i) *TREATMENT OF NOFA.—The cap limiting assist-*
21 *ance under the Notice of Funding Availability issued by*
22 *the Department of Housing and Urban Development in the*

1 *Federal Register of April 8, 1996, shall not apply to a pub-*
2 *lic housing agency within an area designated as a high in-*
3 *tensity drug trafficking area under section 1005(c) of the*
4 *Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).*

5 (j) *EFFECTIVE DATE.*—*This section and the amend-*
6 *ments made by this section shall take effect on the date of*
7 *the enactment of this Act.*

8 ***Subtitle C—Limitations Relating to***
9 ***Occupancy in Federally Assisted***
10 ***Housing***

11 ***SEC. 641. SCREENING OF APPLICANTS.***

12 (a) *INELIGIBILITY BECAUSE OF EVICTION.*—*Any*
13 *household or member of a household evicted from federally*
14 *assisted housing (as such term is defined in section 645)*
15 *shall not be eligible for federally assisted housing—*

16 (1) *in the case of eviction by reason of drug-re-*
17 *lated criminal activity, for a period of not less than*
18 *3 years that begins on the date of such eviction, unless*
19 *the evicted member of the household successfully com-*
20 *pletes a rehabilitation program; and*

21 (2) *in the case of an eviction for other serious*
22 *violations of the terms or conditions of the lease, for*
23 *a reasonable period of time, as determined by the*
24 *public housing agency or owner of the federally as-*
25 *sisted housing, as applicable.*

1 *The requirements of paragraphs (1) and (2) may be waived*
2 *if the circumstances leading to eviction no longer exist.*

3 *(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND AL-*
4 *COHOL USERS.—*

5 *(1) IN GENERAL.—Notwithstanding any other*
6 *provision of law, a public housing agency or an*
7 *owner of federally assisted housing, or both, as deter-*
8 *mined by the Secretary, shall establish standards that*
9 *prohibit admission to the program or admission to*
10 *federally assisted housing for any household with a*
11 *member—*

12 *(A) who the public housing agency or owner*
13 *determines is engaging in the illegal use of a*
14 *controlled substance; or*

15 *(B) with respect to whom the public housing*
16 *agency or owner determines that it has reason-*
17 *able cause to believe that such household mem-*
18 *ber's illegal use (or pattern of illegal use) of a*
19 *controlled substance, or abuse (or pattern of*
20 *abuse) of alcohol, would interfere with the health,*
21 *safety, or right to peaceful enjoyment of the*
22 *premises by other residents.*

23 *(2) CONSIDERATION OF REHABILITATION.—In*
24 *determining whether, pursuant to paragraph (1)(B),*
25 *to deny admission to the program or to federally as-*

1 *sisted housing to any household based on a pattern of*
2 *illegal use of a controlled substance or a pattern of*
3 *abuse of alcohol by a household member, a public*
4 *housing agency or an owner may consider whether*
5 *such household member—*

6 *(A) has successfully completed an accredited*
7 *drug or alcohol rehabilitation program (as ap-*
8 *plicable) and is no longer engaging in the illegal*
9 *use of a controlled substance or abuse of alcohol*
10 *(as applicable);*

11 *(B) has otherwise been rehabilitated success-*
12 *fully and is no longer engaging in the illegal use*
13 *of a controlled substance or abuse of alcohol (as*
14 *applicable); or*

15 *(C) is participating in an accredited drug*
16 *or alcohol rehabilitation program (as applicable)*
17 *and is no longer engaging in the illegal use of*
18 *a controlled substance or abuse of alcohol (as ap-*
19 *plicable).*

20 *(c) AUTHORITY TO DENY ADMISSION TO CRIMINAL*
21 *OFFENDERS.—Except as provided in subsections (a) and*
22 *(b) and in addition to any other authority to screen appli-*
23 *cants, in selecting among applicants for admission to the*
24 *program or to federally assisted housing, if the public hous-*
25 *ing agency or owner of such housing (as applicable) deter-*

1 *mines that an applicant or any member of the applicant's*
2 *household is or was, during a reasonable time preceding the*
3 *date when the applicant household would otherwise be se-*
4 *lected for admission, engaged in any criminal activity (in-*
5 *cluding drug-related criminal activity), the public housing*
6 *agency or owner may—*

