consumers who are in need of protection, State laws are more misses than hits: managed care consumers still cannot count on basic protections.''

This report is only the latest in a growing body of evidence that proves what the American people already know, that we need a national Patients Protection Act. We need to ensure that doctors and patients, and not insurance company bureaucrats, are making the critical health care decisions, that patients have the right to go to the emergency room, that women can gain direct access to an obstetrician or gynecologist, and that health plans are held accountable when they deny patients care.

The only plan that ensures these basic protections is the Democratic Patient's Bill of Rights.

I urge the Republican leadership, schedule a vote today on the Dingell-KENNEDY Patients Protection Act.

''HEALTHMARTS'' AND THE QUEST FOR QUALITY

(Mr. BLILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, the health care debate has been full of surprises. One of my favorites was the statement that there is no true marketplace today to drive health care equality. The surprise is not what was said, but who said it: Ron Pollack of Families USA, a leading supporter of President Clinton's efforts to nationalize health care.

Well, he and a lot of other health experts are right, we do not have a real health care market, and that is the problem.

Think about it: The last time you bought a car, you did not go to your bank, your credit union or GMAC first. You went to a dealership, talked to the salespeople and took a test drive. Then you arranged your financing. The car you bought was determined by your personal needs and preferences, not by the bank or credit union that financed it.

Why cannot health care operate the same way?

The legislation developed by the Speaker's Working Group on Health Care Quality includes a provision creating HealthMarts. HealthMarts are private, voluntary and competitive health insurance supermarkets. They will transfer choice within the current market from small employers to their employees and dependents.

HealthMarts would give millions of consumers the freedom to choose their health coverage from a menu of options. These options could include managed care and fee-for-service plans, coverage offered by provider-sponsored organizations, and medical savings accounts.

REPUBLICAN HEALTH CARE PROPOSALS LACKING

(Ms. WOOLSEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, 4 years ago, the Republicans defeated President Clinton's health care bill, claiming it would allow the Federal Government to interfere with doctor-patient relationships.

Well, now the Republicans are offering legislation that does nothing to protect the choices made by doctors and their patients. Their legislation, for example, does not ensure that patients have the right to see a specialist, nor does it prevent insurance companies from continuing to send women home early immediately following a mastectomy.

□ 0915

What our health care system needs, Mr. Speaker, is the Dingell-Daschle bill, a patient protection bill that ensures doctors and patients are able to make the decisions about the patient's health care, not insurance company bureaucrats and clerks.

A patient protection bill must ensure that patients have the right to choose their doctor, see a specialist, and seek a court remedy when claims have been unfairly denied. It is time to put doctors and patients back in charge of health care.

I urge my colleagues to support the Dingell-Daschle patient protection bill.

U.S. SHOULD WAKE UP TO NUCLEAR ATTACK VULNERABILITY

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, it is a shame that it has taken nuclear blasts in India and Pakistan to convince American leaders that it is time to put an end to our policy of mutually assured vulnerability. What I mean by that is that the United States is vulnerable to a missile attack.

Many Americans are unaware of this, but if a missile were to be fired at American cities, the United States would be defenseless to stop it.

Not only that, but this is the deliberate policy of the United States to remain defenseless in the face of nuclear attack. The faith of liberals in arms control, in a piece of paper, is boundless.

But recent events in Pakistan and India should serve to force us to reconsider our position of vulnerability in the face of a missile attack.

I hope that recent reports that Communist China has 13 nuclear missiles aimed at the United States will finally cause our leaders here in Washington to wake up. The liberals and our President are always saying we must do this for the children, we must do that for the children. Well, let us make sure that our Nation is protected from nuclear attack for the children.

TERRIFYING HUMAN RIGHTS ABUSES IN INDONESIA

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, reports of the riots in Indonesia last month tell of mass rapes targeted at the Chinese and non-Muslim women. There are several reports that some military leaders helped to organize the terrorizing of the ethnic and religious minorities. One 18-year-old woman reports that the apartment complex where she lived was invaded by an angry Muslim mob. The mob found this woman and her family, tied them up with bed sheets, knocked the father unconscious, and proceeded to brutally rape all the women. This woman's sister was raped by five men who all said, ''Allahu Akbar'' before they raped her.

The young woman's sister tried to fight against the rapists. In the end, one of her rapists sliced open her stomach and brutally killed her. There are many reports detailing the same situation for other women in Indonesia.

Mr. Speaker, the horrors done to the Chinese and the Christian communities must not be allowed to continue under any government whatsoever. The Indonesian Government should use its power to stop these terrifying human rights abuses and investigate the allegation of any military involvement in these atrocities.

GENERAL LEAVE

Mr. LEWIS of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill, H.R. 4194, and that I be permitted to include tables and charts and other extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1999

The SPEAKER pro tempore (Mr. SHAW). Pursuant to House Resolution 501 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4194.

□ 0919

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4194) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for

the fiscal year ending September 30, 1999, and for other purposes, with Mr. COMBEST in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) each will control 30 minutes.

The Chair recognizes the gentleman from California (Mr. LEWIS).

Mr. LEWIS of California. Mr. Chairman, I want to at the outset mention to my colleagues that beyond the substance of this bill, which is considerable, during the day today I expect that we will have a good deal of discussion of the reality that there is another piece of substance that indeed deserves our recognition, for as many people know, and I would like the Members who are on their way over time here today to know, that this is the last bill that I will have the privilege of working with my colleague, the gentleman from Ohio (Mr. STOKES) on, on the floor. I think everybody knows of our friendship, and I think as this debate goes forward, people will be reminded of the incredible contribution that the gentleman has made, not just to this legislation, not just to our committee, but to the House as a whole.

Before we perhaps discuss that in a little different environment than the one we have on the floor presently, I would like to spend a few moments with a brief overview of the fiscal year 1999 VA–HUD bill.

Due to the delayed budget process and upcoming election cycle, we find ourselves working under a very compressed schedule. This is evidenced by the fact that our Senate VA–HUD counterparts have already moved their bill through the full committee, and last evening they completed their debate on the bill. This morning they will begin simply the voting process. So they really are ahead of us in that cycle, a most unusual circumstance.

The gentleman from Ohio (Mr. STOKES) and I are hopeful that we can have a conference report completed before the August recess. That is a goal that may be a bit optimistic, but we both are committed to pushing the process forward and getting a bill that can be signed to the President's desk.

The bill before us today is within our allocation in both budget authority and outlays. Our proposal provides $70.894 billion, including $10.2 billion for Section 8 rental assistance. Hidden gimmicks in the President's request, which includes items like receipts from the tobacco settlement, which of course is a fiction, those items make our total $70,894 billion in discretionary spending. They appear to be over the budget request. We are, in fact, if we take out those gimmicks, some $2 billion in real spending below the administration's request.

The VA–HUD subcommittee, by cutting over $25 billion over the last several years, has demonstrated that we can, in a bipartisan way, reduce the rate of growth of government without putting those who rely upon these programs for assistance, including veterans and residents of public housing, for example, without putting those citizens in jeopardy.

With regard to veterans' programs, this bill provides $17.057 billion for veterans' medical care, an increase of $29 million over the administration's request. VA medical research is funded at $320 million, an increase of $20 million over the President's request, and $48 million over last year's bill.

Within HUD's budget, we have funded the Section 8 rental assistance program at $10.2 billion. The CDBG program and drug elimination grant programs have been funded at the budget request of $4.725 billion, and $290 million respectively.

We have also provided $100 million in vouchers designed to implement welfare reform. The section 202 elderly housing program has been funded at $645 million, $109 million over the President's request.

Section 811 disabled housing program has been funded at $194 million, which is an increase of $20 million over the request. Accounts within HUD which have demonstrated positive results have been increased. Those that either are without measurable results, or which have not worked well at all, have been treated differently under this measure.

With regard to the Environmental Protection Agency, we have slightly increased the Agency's budget over the current fiscal year to $7.422 billion. This included level funding of $1.5 billion for the Superfund, a program that has been described as being broken by the administrator. We have been waiting now for several years to receive that promised fix for the Superfund program. We have also funded the President's request for Safe Drinking Water State Revolving Funds, SRF, at $775 million, a $50 million increase over fiscal year 1998, and a Clean Water SRF at $1.250 billion, an increase of $175 million over the President's request. Finally, we have fully funded the President's clean water action plan.

Moving to the National Science Foundation, this bill has increased funding over last year's level for research by $269 million, for major equipment, by $16 million and educational programs by $10 million. As a result of the Frelinghuysen-Neumann amendment, which was adopted in the full committee, the funding for important research programs has been increased by approximately 10 percent over the current fiscal year.

With regard to the National Aeronautics and Space Administration, NASA, we have provided $13.328 billion, a $138 million figure below the administration's request. In part, this reduction represents the fact that due to the space station assembly delays, we may be reducing planned space shuttle launches from eight to six in fiscal year 1999. NASA's science and aeronautics technical account is below the 1998 level, but is $89 million above the President's request.

We plan to continue our positive working relationship with NASA's Administrator, Dan Goldin, to ensure that our final bill reflects our mutual priorities involving science, research, manned space flight, as well as space station assembly.

Moving into AmeriCorps, we have decided that instead of entering into an extended floor fight involving the funding for the Corporation of National and Community Service, the committee intends to first work very closely with our colleagues in the other body. This bill zeroes that program. It is pretty apparent, though, to the Members of the House that in the past when such discussions and actions have taken place, we finally come to a resolution in conference that reflected that broad will of both bodies, and I anticipate that that will be the case in this instance.