7 (1) *deny such applicant admission to the pro-*
8 *gram or to federally assisted housing;*

9 (2) *consider the applicant (for purposes of any*
10 *waiting list) as not having applied for the program*
11 *or such housing; and*

12 (3) *after the expiration of the reasonable period*
13 *beginning upon such activity, require the applicant,*
14 *as a condition of admission to the program or to fed-*
15 *erally assisted housing, to submit to the public hous-*
16 *ing agency or owner evidence sufficient (as the Sec-*
17 *retary shall by regulation provide) to ensure that the*
18 *individual or individuals in the applicant's household*
19 *who engaged in criminal activity for which denial*
20 *was made under paragraph (1) have not engaged in*
21 *any criminal activity during such reasonable period.*

22 (d) *AUTHORITY TO REQUIRE ACCESS TO CRIMINAL*
23 *RECORDS.—A public housing agency and an owner of fed-*
24 *erally assisted housing may require, as a condition of pro-*
25 *viding admission to the program or admission to or occu-*

1 *pancy in federally assisted housing, that each adult member*
2 *of the household provide a signed, written authorization for*
3 *the public housing agency to obtain the records described*
4 *in section 644(a) regarding such member of the household*
5 *from the National Crime Information Center, police depart-*
6 *ments, other law enforcement agencies, and State registra-*
7 *tion agencies referred to in such section. In the case of an*
8 *owner of federally assisted housing that is not a public*
9 *housing agency, the owner shall request the public housing*
10 *agency having jurisdiction over the area within which the*
11 *housing is located to obtain the records pursuant to section*
12 *644.*

13 *(e) ADMISSION BASED ON DISABILITY.—*

14 *(1) IN GENERAL.—Notwithstanding any other*
15 *provision of law, for purposes of determining eligi-*
16 *bility for admission to federally assisted housing, a*
17 *person shall not be considered to have a disability or*
18 *a handicap solely because of the prior or current ille-*
19 *gal use of a controlled substance (as defined in section*
20 *102 of the Controlled Substances Act) or solely by rea-*
21 *son of the prior or current use of alcohol.*

22 *(2) CONTINUED OCCUPANCY.—This subsection*
23 *may not be construed to prohibit the continued occu-*
24 *pancy of any person who is a resident in assisted*
25 *housing on the effective date of this Act.*

1 **SEC. 642. TERMINATION OF TENANCY AND ASSISTANCE FOR**
2 **ILLEGAL DRUG USERS AND ALCOHOL ABUS-**
3 **ERS.**

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

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

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

19 **SEC. 643. LEASE REQUIREMENTS.**

20 *In addition to any other applicable lease requirements,*
21 *each lease for a dwelling unit in federally assisted housing*
22 *shall provide that—*

23 *(1) the owner may not terminate the tenancy ex-*
24 *cept for violation of the terms or conditions of the*
25 *lease, violation of applicable Federal, State, or local*
26 *law, or for other good cause; and*

1 (2) grounds for termination of tenancy shall in-
2 clude any criminal or other activity, engaged in by
3 the tenant, any member of the tenant's household, any
4 guest, or any other person under the control of the
5 household, that—

6 (A) threatens the health or safety of, or
7 right to peaceful enjoyment of the premises by,
8 other tenant or employees of the owner or other
9 manager of the housing;

10 (B) threatens the health or safety of, or
11 right to peaceful enjoyment of their premises by,
12 persons residing in the immediate vicinity of the
13 premises.

14 **SEC. 644. AVAILABILITY OF CRIMINAL RECORDS FOR TEN-**
15 **ANT SCREENING AND EVICTION.**

16 (a) *IN GENERAL.*—

17 (1) *CRIMINAL CONVICTION INFORMATION.*—Not-
18 withstanding any other provision of law other than
19 paragraphs (3) and (4), upon the request of a public
20 housing agency, the National Crime Information Cen-
21 ter, a police department, and any other law enforce-
22 ment agency shall provide to the public housing agen-
23 cy information regarding the criminal conviction
24 records of an adult applicant for, or tenants of, feder-
25 ally assisted housing for purposes of applicant screen-

1 *ing, lease enforcement, and eviction, but only if the*
2 *public housing agency requests such information and*
3 *presents to such Center, department, or agency a*
4 *written authorization, signed by such applicant, for*
5 *the release of such information to the public housing*
6 *agency or other owner of the federally assisted hous-*
7 *ing.*