Finally, I would like to express my deep reservations to the President of attaching H.R. 2, the public housing reform bill, to this important funding bill in which HUD is just one important component of a much broader and difficult package. While I certainly understand the reasons that we are once again being asked to carry this heavy load that essentially is an authorizing load, it is my fervent hope that authorizing committees of jurisdiction will work to find an acceptable compromise with all parties so that this measure does not unfairly; that is, the authorizing side does not unfairly bring down an appropriations bill that otherwise should be signed into law. I trust that the leadership will work with us to assure that the overall VA–HUD bill, which currently strikes a delicate balance, will not ultimately be placed in jeopardy.

In closing, my colleagues, in terms of this portion of any formal remarks I might have, outside of expressing the pleasure that I have had working with my colleague, the gentleman from Ohio (Mr. STOKES), and the reality that we think this bill, that is the appropriations bill, indeed does, once again, reflect the best of nonpartisan effort in dealing with very complex programs. That product is the result of the hard work of the gentleman from Ohio (Mr. STOKES), first and foremost.

I want to further acknowledge the hard work and dedication of Del Davis and David Reich, and Fredette West from the minority staff, as well as Paul Thomson, who is serving as my clerk today; Tim Peterson, Valerie Baldwin, and Dena Baron; from my own staff, David LesStrang, Alex Heslop and Jeff Schockey.

□ 0930

I want to take a moment to pay special tribute and attention to my committee staff director, Frank Cushing, who, unfortunately, could not be with us today due to the death of Alan Tack Hammer, his wife Amy's father.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999 (H.R. 4194)

	FY 1998 Enacted	FY 1999 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
TITLE I					
Veterans Benefits Administration					
Compensation and pensions	20,482,997,000	21,857,058,000	21,857,058,000	+1,374,061,000	.....
Readjustment benefits	1,366,000,000	1,175,000,000	1,175,000,000	-191,000,000	.....
Veterans insurance and indemnities	51,360,000	46,450,000	46,450,000	-4,910,000	.....
Veterans housing benefit program fund program account (indefinite)	166,370,000	263,587,000	263,587,000	+97,217,000	.....
(Limitation on direct loans)	(300,000)	(300,000)	(300,000)	.....	.....
Administrative expenses	160,437,000	159,121,000	159,121,000	-1,316,000	.....
Education loan fund program account	1,000	1,000	1,000	.....	.....
(Limitation on direct loans)	(3,000)	(3,000)	(3,000)	.....	.....
Administrative expenses	200,000	206,000	206,000	+6,000	.....
Vocational rehabilitation loans program account	44,000	55,000	55,000	+11,000	.....
(Limitation on direct loans)	(2,278,000)	(2,401,000)	(2,401,000)	(+123,000)	.....
Administrative expenses	388,000	400,000	400,000	+12,000	.....
Native American Veteran Housing Loan Program Account	515,000	515,000	515,000	.....	.....
Total, Veterans Benefits Administration	22,228,312,000	23,502,393,000	23,502,393,000	+1,274,081,000	.....
Veterans Health Administration					
Medical care	16,487,396,000	16,392,975,000	16,211,396,000	-276,000,000	-181,579,000
Delayed equipment obligation	570,000,000	635,000,000	846,000,000	+276,000,000	+211,000,000
Total	17,057,396,000	17,027,975,000	17,057,396,000	.....	+29,421,000
(Transfer to general operations)	.....	.....	(-23,000,000)	(-23,000,000)	(-23,000,000)
Medical collections guarantee	15,000,000	.....	.....	-15,000,000	.....
Medical care cost recovery collections:					
Offsetting receipts	-543,000,000	-558,000,000	-558,000,000	-15,000,000	.....
Appropriations (indefinite)	543,000,000	558,000,000	558,000,000	+15,000,000	.....
Total available	(17,600,396,000)	(17,585,975,000)	(17,615,396,000)	(+15,000,000)	(+29,421,000)
Medical and prosthetic research	272,000,000	300,000,000	310,000,000	+38,000,000	+10,000,000
Medical administration and miscellaneous operating expenses	59,860,000	60,000,000	60,000,000	+140,000	.....
General Post Fund, National Homes:					
Loan program account (by transfer)	(7,000)	(7,000)	(7,000)	.....	.....
Administrative expenses (by transfer)	(54,000)	(54,000)	(54,000)	.....	.....
(Limitation on direct loans)	(70,000)	(70,000)	(70,000)	.....	.....
General post fund (transfer out)	(-61,000)	(-61,000)	(-61,000)	.....	.....
Total, Veterans Health Administration	17,404,256,000	17,387,975,000	17,427,396,000	+23,140,000	+39,421,000
Departmental Administration					
General operating expenses	786,135,000	849,661,000	855,661,000	+69,526,000	+6,000,000
Offsetting receipts	(35,760,000)	(38,960,000)	(38,960,000)	(+3,200,000)	.....
Total, Program Level	(821,895,000)	(888,621,000)	(894,621,000)	(+72,726,000)	(+6,000,000)
(Transfer from medical care)	.....	.....	(23,000,000)	(+23,000,000)	(+23,000,000)
(Transfer from national cemetary)	.....	.....	(86,000)	(+86,000)	(+86,000)
National Cemetery System	84,183,000	92,006,000	92,006,000	+7,823,000	.....
(Transfer to general operations)	.....	.....	(-86,000)	(-86,000)	(-86,000)
Office of Inspector General	31,013,000	32,702,000	32,702,000	+1,689,000	.....
Construction, major projects	177,900,000	97,000,000	143,000,000	-34,900,000	+46,000,000
Construction, minor projects	175,000,000	141,000,000	175,000,000	.....	+34,000,000
Grants for construction of State extended care facilities	80,000,000	37,000,000	80,000,000	.....	+43,000,000
Grants for the construction of State veterans cemeteries	10,000,000	10,000,000	10,000,000	.....	.....
Total, Departmental Administration	1,344,231,000	1,259,369,000	1,388,369,000	+44,138,000	+129,000,000
Total, title I, Department of Veterans Affairs	40,976,799,000	42,149,737,000	42,318,158,000	+1,341,359,000	+168,421,000
(By transfer)	(61,000)	(61,000)	(61,000)	.....	.....
(Limitation on direct loans)	(2,651,000)	(2,774,000)	(2,774,000)	(+123,000)	.....
Consisting of:					
Mandatory	(22,066,727,000)	(23,342,095,000)	(23,342,095,000)	(+1,275,368,000)	.....
Discretionary	(18,910,072,000)	(18,807,642,000)	(18,976,063,000)	(+65,991,000)	(+168,421,000)
TITLE II					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Public and Indian Housing					
Housing Certificate Fund	9,373,000,000	8,981,187,705	10,240,542,030	+867,542,030	+1,259,354,325
Sec 8 reserve preservation account (rescission)	-2,347,190,000	.....	.....	+2,347,190,000	.....
Expiring section 8 contracts	(8,180,000,000)	(7,190,645,675)	(9,600,000,000)	(+1,420,000,000)	(+2,409,354,325)
Section 8 amendments	(850,000,000)	(1,337,000,000)	(97,000,000)	(-753,000,000)	(-1,240,000,000)
Section 8 relocation assistance	(343,000,000)	(433,542,030)	(433,542,030)	(+90,542,030)	.....
Regional opportunity counseling	.....	(20,000,000)	(10,000,000)	(+10,000,000)	(-10,000,000)
Welfare to work housing vouchers	.....	.....	(100,000,000)	(+100,000,000)	(+100,000,000)
Subtotal	(7,025,810,000)	(8,981,187,705)	(10,240,542,030)	(+3,214,732,030)	(+1,259,354,325)
Welfare to work housing vouchers	.....	283,000,000	.....	.....	-283,000,000
Annual contributions (rescission)	-550,000,000	.....	.....	+550,000,000	.....

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999 (H.R. 4194)

	FY 1998 Enacted	FY 1999 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
Public housing capital fund	2,500,000,000	2,550,000,000	3,000,000,000	+500,000,000	+450,000,000
Public housing operating fund	2,900,000,000	2,818,000,000	2,818,000,000	-82,000,000	.....
Subtotal	5,400,000,000	5,368,000,000	5,818,000,000	+418,000,000	+450,000,000
Drug elimination grants for low-income housing	310,000,000	310,000,000	290,000,000	-20,000,000	-20,000,000
Revitalization of severely distressed public housing (HOPE VI)	550,000,000	550,000,000	600,000,000	+50,000,000	+50,000,000
Indian housing block grants	600,000,000	600,000,000	620,000,000	+20,000,000	+20,000,000
Title VI Indian federal guarantees program account	.....	5,000,000	.....	.....	-5,000,000
Indian housing loan guarantee fund program account	5,000,000	6,000,000	6,000,000	+1,000,000	.....
(Limitation on guaranteed loans)	(73,800,000)	(68,881,000)	(68,881,000)	(-4,919,000)	.....
Capital Grants/Capital Loans Preservation Account					
Capital grants/Capital loans preservation account	10,000,000	.....	.....	-10,000,000	.....
Community Planning and Development					
Housing opportunities for persons with AIDS	204,000,000	225,000,000	225,000,000	+21,000,000	.....
Community development block grants	4,805,000,000	4,725,000,000	4,725,000,000	-80,000,000	.....
Economic development initiative	.....	400,000,000	.....	.....	-400,000,000
Section 108 loan guarantees:					
(Limitation on guaranteed loans)	(1,261,000,000)	.....	(1,261,000,000)	.....	(+1,261,000,000)
Credit subsidy	29,000,000	29,000,000	29,000,000	.....	.....
Administrative expenses	1,000,000	1,000,000	1,000,000	.....	.....
Brownfields redevelopment	25,000,000	50,000,000	.....	-25,000,000	-50,000,000
Empowerment Zones and Enterprise Communities	5,000,000	.....	.....	-5,000,000	.....
HOME investment partnerships program	1,500,000,000	1,883,000,000	1,600,000,000	+100,000,000	-283,000,000
Supportive housing program (rescission)	-6,000,000	.....	.....	+6,000,000	.....
Shelter plus care (rescission)	-4,000,000	.....	.....	+4,000,000	.....
Homeless assistance grants	823,000,000	1,150,000,000	975,000,000	+152,000,000	-175,000,000
Youthbuild program	.....	45,000,000	.....	.....	-45,000,000
Total, Public and Indian Housing (net)	20,732,810,000	24,611,187,705	25,129,542,030	+4,396,732,030	+518,354,325
Housing Programs					
Housing for special populations	839,000,000	.....	839,000,000	.....	+839,000,000
Housing for the elderly	(645,000,000)	.....	.....	(-645,000,000)	.....
Housing for the disabled	(194,000,000)	.....	.....	(-194,000,000)	.....
Rental housing assistance:					
Rescission of budget authority, indefinite	-125,000,000	.....	.....	+125,000,000	.....
Flexible Subsidy Fund	.....	.....	.....	.....	.....
Federal Housing Administration					
FHA - Mutual mortgage insurance program account:					
(Limitation on guaranteed loans)	(110,000,000,000)	(110,000,000,000)	(110,000,000,000)	.....	.....
(Limitation on direct loans)	(200,000,000)	(50,000,000)	(50,000,000)	(-150,000,000)	.....
Administrative expenses	338,421,000	328,888,000	328,888,000	-9,533,000	.....
Offsetting receipts	-333,421,000	-529,000,000	-529,000,000	-195,579,000	.....
Non-overhead administrative expenses	.....	200,000,000	200,000,000	+200,000,000	.....
FHA - General and special risk program account:					
Program costs	81,000,000	81,000,000	81,000,000	.....	.....
(Limitation on guaranteed loans)	(17,400,000,000)	(18,100,000,000)	(18,100,000,000)	(+700,000,000)	.....
(Limitation on direct loans)	(120,000,000)	(50,000,000)	(50,000,000)	(-70,000,000)	.....
Administrative expenses	222,305,000	211,455,000	211,455,000	-10,850,000	.....
Non-overhead administrative expenses	.....	104,000,000	104,000,000	+104,000,000	.....
Subsidy - multifamily	-18,000,000	.....	.....	+18,000,000	.....
Subsidy - single family	-64,000,000	.....	.....	+64,000,000	.....
Subsidy - Title I	-25,000,000	.....	.....	+25,000,000	.....
Subsidies for FY 1999	.....	-125,000,000	-125,000,000	-125,000,000	.....
Total, Federal Housing Administration	201,305,000	271,343,000	271,343,000	+70,038,000	.....
Government National Mortgage Association					
Guarantees of mortgage-backed securities loan guarantee program account:					
(Limitation on guaranteed loans)	(130,000,000,000)	(150,000,000,000)	(150,000,000,000)	(+20,000,000,000)	.....
Administrative expenses	9,383,000	9,383,000	9,383,000	.....	.....
Offsetting receipts	-204,000,000	-370,000,000	-370,000,000	-166,000,000	.....
Policy Development and Research					
Research and technology	36,500,000	50,000,000	47,500,000	+11,000,000	-2,500,000
Fair Housing and Equal Opportunity					
Fair housing activities	30,000,000	52,000,000	40,000,000	+10,000,000	-12,000,000
Office of Lead Hazard Control					
Office of lead hazard control	.....	85,000,000	80,000,000	+80,000,000	-5,000,000
Management and Administration					
Salaries and expenses	446,000,000	471,843,000	456,843,000	+10,843,000	-15,000,000
(By transfer, limitation on FHA corporate funds)	(544,443,000)	(518,000,000)	(518,000,000)	(-26,443,000)	.....
(By transfer, GNMA)	(9,383,000)	(9,383,000)	(9,383,000)	.....	.....
(By transfer, Community Planning and Development)	(1,000,000)	(1,000,000)	(1,000,000)	.....	.....
(By transfer, Title VI)	.....	(200,000)	(200,000)	(+200,000)	.....
(By transfer, Indian Housing)	.....	(400,000)	(400,000)	(+400,000)	.....
Total, Salaries and expenses	(1,000,826,000)	(1,000,826,000)	(985,826,000)	(-15,000,000)	(-15,000,000)

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999 (H.R. 4194)

	FY 1998 Enacted	FY 1999 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
Office of Inspector General	40,567,000	34,507,000	49,567,000	+9,000,000	+15,060,000
(By transfer, limitation on FHA corporate funds)	(16,283,000)	(22,343,000)	(22,343,000)	(+6,060,000)	.....
(By transfer from Drug Elimination Grants)	(10,000,000)	(10,000,000)	(10,000,000)	.....	.....
Total, Office of Inspector General	(66,850,000)	(66,850,000)	(81,910,000)	(+15,060,000)	(+15,060,000)
Office of federal housing enterprise oversight	16,000,000	16,551,000	16,551,000	+551,000	.....
Offsetting receipts	-16,000,000	-16,551,000	-16,551,000	-551,000	.....
Administrative Provisions					
Sec 8 Portfolio Reengineering	-562,000,000	.....	.....	+562,000,000	.....
Single Family Property Disposition	.....	-400,000,000	.....	.....	+400,000,000
Total, title II, Department of Housing & Urban Development (net)	21,444,565,000	24,815,263,705	26,553,178,030	+5,108,613,030	+1,737,914,325
Appropriations	(24,476,755,000)	(24,815,263,705)	(26,553,178,030)	(+2,076,423,030)	(+1,737,914,325)
Rescissions	(-3,032,190,000)	.....	.....	(+3,032,190,000)	.....
(Limitation on guaranteed loans)	(258,661,000,000)	(278,100,000,000)	(279,361,000,000)	(+20,700,000,000)	(+1,261,000,000)
(Limitation on corporate funds)	(581,109,000)	(561,326,000)	(561,326,000)	(-19,783,000)	.....
TITLE III					
INDEPENDENT AGENCIES					
Department of Defense - Civil					
American Battle Monuments Commission					
Salaries and expenses	26,897,000	23,931,000	26,431,000	-466,000	+2,500,000
Chemical Safety and Hazard Investigation Board					
Salaries and expenses	4,000,000	7,000,000	6,500,000	+2,500,000	-500,000
Department of the Treasury					
Community Development Financial Institutions					
Community development financial institutions fund program account	80,000,000	125,000,000	80,000,000	.....	-45,000,000
Consumer Product Safety Commission					
Salaries and expenses	45,000,000	46,500,000	46,000,000	+1,000,000	-500,000
Corporation for National and Community Service					
National and community service programs operating expenses	425,500,000	499,316,000	.....	-425,500,000	-499,316,000
Office of Inspector General	3,000,000	3,000,000	.....	-3,000,000	-3,000,000
Total	428,500,000	502,316,000	.....	-428,500,000	-502,316,000
Court of Veterans Appeals					
Salaries and expenses	9,319,000	10,195,000	10,195,000	+876,000	.....
Department of Defense - Civil					
Cemeterial Expenses, Army					
Salaries and expenses	11,815,000	11,666,000	11,666,000	-149,000	.....
Environmental Protection Agency					
Science and Technology	631,000,000	632,090,000	656,505,000	+25,505,000	+24,415,000
Transfer from Hazardous Substance Superfund	35,000,000	40,200,800	40,000,000	+5,000,000	-200,800
Subtotal, Science and Technology	666,000,000	672,290,800	696,505,000	+30,505,000	+24,214,200
Environmental Programs and Management	1,801,000,000	1,990,150,000	1,856,000,000	+55,000,000	-134,150,000
Office of Inspector General	28,501,000	31,154,000	31,154,000	+2,653,000	.....
Transfer from Hazardous Substance Superfund	11,641,000	12,237,300	12,237,000	+596,000	-300
Subtotal, OIG	40,142,000	43,391,300	43,391,000	+3,249,000	-300
Buildings and facilities	109,420,000	52,948,000	60,948,000	-48,472,000	+8,000,000
Advance appropriation, FY 2000	.....	40,700,000	.....	.....	-40,700,000
Subtotal	109,420,000	93,648,000	60,948,000	-48,472,000	-32,700,000
Hazardous Substance Superfund	1,400,000,000	2,092,745,000	1,400,000,000	.....	-692,745,000
Delay of obligation	100,000,000	.....	100,000,000	.....	+100,000,000
Transfer to Office of Inspector General	-11,641,000	-12,237,300	-12,237,000	-596,000	+300
Transfer to Science and Technology	-35,000,000	-40,200,800	-40,000,000	-5,000,000	+200,800
Subtotal, Hazardous Substance Superfund	1,453,359,000	2,040,306,900	1,447,763,000	-5,596,000	-592,543,900
Leaking Underground Storage Tank Trust Fund	65,000,000	71,210,000	70,000,000	+5,000,000	-1,210,000
(Limitation on administrative expenses)	(7,500,000)	.....	.....	(-7,500,000)	.....
Oil spill response	15,000,000	17,321,400	15,000,000	.....	-2,321,400
(Limitation on administrative expenses)	(9,000,000)	.....	.....	(-9,000,000)	.....
State and Tribal Assistance Grants	2,468,125,000	2,028,000,000	2,348,475,000	-119,650,000	+320,475,000
Categorical grants	745,000,000	874,657,000	884,657,000	+139,657,000	+10,000,000
Subtotal, STAG	3,213,125,000	2,902,657,000	3,233,132,000	+20,007,000	+330,475,000
Working capital fund	(101,000,000)	.....	.....	(-101,000,000)	.....
Total, EPA for FY 1998/1999	7,363,046,000	7,790,275,400	7,422,739,000	+59,693,000	-367,536,400
Advance appropriations, FY 2000	.....	40,700,000	.....	.....	-40,700,000