8 (2) *INFORMATION REGARDING CRIMES AGAINST*
9 *CHILDREN.—Notwithstanding any other provision of*
10 *law other than paragraphs (3) and (4), upon the re-*
11 *quest of a public housing agency, a State law enforce-*
12 *ment agency designated as a registration agency*
13 *under a State registration program under subtitle A*
14 *of title XVII of the Violent Crime Control and Law*
15 *Enforcement Act of 1994 (42 U.S.C. 14071) and any*
16 *local law enforcement agency authorized by the State*
17 *agency shall provide to a public housing agency the*
18 *information collected under such State registration*
19 *program regarding an adult applicant for, or tenant*
20 *of, federally assisted housing for purposes of applicant*
21 *screening, lease enforcement, and eviction, but only if*
22 *the public housing agency requests such information*
23 *and presents to such State registration agency or*
24 *other local law enforcement agency a written author-*
25 *ization, signed by such applicant, for the release of*

1 *such information to the public housing agency or*
2 *other owner of the federally assisted housing.*

3 (3) *DELAYED EFFECTIVE DATE FOR OWNERS*
4 *OTHER THAN PHA'S.—The provisions of paragraphs*
5 *(1) and (2) authorizing obtaining information for*
6 *owners of federally assisted housing other than public*
7 *housing agencies shall not take effect before—*

8 (A) *the expiration of the 1-year period be-*
9 *ginning on the date of enactment of this Act; and*

10 (B) *the Secretary and the Attorney General*
11 *of the United States have determined that access*
12 *to such information is feasible for such owners*
13 *and have provided for the terms of release of such*
14 *information to owners.*

15 (4) *EXCEPTION.—The information provided*
16 *under paragraphs (1), (2), and (3) shall include in-*
17 *formation regarding any criminal conviction of a ju-*
18 *venile only to the extent that the release of such infor-*
19 *mation is authorized under the law of the applicable*
20 *State, tribe, or locality.*

21 (b) *CONFIDENTIALITY.—A public housing agency or*
22 *owner receiving information under this section may use*
23 *such information only for the purposes provided in this sec-*
24 *tion and such information may not be disclosed to any per-*
25 *son who is not an officer, employee, or authorized represent-*

1 *ative of the agency or owner and who has a job-related need*
2 *to have access to the information in connection with admis-*
3 *sion of applicants, eviction of tenants, or termination of*
4 *assistance. For judicial eviction proceedings, disclosures*
5 *may be made to the extent necessary. The Secretary shall,*
6 *by regulation, establish procedures necessary to ensure that*
7 *information provided under this section to a public housing*
8 *agency or owner is used, and confidentiality of such infor-*
9 *mation is maintained, as required under this section.*

10 *(c) OPPORTUNITY TO DISPUTE.—Before an adverse ac-*
11 *tion is taken with regard to assistance under for federally*
12 *assisted housing on the basis of a criminal record, the public*
13 *housing agency or owner shall provide the tenant or appli-*
14 *cant with a copy of the criminal record and an opportunity*
15 *to dispute the accuracy and relevance of that record.*

16 *(d) FEE.—A public housing agency may be charged*
17 *a reasonable fee for information provided under subsection*
18 *(a). A public housing agency may require an owner of feder-*
19 *ally assisted housing (that is not a public housing agency)*
20 *to pay such fee for any information that the agency acquires*
21 *for the owner pursuant to section 641(d) and subsection (a)*
22 *of this section.*

23 *(e) RECORDS MANAGEMENT.—Each public housing*
24 *agency and owner of federally assisted housing that receives*
25 *criminal record information pursuant to this section shall*

1 *establish and implement a system of records management*
2 *that ensures that any criminal record received by the agen-*
3 *cy or owner is—*

4 *(1) maintained confidentially;*

5 *(2) not misused or improperly disseminated; and*

6 *(3) destroyed in a timely fashion, once the pur-*
7 *pose for which the record was requested has been ac-*
8 *complished.*