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999 (H.R. 4194)

	FY 1998 Enacted	FY 1999 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
Executive Office of the President					
Office of Science and Technology Policy	4,932,000	5,026,000	5,026,000	+94,000	.....
Council on Environmental Quality and Office of Environmental Quality	2,500,000	3,020,000	2,675,000	+175,000	-345,000
Unanticipated needs	1,000,000	.....	.....	-1,000,000	.....
Total	8,432,000	8,046,000	7,701,000	-731,000	-345,000
Federal Deposit Insurance Corporation					
Office of Inspector General (transfer)	(34,365,000)	(34,666,000)	(34,666,000)	(+301,000)	.....
Federal Emergency Management Agency					
Disaster relief	320,000,000	307,745,000	307,745,000	-12,255,000	.....
Contingent emergency funding	1,600,000,000	626,296,000	.....	-1,600,000,000	-626,396,000
Pre-disaster mitigation	.....	50,000,000	.....	.....	-50,000,000
Disaster assistance direct loan program account:					
State share loan	1,495,000	1,355,000	1,355,000	-140,000	.....
(Limitation on direct loans)	(25,000,000)	(25,000,000)	(25,000,000)	.....	.....
Administrative expenses	341,000	440,000	440,000	+99,000	.....
Salaries and expenses	171,773,000	172,438,000	171,138,000	-635,000	-1,300,000
Office of Inspector General	4,803,000	4,930,000	4,930,000	+127,000	.....
Emergency management planning and assistance	243,546,000	206,674,000	231,674,000	-11,872,000	+25,000,000
Radiological emergency preparedness fund	.....	12,849,000	12,849,000	+12,849,000	.....
Collection of fees	.....	-12,849,000	-12,849,000	-12,849,000	.....
Emergency food and shelter program	100,000,000	100,000,000	100,000,000	.....	.....
National Flood Insurance Fund (limitation on admin expenses):					
Salaries and expenses	(21,610,000)	(22,685,000)	(22,685,000)	(+1,075,000)	.....
Flood mitigation	(78,464,000)	(78,464,000)	(78,464,000)	.....	.....
Administrative provision: REP savings	-12,000,000	.....	.....	+12,000,000	.....
Total, Federal Emergency Management Agency	829,958,000	843,582,000	817,282,000	-12,676,000	-26,300,000
Emergency funding	1,600,000,000	626,296,000	.....	-1,600,000,000	-626,296,000
Total	2,429,958,000	1,469,878,000	817,282,000	-1,612,676,000	-652,596,000
General Services Administration					
Consumer Information Center Fund	2,419,000	2,419,000	2,619,000	+200,000	+200,000
National Aeronautics and Space Administration					
Human space flight	5,506,500,000	5,511,000,000	5,309,000,000	-197,500,000	-202,000,000
(By transfer)	(53,000,000)	.....	.....	(-53,000,000)	.....
Advance appropriation, FY 2000	.....	2,134,000,000	.....	.....	-2,134,000,000
Advance appropriation, FY 2001	.....	1,933,000,000	.....	.....	-1,933,000,000
Advance appropriation, FY 2002	.....	1,766,000,000	.....	.....	-1,766,000,000
Advance appropriation, FY 2003	.....	1,546,000,000	.....	.....	-1,546,000,000
Advance appropriation, FY 2004	.....	350,000,000	.....	.....	-350,000,000
Science, aeronautics and technology	5,690,000,000	5,457,400,000	5,541,600,000	-148,400,000	+84,200,000
Mission support	2,433,200,000	2,476,600,000	2,458,600,000	+25,400,000	-18,000,000
Office of Inspector General	18,300,000	20,000,000	19,000,000	+700,000	-1,000,000
Total, NASA for FY 1998/1999	13,648,000,000	13,465,000,000	13,328,200,000	-319,800,000	-136,800,000
Advance appropriation, FY 2000	.....	2,134,000,000	.....	.....	-2,134,000,000
Advance appropriation, FY 2001 - 2004	.....	5,595,000,000	.....	.....	-5,595,000,000
National Credit Union Administration					
Central liquidity facility:					
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	.....	.....
(Limitation on administrative expenses, corporate funds)	(203,000)	(176,000)	(176,000)	(-27,000)	.....
Revolving loan program	1,000,000	.....	2,000,000	+1,000,000	+2,000,000
National Science Foundation					
Research and related activities	2,545,700,000	2,846,800,000	2,745,000,000	+199,300,000	-101,800,000
Major research equipment	74,000,000	94,000,000	90,000,000	+16,000,000	-4,000,000
Delay of obligation	35,000,000	.....	.....	-35,000,000	.....
Large Hadron Collider, advance approp, FY 2000	.....	15,900,000	.....	.....	-15,900,000
Advance appropriation, FY 2001	.....	16,370,000	.....	.....	-16,370,000
Advance appropriation, FY 2002	.....	16,860,000	.....	.....	-16,860,000
Advance appropriation, FY 2003	.....	9,720,000	.....	.....	-9,720,000
South Pole Station, advance approp, FY 2000	.....	22,400,000	.....	.....	-22,400,000
Advance appropriation, FY 2001	.....	13,500,000	.....	.....	-13,500,000
Education and human resources	632,500,000	683,000,000	642,500,000	+10,000,000	-40,500,000
Salaries and expenses	136,950,000	144,000,000	144,000,000	+7,050,000	.....
Office of Inspector General	4,850,000	5,200,000	5,200,000	+350,000	.....
Total, NSF for FY 1998/1999	3,429,000,000	3,773,000,000	3,626,700,000	+197,700,000	-146,300,000
Advance appropriation, FY 2000	.....	38,300,000	.....	.....	-38,300,000
Advance appropriation, FY 2001 - 2004	.....	56,450,000	.....	.....	-56,450,000
Neighborhood Reinvestment Corporation					
Payment to the Neighborhood Reinvestment Corporation	60,000,000	90,000,000	90,000,000	+30,000,000	.....

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1999 (H.R. 4194)

	FY 1998 Enacted	FY 1999 Estimate	Bill	Bill compared with Enacted	Bill compared with Estimate
Department of Defense - Civil					
Selective Service System					
Salaries and expenses	23,413,000	24,940,000	24,176,000	+763,000	-764,000
Total, title III, Independent agencies, FY 98/99	25,970,799,000	26,723,870,400	25,502,209,000	-468,590,000	-1,221,661,400
Emergency funding	1,600,000,000	626,296,000	.....	-1,600,000,000	-626,296,000
Total	25,570,799,000	27,350,166,400	25,502,209,000	-2,068,590,000	-1,847,957,400
Advance appropriation, FY 2000	.....	2,213,000,000	.....	.....	-2,213,000,000
Advance appropriation, FY 2001 - 2004	.....	5,651,450,000	.....	.....	-5,651,450,000
(Limitation on administrative expenses)	(116,574,000)	(101,149,000)	(101,149,000)	(-15,425,000)	.....
(Limitation on direct loans)	(625,000,000)	(625,000,000)	(625,000,000)	.....	.....
(Limitation on corporate funds)	(203,000)	(176,000)	(176,000)	(-27,000)	.....
TITLE IV - GENERAL PROVISIONS					
FHA loan limits (sec 424)	.....	.....	-83,000,000	-83,000,000	-83,000,000
VA - Medical and prosthetic research (sec 424)	.....	.....	10,000,000	+10,000,000	+10,000,000
NSF - Research and related activities (sec 424)	.....	.....	70,000,000	+70,000,000	+70,000,000
Total, title IV, General provisions	.....	.....	-3,000,000	-3,000,000	-3,000,000
Grand total for FY 1998/1999	88,392,163,000	93,688,871,105	94,370,545,030	+5,978,382,030	+681,673,925
Emergency funding	1,600,000,000	626,296,000	.....	-1,600,000,000	-626,296,000
Total	89,992,163,000	94,315,167,105	94,370,545,030	+4,378,382,030	+55,377,925
Advance appropriation, FY 2000	.....	2,213,000,000	.....	.....	-2,213,000,000
Advance appropriation, FY 2001 - 2004	.....	5,651,450,000	.....	.....	-5,651,450,000
(By transfer)	(87,426,000)	(34,727,000)	(34,727,000)	(-52,699,000)	.....
(Limitation on administrative expenses)	(116,574,000)	(101,149,000)	(101,149,000)	(-15,425,000)	.....
(Limitation on direct loans)	(1,021,451,000)	(796,655,000)	(796,655,000)	(-224,796,000)	.....
(Limitation on guaranteed loans)	(258,661,000,000)	(278,100,000,000)	(279,361,000,000)	(+20,700,000,000)	(+1,261,000,000)
(Limitation on corporate funds)	(581,312,000)	(561,502,000)	(561,502,000)	(-19,810,000)	.....
Total amounts in this bill	89,992,163,000	102,179,617,105	94,370,545,030	+4,378,382,030	-7,809,072,075
Scorekeeping adjustments	32,100,000	-8,934,450,000	-1,070,000,000	-1,102,100,000	+7,864,450,000
Total mandatory and discretionary	90,024,263,000	93,245,167,105	93,300,545,030	+3,276,282,030	+55,377,925
Mandatory	22,066,727,000	22,276,095,000	22,276,095,000	+209,368,000	.....
Discretionary:					
Defense	128,413,000	130,940,000	130,176,000	+1,763,000	-764,000
Nondefense	67,829,123,000	70,838,132,105	70,894,274,030	+3,065,151,030	+56,141,925
Total, Discretionary	67,957,536,000	70,969,072,105	71,024,450,030	+3,066,914,030	+55,377,925

Mr. LEWIS of California. Mr. Chairman, I reserve the balance of my time.

Mr. STOKES. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, before making my formal remarks, I want to take just a moment to express to the gentleman from California (Mr. LEWIS), the chairman, the extreme pleasure and honor I deem it to have been able to work with him on the VA-HUD subcommittee for so many years. During that period of time he and I have been able to establish a very personal friendship, and I think it is important for all my colleagues to know and understand that the bill that we bring before the House today is one that he and I have crafted together, under circumstances where he has at all times been extremely fair to me. He has been cooperative in every respect, in terms of all of my concerns relative to this legislation, and serving with the gentleman has been one of the great honors of my career. I want him to know that, as we take this bill through the House, that all the courtesies, all the professional consideration that he has afforded me is deeply appreciated.

Mr. Chairman, this is a bittersweet moment, bringing to the floor with my chairman the last VA-HUD spending measure that I will have the privilege to handle. In many ways, this 1999 bill resembles all the earlier bills of this subcommittee that I have worked on. It does much to provide for veterans, for housing, community development, for environmental protection and emergency management, and for science and education throughout the Nation. Unfortunately, it also falls short in satisfying many of the legitimate needs in some of these areas.

There is much in this legislation that I am proud of and I support without hesitation. There are also provisions and funding levels that I hope will be changed as we move through the process.

The gentleman from California has detailed the important aspects of the bill and I will not repeat them. I would like to take a moment or two, though, to address a few areas of the bill.

In the housing area I am pleased to say that we have been able to provide badly needed increases in some programs, including public housing capital funds, the Hope VI program for modernization of distressed public housing, and homeless assistance grants. I am also glad to report that the bill provides an increase for fair housing programs, and I appreciate the efforts of both the gentleman from California (Mr. LEWIS), the chairman, and also our colleague, the gentleman from Michigan (Mr. KNOLLENBERG), in working out a mutually satisfactory arrangement in this area.

Another positive development in the bill is the 17,000 new housing assistance vouchers that are provided to help families make the transition from welfare to work. However, I note the number provided is considerably less than the number requested by the administration, which was 50,000 vouchers for welfare to work and another 34,000 vouchers to help provide permanent homes for the homeless. These are areas where the need is great, and I intend to offer an amendment to increase the number of new vouchers provided.

The administration is very concerned that the committee's bill includes no funding for the corporation for national and community service, the AmeriCorps program. I think everyone in the chamber knows that there will be no signed VA-HUD bill without adequate AmeriCorps funding. Apparently, a majority of the House believe some measure of victory can be claimed if the bill, as passed by the House, contains no funding for this initiative, even if the conference agreement does. At any rate, I am sure that the bill presented to the President will contain funding for AmeriCorps.

Another provision that causes the administration much concern is that dealing with the Kyoto protocol. The administration has repeatedly stated that there will be no implementation of the Kyoto protocol unless and until the Senate ratifies a treaty. Thus, the provision is unnecessary and the accompanying report language is so broad and vague as to be nearly meaningless. But the signal it might send to some, that even working for educational and outreach purposes is not to be permitted, is, to me, just plain short-sighted.

Funding for EPA's Superfund program has been capped at last year's level of $1.5 billion, $650 million below the request. In addition, brownfields funding has been reduced $15 million below the 1998 level, and the bill contains a provision limiting those funds to assessments only, no money for brownfields cleanups.

Most of the Nation's mayors strongly support the brownfields program and regard the lack of funds for cleanup as the number one impediment in realizing the full potential of the program. At the appropriate time, I will offer an amendment, along with the gentlewoman from Colorado (Ms. DeGette), to strike the provision limiting the brownfields program.

The bill, as reported from committee, contained a troubling provision for the Consumer Product Safety Commission that has the effect of delaying possible rulemaking regarding fire-retardant chemicals in upholstered furniture. The provision was a triumph of the special interests over the national good of saving lives and money currently lost through fires involving furniture that does not have fire-retardant aspects. The rule we adopted included a self-executing provision that modified the original language. While the new provisions are a modest improvement, they still would have the effect desired by industry of delaying CPSC's rulemaking.

The National Science Foundation fared pretty well in the committee's recommendations, receiving about two-thirds of the requested increase for research activities. Still, I wish we could have done more, and especially in the area of education and human resources. For NASA's science programs, we were able to provide an increase above the budget, but the recommended amount is still nearly $150 million below the 1998 level. And the problems with the International Space Station continue. I am afraid our recommended cut of $170 million would have to be restored at some point.

If the estimates of the independent Chabrow report on the station are correct, chances are very good that even more funds than those requested in the budget will be required. I will do my best to ensure that the agency's science programs are not the source from which we make up the inevitable shortfalls in the space station.

In closing, let me say once again that it has been a true pleasure to work with the gentleman from California (Mr. LEWIS), the chairman, on this bill. We do not always agree completely on every measure, but we have been able to resolve our differences always in an amicable manner.

I want to thank him and his staff for all the courtesies and consideration that they have extended to me. I particularly want to say a word of thanks to Frank Cushing, the subcommittee's staff director, and along with the chairman I want to extend my condolences to Frank and Amy over the passing of her father.

I also want to express my appreciation of Paul Thompson, Tim Peterson, Valerie Baldwin, Dena Baron, who is a detailee to our subcommittee, along with Jeff Shockey and Alex Heslop on the Chairman's personal staff. And my special thanks also to two of the members of the minority staff who have been invaluable to me, Del Davis and David Reich, along with Fredette West of my own congressional staff.

Mr. Chairman, I just want to say again that no matter what our differences are relative to this bill, I believe that the chairman and I, in taking this bill to conference, will be able to work out those differences and bring back to this House the kind of a bill that we can all support.

Mr. Chairman, I reserve the balance of my time.

Mr. LEWIS of California. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. JOE KNOLLENBERG), my colleague from the committee.

(Mr. KNOLLENBERG asked and was given permission to revise and extend his remarks.)

Mr. KNOLLENBERG. Mr. Chairman, I thank the chairman for yielding me this time, and I rise today in strong support of this bill.

Mr. Chairman, I particularly want to thank the chairman of the subcommittee, the gentleman from California (Mr. LEWIS), and I also want to extend thanks to the ranking member, the

gentleman from Ohio (Mr. LOUIS STOKES). As everybody knows, he is retiring this year. And while he has received a number of accolades, we continue to add to those, and I want to express mine again today. I want to join my colleagues in wishing him a fond farewell. He served the body well, he served his constituents well, and he will be missed.

I would also like to thank, in particular, the staff. Frank Cushing, who, as has been mentioned, could not be here today because of his loss. We extend our thoughts and prayers to Frank and his family. I want to, in particular, though, thank this staff, all of them, who have been remarkably and extraordinarily helpful in a whole lot of things, so they deserve a lot of credit for helping us craft this bill.

This appropriation bill is unique in that it covers an array of diverse agencies, ranging from the VA to NASA to the EPA. And it is not easy to bring this wide range of interests together into a single bill. However, the chairman, along with the ranking member, have done, I think, a great job by forging a relationship that makes this all possible.

H.R. 4194 is a good bill. However, there is one issue I would like to stress. We have reiterated in report language our intent and expectation that HUD will adhere to our guidance and award no funds for insurance-related purposes, even as part of awards to groups that may use their FHIP funds for a variety of enforcement activities. FHIP, as everyone must know, should know, is the Fair Housing Initiatives Program.

I further want to emphasize that the report allocates a portion of FHIP appropriations to a nationwide audit of discrimination in housing rentals and sales in 20 communities. Because this proposed audit is part of the FHIP, and because its purpose is to investigate discrimination in housing rentals and sales, there should be no question that any of the funds allocated for it can be used to investigate practices of property insurers. However, because HUD has, in the past, interpreted the Fair Housing Act very liberally, I believe it is necessary to underscore this point.

The committee report can only be understood to mean that absolutely no funds, no FHIP funds, including those for the nationwide audit and any awards for packages of activities by private groups, are to be spent on activities focused on practices of property insurers or their agents.

Mr. STOKES. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. OBEY), the distinguished ranking member of the full Committee on Appropriations.

Mr. OBEY. Mr. Chairman, I would like to say that as much as I would like to support this bill, I cannot, for a number of reasons.

First of all, the Committee on Rules, in the action of this House yesterday, made in order a totally illegitimate amendment to this bill by adding the 300-page housing bill and authorization bill. And I want to read my colleagues something that I just picked up on the press out of U.S. News today.

It said that the legislation would raise the income levels of people eligible for public housing. The bill would give greater priority to people making as much as $40,000 to be admitted to public housing, allowing them to gain housing before lower-income families. Since no new public housing is being built, and existing waiting lists are years long, these lower-income families will have no option whatsoever. A total of 3 million low-income people would be denied access to public and federally assisted housing, including 1.8 million seniors and children.