9 *(f) PENALTY.—Any person who knowingly and will-*
10 *fully requests or obtains any information concerning an ap-*
11 *plicant for, or tenant of, federally assisted housing pursuant*
12 *to the authority under this section under false pretenses,*
13 *or any person who knowingly and willfully discloses any*
14 *such information in any manner to any individual not en-*
15 *titled under any law to receive it, shall be guilty of a mis-*
16 *demeanor and fined not more than \$5,000. The term “per-*
17 *son” as used in this subsection shall include an officer, em-*
18 *ployee, or authorized representative of any public housing*
19 *agency or owner.*

20 *(g) CIVIL ACTION.—Any applicant for, or tenant of,*
21 *federally assisted housing affected by (1) a negligent or*
22 *knowing disclosure of information referred to in this section*
23 *about such person by an officer, employee, or authorized*
24 *representative of any public housing agency or owner of fed-*
25 *erally assisted housing, which disclosure is not authorized*

1 *by this section, or (2) any other negligent or knowing action*
2 *that is inconsistent with this section, may bring a civil ac-*
3 *tion for damages and such other relief as may be appro-*
4 *priate against any public housing agency or owner respon-*
5 *sible for such unauthorized action. The district court of the*
6 *United States in the district in which the affected applicant*
7 *or tenant resides, in which such unauthorized action oc-*
8 *curred, or in which the officer, employee, or representative*
9 *alleged to be responsible for any such unauthorized action*
10 *resides, shall have jurisdiction in such matters. Appropriate*
11 *relief that may be ordered by such district courts shall in-*
12 *clude reasonable attorney's fees and other litigation costs.*

13 *(h) DEFINITION.—For purposes of this section, the*
14 *term “adult” means a person who is 18 years of age or*
15 *older, or who has been convicted of a crime as an adult*
16 *under any Federal, State, or tribal law.*

17 **SEC. 645. DEFINITIONS.**

18 *For purposes of this subtitle, the following definitions*
19 *shall apply:*

20 *(1) FEDERALLY ASSISTED HOUSING.—The term*
21 *“federally assisted housing” means a dwelling unit—*

22 *(A) in public housing (as such term is de-*
23 *fined in section 102);*

24 *(B) assisted with choice-based housing as-*
25 *sistance under title III;*

1 (C) in housing that is provided project-
2 based assistance under section 8 of the United
3 States Housing Act of 1937 (as in effect before
4 the effective date of the repeal under section
5 601(b) of this Act) or pursuant to section 601(f)
6 of this Act, including new construction and sub-
7 stantial rehabilitation projects;

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

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

16 (F) in housing that is assisted under section
17 811 of the Cranston-Gonzalez National Afford-
18 able Housing Act;

19 (G) in housing financed by a loan or mort-
20 gage insured under section 221(d)(3) of the Na-
21 tional Housing Act that bears interest at a rate
22 determined under the proviso of section
23 221(d)(5) of such Act;

1 (H) in housing insured, assisted, or held by
2 the Secretary or a State or State agency under
3 section 236 of the National Housing Act;

4 (I) for purposes only of subsections 641(c),
5 641(d), 643, and 644, in housing assisted under
6 section 515 of the Housing Act of 1949.

7 (2) OWNER.—The term “owner” means, with re-
8 spect to federally assisted housing, the entity or pri-
9 vate person (including a cooperative or public hous-
10 ing agency) that has the legal right to lease or sub-
11 lease dwelling units in such housing.

12 **TITLE VII—AFFORDABLE HOUS-**
13 **ING AND MISCELLANEOUS**
14 **PROVISIONS**

15 **SEC. 701. RURAL HOUSING ASSISTANCE.**

16 The last sentence of section 520 of the Housing Act
17 of 1949 (42 U.S.C. 1490) is amended by inserting before
18 the period the following: “, and the city of Altus, Oklahoma,
19 shall be considered a rural area for purposes of this title
20 until the receipt of data from the decennial census in the
21 year 2000”.

22 **SEC. 702. TREATMENT OF OCCUPANCY STANDARDS.**

23 The Secretary of Housing and Urban Development
24 shall not directly or indirectly establish a national occu-
25 pancy standard.

1 **SEC. 703. IMPLEMENTATION OF PLAN.**

2 (a) *IMPLEMENTATION.*—

3 (1) *IN GENERAL.*—Not later than 120 days after
4 the date of the enactment of this Act, the Secretary
5 shall implement the *Ida Barbour Revitalization Plan*
6 of the City of Portsmouth, Virginia, in a manner con-
7 sistent with existing limitations under law.