It went on to quote Secretary Cuomo, HUD Secretary Cuomo, as saying it is inexcusable that we would take the few units of affordable housing this Congress has allowed to remain and remove it from the grasp of the most vulnerable Americans. This means no housing for America's most vulnerable.

I think that this Congress has no business attaching a proposal like that to this bill.

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Secondly, I would point out that there are a number of funding level problems with this bill. The brownfields program is reduced 18 percent below the President's request. There is very broad and vague language in the report language which relates to the Kyoto Protocol on climate change.

I agree with those who say that we should not be taking actions to implement any treaty before that treaty is ratified, and I would not vote for that treaty under existing circumstances because of what it does not require other countries, such as China, to do. It is simply not strong enough.

But I, nonetheless, believe that the committee language is far too broad. It even presents educational information about the issue. And I think that that is clearly simply a favor to special interests and it is a long-term detriment to America's public health and to the stability of the world's economy and its climate.

I would say that this also, in my view, underfunds what we ought to be doing with veterans' health care. And in my judgment, the reason that we are underfunding veterans' health care, underfunding housing, underfunding EPA, Superfund and a variety of other programs is because we have in this bill some $3½ billion of veterans' health care costs which are related to the treatment of tobacco-related diseases. And it seems to me that the taxpayer should not be paying for the treatment of those diseases, the tobacco companies should.

Since the Committee on Rules determined it was going to make in order an irrelevant authorization bill, I asked the Committee on Rules to make in order a relevant authorization amendment; and that amendment would have simply said that instead of the taxpayers being stuck with that $3½ billion worth of tobacco-related health treatment cost that the tobacco companies be assessed to pay for those costs. That would have enabled us to increase health care for veterans in this bill by $1.7 billion and to do some other things about some of these drastic shortfalls that will only get worse as the problems are compounded.

The Committee on Rules did not choose to do that. That means, in my view, that this bill is essentially an inadequate bill. And until it is, I have no intention whatsoever of voting for that.

I do not make these statements to in any way criticize the gentleman from Ohio (Mr. STOKES) or the gentleman from California (Mr. LEWIS). They have done the best they can within the allocation given them. But the fact is that the allocation is stupid and the fact is that the Congress is stupid if it does not find a way to require tobacco companies to meet health care costs that the taxpayers should not be saddled with. And until we do that, we are not going to have the resources to meet the other needs facing this country.

It is about time that big tobacco does not have the ear of this Congress. It is about time that big business loses the ear of this Congress. It is about time that the public interest once again prevails.

And, in my view, with the priorities that have been set at a higher level than the subcommittee has the authority to do anything about, until those priorities are changed, we should not be supporting the outcome of those priorities.

Mr. LEWIS of California. Mr. Chairman, I yield 4 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding.

I rise in support of the VA-HUD Appropriations Bill. And as a member of the committee, I would like to thank the chairman the gentleman from California (Mr. LEWIS) and the ranking member the gentleman from Ohio (Mr. STOKES) and their staffs for their hard work and guidance throughout this year on a whole host of issues, and most particularly the gentleman from California (Mr. LEWIS) for his extra efforts working with me to improve the Superfund program, which is so important to New Jersey, and the special attention of the gentleman and our staff to issues affecting housing for people with disabilities. Were it not for their hard work and diligence, those two issues, to my mind, would not be adequately addressed.

And I would be remiss, Mr. Chairman, if I did not commend and recognize the years of service of the ranking

member the gentleman from Ohio (Mr. STOKES).

My colleague served with my father in Congress when he was in Congress and was one of the first people to welcome me to this body. His presence in Congress, as well as his service on this committee, will be greatly missed. I have been able to count on his expertise any number of times. His institutional memory is amazing. And his retirement will, without doubt, affect the committee in countless ways. I thank the gentleman for his friendship and advice.

Mr. Chairman, I would also like to briefly call to my colleagues' attention page 11 of the committee's report and thank both the ranking member and the chair for their agreeing to include this language.

This language highlights the problems with the Veterans Administration's new National Formulary for drugs and medical devices. This is a potentially explosive issue, and Members of Congress better have it on their radar screens.

Simply put, the new VA policy is hindering proper medical treatment of veterans by drastically limiting physicians' in the VA choice of medicine from a list, or a formulary, that they can prescribe to treat our veterans.

As this new policy is gradually being put into effect, doctors, residents of our VA hospitals, and veterans organizations familiar with the system have relayed some disturbing results. The stories I have heard from our veterans strike right at the quality of life and care issues, including one veteran who was forced to switch his Parkinson's medication and, as a result, is having a recurrence of his Parkinson's symptoms.

By putting overly restrictive limitations on which type of a medicine a VA doctor can choose, we are severely restricting access to the newest and most effective medications available. Unfortunately, bureaucrats at the VA are assuming that ''one size fits all'' when it comes to medicine. Well, one medicine does not fit all.

I urge all of my colleagues to review this language and listen to what our veterans and the National Alliance for the Mentally Ill are saying about this issue. This is a critical issue. I support this bill. This particular issue is one that we should be concentrating on.

Mr. STOKES. Mr. Chairman, I am pleased to yield 3 minutes to the gentleman from Virginia (Mr. MOLLOHAN) the very hard working and highly respected member of the subcommittee.

Mr. MOLLOHAN. Mr. Chairman, I appreciate the time that the ranking member has given me to make a few comments on this bill, and I rise to generally express my satisfaction for the bill in the main.

First let me compliment our chairman the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) for the quality of their contribution to this bill. Year in and year out, through the process of marking up this bill putting it together, these two gentlemen, real gentleman, work extremely hard applying their very formidable talents to coming forth with an extraordinary piece of legislation under the circumstances that they find themselves and under the allocations that they are given.

This is I will note, and I will have more to say on it later, the last bill of the gentleman from Ohio (Mr. STOKES) the last time he will be bringing this bill before the full House. And we are terribly appreciative of his wonderful service over many, many years.

Every year, the Subcommittee on VA, HUD and Independent Agencies works to strike the right balance in funding what is really an eclectic mission of vital services and programs to our people. I hope that every Member of this House appreciates not only the difficulty of that task but also the sense of fairness that the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) bring to it. Their conscientious approach is certainly evident in the bill that is before us now.

And in review of it, I am especially pleased with the increased funding for Veterans Affairs regarding medical and prosthetic research that we are committing major resources to HUD, funding the important Community Development Block Grant and Public Housing Operating grants, that we are increasing money to the EPA for science and technology research, including research on particulate matter, and that we are giving greater resources for water assistance grants, which are so critical to the health of our local communities.

Of course, no appropriation bill can be all things to all people. Everyone here accepts that fact. But today we have been asked to accept something more, and it is very unfortunate that extraneous legislation has been made in order by the rule. Our appropriations bill is not the place for it, and that is why I join so many of my colleagues in opposing the rule.

But this appropriations bill is a good bill, and I look forward to working with the chairman and ranking member in making it better by increasing funding to underfunded programs as we move the bill through the process.

Mr. LEWIS of California. Mr. Chairman, it is my pleasure to yield 2¼ minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Chairman, I certainly thank the chairman for yielding.

Mr. Chairman, I want to commend the committee for the work that they have done on this well-rounded bill. I have a few problems with the environmental riders, but let us put that aside for now and speak about the positives in this bill.

First let me indicate that I want to support and identify myself with the comments of my colleague the gentleman from New Jersey (Mr. FRELINGHUYSEN) particularly on the issue he outlined with respect to the Veterans Administration.

I certainly say we must accept the fact that this bill contains language concerning a time credit of $20 million to the Veterans' Integrated Service network. And that is what is needed, particularly in New Jersey and for the northeast.

There are certifiable needs throughout New Jersey, from East Orange and the Lyon's facility and throughout other veterans hospitals in the region. And I certainly call upon the Secretary of the VA to act immediately on the committee's direction after this bill is signed into law.

But let me give a little more time to the subject of the FHA single-family mortgage issue. I want to rise in strong support of this subject. It is strongly needed. The increase in the FHA loan limit is an issue that we have long supported on the Committee on Banking and Financial Services.

The gentleman from Florida (Mr. MCCOLLUM) and I have worked together to urge attention of the committee to this issue. And certainly, there is nothing that is more representative of the American dream than the 64-year history of the FHA single-family insurance program.

And particularly, as a representative from New Jersey, I want to point out that in states like New Jersey, but not exclusively New Jersey, where loan prices are traditionally higher than in other parts of the country, the increase is fundamental if the FHA loan program is to be a viable one. We need this increase urgently, it is overdue. And I thank the committee for their intelligent and far-reaching, far-searching work on this issue.

I want to commend the Committee for its work on what I consider to be a well-rounded bill. While I do have reservations on several of the so-called ''environmental riders'', included in this legislation, I want to rise in strong support of the provisions to increase the FHA single-family mortgage insurance limit. In addition to it being good public policy, the revenues raised by this measure are being put toward necessary programs—$10 million in needed medical research for disabled veterans, and $70 million of the National Science Foundation which will be used by colleges and universities, like Rutgers and Princeton in my own state New Jersey, to help educate our next generation of scientists.

The increase in the FHA loan limit is an issue that I have long supported. For a state like New Jersey this increase is key. I worked with Congressman MCCOLLUM to gather signatures on a letter to Chairman LEWIS and Ranking Minority Member LEWIS STOKES urging that this provision be included in the VA/HUD bill.