8 (2) *WAIVERS.*—In carrying out paragraph (1),
9 the Secretary shall consider and make any waivers to
10 existing regulations and other requirements consistent
11 with the plan described in paragraph (1) to enable
12 timely implementation of such plan, except that gen-
13 erally applicable regulations and other requirements
14 governing the award of funding under programs for
15 which assistance is applied for in connection with
16 such plan shall apply.

17 (b) *REPORT.*—

18 (1) *IN GENERAL.*—Not later than 1 year after
19 the date of the enactment of this Act and annually
20 thereafter through the year 2000, the city described in
21 subsection (a)(1) shall submit a report to the Sec-
22 retary on progress in implementing the plan de-
23 scribed in that subsection.

24 (2) *CONTENTS.*—Each report submitted under
25 this subsection shall include—

1 (A) quantifiable measures revealing the in-
 2 crease in homeowners, employment, tax base,
 3 voucher allocation, leverage ratio of funds, im-
 4 pact on and compliance with the consolidated
 5 plan of the city;

6 (B) identification of regulatory and statu-
 7 tory obstacles that—

8 (i) have caused or are causing unneces-
 9 sary delays in the successful implementa-
 10 tion of the consolidated plan; or

11 (ii) are contributing to unnecessary
 12 costs associated with the revitalization; and

13 (C) any other information that the Sec-
 14 retary considers to be appropriate.

15 **SEC. 704. INCOME ELIGIBILITY FOR HOME AND CDBG PRO-**
 16 **GRAMS.**

17 (a) *HOME INVESTMENT PARTNERSHIPS.*—*The Cran-*
 18 *ston-Gonzalez National Affordable Housing Act is amended*
 19 *as follows:*

20 (1) *DEFINITIONS.*—*In section 104(10) (42*
 21 *U.S.C. 12704(10))—*

22 (A) *by striking “income ceilings higher or*
 23 *lower” and inserting “an income ceiling higher”;*

24 (B) *by striking “variations are” and insert-*
 25 *ing “variation is”; and*

1 (C) by striking “high or”.

2 (2) *INCOME TARGETING.*—In section 214(1)(A)
3 (42 U.S.C. 12744(1)(A))—

4 (A) by striking “income ceilings higher or
5 lower” and inserting “an income ceiling higher”;

6 (B) by striking “variations are” and insert-
7 ing “variation is”; and

8 (C) by striking “high or”.

9 (3) *RENT LIMITS.*—In section 215(a)(1)(A) (42
10 U.S.C. 12745(a)(1)(A))—

11 (A) by striking “income ceilings higher or
12 lower” and inserting “an income ceiling higher”;

13 (B) by striking “variations are” and insert-
14 ing “variation is”; and

15 (C) by striking “high or”.

16 (b) *CDBG.*—Section 102(a)(20) of the Housing and
17 Community Development Act of 1974 (42 U.S.C.
18 5302(a)(20)) is amended by striking subparagraph (B) and
19 inserting the following new subparagraph:

20 “(B) The Secretary may—

21 “(i) with respect to any reference in sub-
22 paragraph (A) to 50 percent of the median in-
23 come of the area involved, establish percentages
24 of median income for any area that are higher
25 or lower than 50 percent if the Secretary finds

1 *such variations to be necessary because of unusu-*
2 *ally high or low family incomes in such area;*
3 *and*

4 “(i) with respect to any reference in sub-
5 paragraph (A) to 80 percent of the median in-
6 come of the area involved, establish a percentage
7 of median income for any area that is higher
8 than 80 percent if the Secretary finds such vari-
9 ation to be necessary because of unusually low
10 *family incomes in such area.”.*

11 **SEC. 705. PROHIBITION OF USE OF CDBG GRANTS FOR EM-**
12 **PLOYMENT RELOCATION ACTIVITIES.**

13 *Section 105 of the Housing and Community Develop-*
14 *ment Act of 1974 (42 U.S.C. 5305) is amended by adding*
15 *at the end the following new subsection:*

16 “(h) **PROHIBITION OF USE OF ASSISTANCE FOR EM-**
17 **PLOYMENT RELOCATION ACTIVITIES.**—*Notwithstanding*
18 *any other provision of law, no amount from a grant under*
19 *section 106 made in fiscal year 1997 or any succeeding fis-*
20 *cal year may be used for any activity (including any infra-*
21 *structure improvement) that is intended, or is likely, to fa-*
22 *cilitate the relocation or expansion of any industrial or*
23 *commercial plant, facility, or operation, from one area to*
24 *another area, if the relocation or expansion will result in*

1 *a loss of employment in the area from which the relocation*
2 *or expansion occurs.”.*

3 **SEC. 706. USE OF AMERICAN PRODUCTS.**

4 *(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND*
5 *PRODUCTS.—It is the sense of the Congress that, to the*
6 *greatest extent practicable, all equipment and products pur-*
7 *chased with funds made available in this Act should be*
8 *American made.*

9 *(b) NOTICE REQUIREMENT.—In providing financial*
10 *assistance to, or entering into any contract with, any entity*
11 *using funds made available in this Act, the head of each*
12 *Federal agency, to the greatest extent practicable, shall pro-*
13 *vide to such entity a notice describing the statement made*
14 *in subsection (a) by the Congress.*

15 **SEC. 707. CONSULTATION WITH AFFECTED AREAS IN SET-**
16 **TLEMENT OF LITIGATION.**

17 *In negotiating any settlement of, or consent decree for,*
18 *any litigation regarding public housing or rental assistance*
19 *(under title III of this Act or the United States Housing*
20 *Act of 1937, as in effect before the effective date of the repeal*
21 *under section 601(b) of this Act) that involves the Secretary*
22 *and any public housing agency or any unit of general local*
23 *government, the Secretary shall consult with any units of*
24 *general local government and public housing agencies hav-*

1 *ing jurisdictions that are adjacent to the jurisdiction of the*
2 *public housing agency involved.*

3 **SEC. 708. USE OF ASSISTED HOUSING BY ALIENS.**

4 *Section 214 of the Housing and Community Develop-*
5 *ment Act of 1980 (42 U.S.C. 1436a) is amended—*

6 *(1) in subsection (b)(2), by striking “Secretary of*
7 *Housing and Urban Development” and inserting*
8 *“applicable Secretary”;*

9 *(2) in subsection (c)(1)(B), by moving clauses*
10 *(ii) and (iii) 2 ems to the left;*

11 *(3) in subsection (d)—*

12 *(A) in paragraph (1)(A)—*

13 *(i) by striking “Secretary of Housing*
14 *and Urban Development” and inserting*
15 *“applicable Secretary”; and*

16 *(ii) by striking “the Secretary” and*
17 *inserting “the applicable Secretary”;*

18 *(B) in paragraph (2), in the matter follow-*
19 *ing subparagraph (B)—*

20 *(i) by inserting “applicable” before*
21 *“Secretary”; and*

22 *(ii) by moving such matter (as so*
23 *amended by clause (i)) 2 ems to the right;*

24 *(C) in paragraph (4)(B)(ii), by inserting*
25 *“applicable” before “Secretary”;*

1 (D) in paragraph (5), by striking “the Sec-
2 retary” and inserting “the applicable Sec-
3 retary”; and

4 (E) in paragraph (6), by inserting “appli-
5 cable” before “Secretary”;

6 (4) in subsection (h) (as added by section 576 of
7 the *Illegal Immigration Reform and Immigrant Re-*
8 *sponsibility Act of 1996* (division C of Public Law
9 104–208))—

10 (A) in paragraph (1)—

11 (i) by striking “Except in the case of
12 an election under paragraph (2)(A), no”
13 and inserting “No”;

14 (ii) by striking “this section” and in-
15 serting “subsection (d)”; and

16 (iii) by inserting “applicable” before
17 “Secretary”; and

18 (B) in paragraph (2)—

19 (i) by striking subparagraph (A) and
20 inserting the following new subparagraph:

21 “(A) may, notwithstanding paragraph (1)
22 of this subsection, elect not to affirmatively es-
23 tablish and verify eligibility before providing fi-
24 nancial assistance”; and

1 (ii) in subparagraph (B), by striking
2 “in complying with this section” and in-
3 serting “in carrying out subsection (d)”;
4 and
5 (5) by redesignating subsection (h) (as amended
6 by paragraph (4)) as subsection (i).

7 **SEC. 709. EFFECTIVE DATE.**

8 This title and the amendments made by this title shall
9 take effect on the date of the enactment of this Act.