Throughout its 64-year history, the FHA single family insurance has enabled millions of American families to achieve the dream of home ownership The American Dream at no cost to taxpayers. It has provided countless home ownership opportunities to millions of

deserving families who were denied or deprived of owning a home through the conventional market. The FHA program has also generated significant revenue benefiting the U.S. Treasury and helped stimulate our nation's economy through housing and neighborhood development.

Yet, FHA's effectiveness is limited because its loan limits have not been allowed to keep pace with market development and changes. Many families have been denied home ownership opportunities because the arbitrary constraints on the maximum mortgage amount prevent FHA from reaching many moderate-income families. In States like New Jersey where home prices are traditionally higher than in other parts of the country, the increase is fundamental if the FHA loan program is to be viable.

Under the measure included in the committee-reported bill, the general limit on FHA loans would be increased from $86,317 to $109,032 (i.e. from 38% to 48% of the Fannie Mae and Freedie Mac ''conforming'' loan limit), while the limit on FHA loans in high-cost areas from $170,362 to $197,620 (i.e. from 75% to 87% of conforming loan limit). The Administration had requested that FHA loan limits be raised to be a nationwide ceiling of $227,150. The provisions included in this bill represent a fair common sense compromise that will provide a measure of fairness to American consumers residing in under served markets, and generate $80 million in additional revenues.

Home ownership is the cornerstone of the American Dream. This FHA loan-limit increase proposal included in the bill helps to further that dream for many hard-working Americans who reside in those markets that are currently under served.

Mr. Chairman, I rise today to speak on an issue that is vital to the veterans of New Jersey and the Northeast.

This bill contains language that urges the Veterans Administration to provide for a one time credit of $20 million to the Veterans Integrated Service Network (VISN) Three, which serves veterans of New Jersey and the Northeast. This language is right and fair.

A General Accounting Office (GAO) revealed that the Network 3 Director, James Farsetta, returned $20 million for the Fiscal Year 1997 budget to the Veterans Administration national offices in Washington. According to the GAO, the Network 3 Director found ''no prudent use'' for these funds. Frankly, with all the funding cutbacks already negatively impacting the justifiable health care needs of the veterans of Network 3, I strongly believe that there are many prudent ways this money could be spent.

At the same time this money was returned to Washington, my office had numerous certifiable complaints from the East Orange and Lyons facilities. Most recently, a patient at Lyons Veterans Affairs Medical Center, which mainly serves psychiatric patients, was found dead after wandering off site unsupervised. He was missing for three days and found only 150 feet from the Hospital's administration building. It is interesting to note that due to funding restraints, New Jersey's VA hospitals have eliminated over 240 jobs. It is obvious to me that the $20 million could have been spent in many prudent ways.

The implementation of the VA's new funding formula known as Veterans Equitable Resource Allocation (VERA) has negatively impacted funding of veterans' health care in New Jersey and the northeastern United States. New Jersey and the Northeast will lose millions of dollars over the next three years.

To save money, the VA has cut back on numerous services for veterans and instituted various managed care procedures that have the impact of destroying the quality of care the veterans receive. For instance, the VA has reduced the amount of treatment offered to those who suffer from Post Traumatic Stress Disorder (PTSD) and reduced the number of medical personnel at various health centers.

As a result of these cutbacks on top of the $20 million giveaway, there has been an erosion of confidence between veterans and the VA. This erosion threatens to destroy the solemn commitment that this Nation made to its veterans when they were called to duty.

I call on the Secretary of the VA to act immediately on the Committee's direction after this bill is signed into law.

The CHAIRMAN. The gentleman from California (Mr. LEWIS) has 11¾ minutes remaining, and the gentleman from Ohio (Mr. STOKES) has 13½ minutes remaining.

Mr. STOKES. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from Florida (Mrs. MEEK) another very distinguished member of our subcommittee and an extremely hard-working lady.

Mrs. MEEK of Florida. Mr. Chairman, I want to thank my colleague and admired member and leader the gentleman from Ohio (Mr. STOKES) and I want to thank my chairman, who has been both fair and efficient in this bill. And I am urging being the Congress to pass this VA-HUD bill.

It was the gentleman from Wisconsin (Mr. OBEY) who said that Congress is to define problems and differences and to devise solutions to these problems. I think that is the way the Subcommittee on VA, HUD and Independent Agencies worked to do this. They were not able in many instances to solve all the problems, but they did try to find solutions to many of them. And I want to commend our committee for that.

There are some things in the bill that I would like to go have seen to have appropriated more money to do the good things that we started some time ago, and one of them was the Corporation for National and Community Services. Another one is housing. And I think the committee addressed housing in a good way. But of course, the more housing vouchers we can receive in poor communities, the better it will be.

So I appreciate the committee addressing the housing voucher situation and raising that level. And I repeat, I would have liked to have seen more.

I would also like to see our committee continue in its direction to improve the environment, not to cut back with drastic reduction, but to continue to provide those assistance that we so desperately need.

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One of my other major concerns to the committee is that the Economic Development Initiative, which has helped so many of us in cities where we have so many poor people being helped by government, providing jobs, doing the kinds of things that good job creation can do, I want to commend the committee for looking at that, but we did not go far enough in providing enough money for the economic development initiative to take care of the cities.

Mr. LEWIS of California. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. HOBSON), a member of the committee, for a colloquy.

Mr. HOBSON. Mr. Chairman, I would like to ask the chairman of the subcommittee, my good friend, the gentleman from California (Mr. LEWIS) to enter into a colloquy to clarify report language in this bill pertaining to a rulemaking being considered by the EPA.

As my colleague knows, report language in this bill addresses the security risks associated with making risk management plan data available on the Internet under an EPA rulemaking according to section 112(r) of the Clean Air Act. Members of our committee have heard from many members of their community who expressed concern that making this information available to the public via the Internet could have grave consequences. This type of data, which is already available to relevant businesses and public safety and law enforcement officers, could result in mass destruction in the hands of those intent on doing harm. These security concerns have been echoed by law enforcement and national intelligence representatives in discussions with the EPA. However, the EPA has been unable to adequately address the national security concerns that have been raised.

Mr. Chairman, it is my understanding that discussions between representative law enforcement, the intelligence community and the EPA are ongoing and that a resolution of this issue will occur by the end of this year.

Would the gentleman agree that this is an accurate statement?

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. HOBSON. I yield to the gentleman from California.

Mr. LEWIS of California. Yes, the EPA has been working closely with FBI and other law enforcement and security experts to develop a system limiting inappropriate access to such information. That system is expected to be completed by the end of 1998 as the committee expects to be updated on a monthly basis on the progress and development of security protocol.

Mr. HOBSON. Mr. Chairman, when will the agency actually implement the protocol?

Mr. LEWIS of California. The agency must include a formal protocol proposal as part of their fiscal year 1999 operations plan before implementing any security protocol.

Mr. HOBSON. Thank the gentleman from California for his clarification. I

think we both agree that this issue is one of vital importance to our communities and law enforcement officials, and I appreciate the gentleman's assistance in this matter.

Mr. Chairman, before I conclude, I would just like to take this moment to thank a member of my staff who has worked on this. She has been with me for 7 years. Jennifer Cutcher is leaving to get married and move to Florida, and we are sorry to lose her in our office.

Mr. LEWIS of California. Mr. Chairman, I yield whatever time she might consume, within limits, to the gentlewoman from New York (Mrs. MCCARTHY).

Mrs. MCCARTHY of New York. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I would like to call attention to an item that is contained in the other body's VA-HUD appropriations bill. It is my understanding that the other body has allowed $7 million for the water systems improvement project in the village of Hempstead, New York. I say to the gentleman from California (Mr. LEWIS) this program is very important to a large number of my constituents. I would be interested in knowing if the gentleman will give consideration in conference to accepting this project?

Mr. LEWIS of California. Mr. Chairman, will the gentlewoman yield?

Mrs. MCCARTHY of New York. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. Chairman, I say to the gentlewoman from New York (Mrs. MCCARTHY), as we have discussed personally and in many a way she has attempted to bring this item to my attention, it indeed is our intention to address this question in the conference. We are going to do everything we can to not only recognize the importance but to assist the gentlewoman and her district as well.

Mrs. MCCARTHY of New York. Mr. Chairman, I thank the gentleman from California (Mr. LEWIS).

Mr. STOKES. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Chairman, I want to, at the onset, recognize the service of our distinguished colleague from Ohio (Mr. STOKES) who has so ably led this subcommittee as initially chairman, first as a Member, of course, and finally now as ranking member. I think that his steady hand and intellect, keen intellect, and efforts have really done a remarkable job in terms of trying to deal with some of the neediest in our Nation. I am most familiar, of course, with his work on housing and our mutual interest in homelessness and other issues.

But, Mr. Chairman, just speaking to the merits of this briefly, I wanted to express my concerns about some of the fundamental problems with the bill that we have before us. Regrettably, we have serious problems, but it seems as though, notwithstanding positive revenue projections that continue to buoy our economy, that none of the benefit of that positive economy are translating into some of the essential programs that we should have, and this bill even falls short of the budget agreement that was written just last year with regards to some of the agreements on environmental expenditures.

I am very concerned about the attacks on the environment and the riders in this bill. I am concerned about the political game that is going on with regards to providing zero funding for AmeriCorps. I am concerned about the continued expenditure of billions of dollars on the space station, notwithstanding the fact that commitments year after year are not met. I am concerned about the fact that it is written in such a way as to cause these problems. And the fact is, if this were not enough, now we are going to pile onto this bill unrelated riders on bills such as the abolishment of some of the public housing responsibilities that the national government has committed to for the past fifty years.

Therefore, I rise to express my concerns and point out some fundamental problems in the VA–HUD Appropriations bill for FY 1999. Once again, the Republican led Appropriations Committee has provided an uneven product within sufficient resources to meet the needs identified by the Administration, the Congress and the American people. This bill has several serious flaws: it underfunds veterans medical care; attacks our natural resources and environment; abandons the Administration's AmeriCorps program and includes continued funding for a budget busting international space station that will cost American taxpayers more than $100 billion in the final form. In its current state as written, this bill has ensured a collision course with the Senate, House Democrats and the President, but the intended amendment and design crafted by the rule will further warp the measure beyond reason, taking on more controversy and a further blow to this measures unbalance.

The VA–HUD bill appropriates a total of $42.3 billion for VA programs and benefits. Unfortunately, this bill underfunds veterans medical care. The report language states that the Committee has provided an increase for medical care to maintain the 1998 level. While technically true at the amount level, this is accomplished only by reducing funding for VA construction activities and projects by 20% less than current funding levels. Discounting this artifice, the total amount provided for veterans medical care is $276 million less than the 1998 level. According to the Independent Budget issued by major veteran service organizations, the Committee's recommendation is $525 million below the 1999 current service level, and nearly $1.8 billion below their recommended 1999 funding amount.

The funding levels for the housing and community development programs in the VA–HUD bill, are satisfactory compared to 1998. The bill allocates $26.5 billion for HUD programs, an increase from FY 1998. The measure increases funding for the McKinney Homeless Assistance Act programs and with the inclusion of $100 million in new funds for incremental vouchers. Frankly, given the tremendous need for housing assistance that exists across this country, we could have used the entire Administration's request in incremental, or new, section 8 assistance. Given the fact the we have not received incremental funding for many years, however, this is a positive first step in recognizing the severity of the need. This urgent need would argue for the elimination of the provision in this measure which requires a three-month delay in re-issuance of section 8 housing vouchers and certificates. There is no public policy reason and only budget cost scoring behind this 3 month delay provision. It hopefully will be dropped before it becomes law and we will provide dollars without shift.

I am also very supportive of the changes to the FHA loan limit an authorization matter with little to do with the appropriation, no doubt bouyed by the positive CBO scoring. Increases in the floor and the ceiling of the FHA loan limit will make a more viable FHA program because it will achieve market relevance. The increase in the ceiling to 87% of the conforming loan limit will help middle income home buyers in the high cost areas purchase homes. The 48% of the conforming loan limit for the FHA floor is approximately what the level was in an amendment I offered in the 1994 Housing Reauthorization bill. It's been to long a wait for action on FHA modernization. These changes are critically important to many, many areas of the country because the current floor, which serves as the minimum has not been high enough to cover the real costs of building a new home in most regions of the nation for a long time. The bill also makes a positive change that should help deal with disparities in limits in geographically contiguous areas.

I strongly oppose the amendment that will be offered by Mr. LAZIO to this bill later today. His amendment would attach a reworked public housing measure, H.R. 2, to the appropriations bill. This remains a faulty policy and is potentially quite harmful to most communities. Attachment to the appropriations bill is shortsighted simply and an end run of a controversial bill around the process which could potentially stall the important HUD appropriations bill for FY99. This fundamental change being superimposed upon this bill should be considered upon its merits rather than placed upon a must enact funding measure.

In offering this amendment, and indeed protecting it under the rule from points of order, this House majority will be disrupting ongoing, bi-partisan negotiations to resolve major differences between H.R. 2 and its Senate counterpart, S. 462 attempting to gloss over legitimate policy differences on income targeting, ''home rule'' deregulations, minimum rents and other issues. While that process has not been in an actual House/Senate Conference, as it well should be, at least there have been ongoing discussions. This appropriations slam dunk will completely undermine that process. I urge opposition to the Lazio amendment, which will undercut the role of the authorizing committee and which could effectively jeopardize, for no legitimate reason, the progress being made by the positive HUD funding in this bill. I would suggest that the inclusion of the public housing controversy into the VA–HUD bill could be the last straw on the camel's back for many members trying to decide whether to support this appropriations bill.

I also want to note that I have filed several amendments to the HUD–VA bill. Two amendments would provide an additional $30 million to the highly successful, yet consistently under funded Federal Emergency Management Agency's (FEMA) Emergency Food and Shelter program. I don't intend to offer both but intend to discuss one. The charities that work in partnership with the FEMA program continue to be overloaded. Demand for food and shelter is rising and the funding level of EFS has, to say the least, not kept pace with the need.

The other amendment that I have filed would set in law a requirement that owners who intend to prepay their mortgage on low-income multifamily housing properties would have to provide one year notice to the local jurisdictions and to the tenants of those buildings, whose lives are being totally disrupted by such action. It is a reasonable amendment and one I hope this body will see fit to accept.

I note that the Community Development Financial Institutions (CDFI) fund has been allocated $80 million. I am working with my Chairwoman, Mrs. ROUKEMA, in the Banking Committee in the Financial Institutions Subcommittee on reauthorizing this program. We are making improvements, as the CDFI management has, in response to some of the concerns brought out over the last year or so. I think we will have a stronger, more viable CDFI as a result of those actions and that this program which can have such a positive impact in communities, indeed justifies a solid appropriation.

Disappointingly, this bill lacks adequate funding for much needed environmental cleanup and natural resources conservation. Specifically, $1.5 billion is included for the Environmental Protection Agency's (EPA) Superfund program. This amount is $650 million below the budget request and the level agreed to in last year's balanced budget agreement. As a result, numerous contaminated toxic waste sites throughout the country, including specific sites in my district in Minnesota, will remain hazardous to people's health. In addition, the popular and successful Brownfields program is reduced 18 percent below the Administration's request. For the second straight year, the Committee has limited the Brownfields program to assessments; no funding is available for toxic waste site cleanup. According to a report issued by the U.S. Conference of Mayors earlier this year: ''Cities participating in the study identified several major obstacles to the redevelopment of Brownfields. Cities ranked the lack of clean up funds as the number one impediment.'' This is certainly not the time to turn our backs on cleaning up toxic waste in our local communities who desperately need Federal assistance.

The Committee funded the Administration's Climate Change Technology Initiative at $99 million. This amount is less than one-half of the $205 million requested. Furthermore, the Leadership included vague language that limits the use of funds regarding activities related to the Kyoto Protocol on climate change. Specifically, this bill attempts to prohibit the use of funds in the act to ''develop, propose, or issue rules, regulations, decrees, or orders for the purpose of implementing, or in contemplation of implementation, of the Kyoto Protocol. Under existing statutory authorities, the EPA has ongoing activities to develop and issue regulations that would be affected by the Kyoto provisions. Proponents of the provisions argue that this language prohibits the implementation of the Kyoto Protocol until ratification of a treaty by the Senate. However, I disagree. These provisions could well restrict the United States from playing a leadership role in the reduction of greenhouse gas emissions as they at least undercut the EPA moral leadership. Furthermore, the Committee report also balks at EPA's efforts to promote educational outreach and further research on the policies underlying the Kyoto Protocol until or unless the Protocol is ratified by the Senate. This clearly illustrates that the congressional leadership is indifferent to our environmental stewardship responsibilities in this Nation.

As reported, the bill contains no funding for the Corporation for National and Community Service, or AmeriCorps. This lack of language will terminate the programs. This continued effort by the House Republican Majority to eliminate the Administration's national service program will ensure confrontation with the Senate, who supports the program firmly, and the Administration. The Administration had made its support of AmeriCorps abundantly clear. Despite this, the Republican leaders once again have elected to support a charade of cutting or eliminating AmeriCorps funds in the House knowing the conference agreement with the Senate will restore them.

Furthermore, this bill appropriates $2.1 billion for continued development of the international space station. According to some of the most qualified scientists in America, the international space station has little or no scientific value and the American people will gain almost nothing except for the experience of wasting billions on building a space station in orbit. Congress should not invest another penny in this immensely overbudget and overdue program. This is money that can be used to strengthen our National Parks, reinvest in our children's education, provide adequate health care to our Nation's veterans and restore pre-1995 rescission level funding for the Federal Emergency Management Agency's (FEMA) Emergency Food and Shelter Program.

Overall, this legislation meets some of the needs of our Nation's veterans and makes a good first step in the right direction for low-income housing programs. However, I agree with the Administration that this legislation is highly flawed in its attacks upon environmental cleanup, elimination of the successful AmeriCorps program and a budget busting international space station. I urge all Members to vote no on this measure.

Mr. LEWIS of California. Mr. Chairman, I have no additional requests for time, so I reserve the balance of my time.

Mr. STOKES. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL).

(Mr. PASCRELL asked and was given permission to revise and extend his remarks.)

Mr. PASCRELL. Mr. Chairman, I want to commend both the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) for putting together a very reasonable piece of legislation. However, I have one concern which I want to bring to the floor.

The $16 billion upholstery manufacture industry will receive an early Christmas present this year, Mr. Chairman. The industry is laughing its way to the bank. Thousands of Americans might die in house fires. They will be burnt to death because the industry spent thousands of dollars lobbying against a national upholstery flammability standard. This absolves the industry from responsibility and preventing their products from literally going up in smoke.

Thirty-seven hundred people a year are killed by house fires. One thousand of them are children, twice as likely to die in a fire than adults. An additional 1,700 youngsters are injured due to residential fires. This bill blocks the progress that the Consumer Product Safety Commission has made in the development of an upholstered furniture flammability standard. This provision not only delays the project but is totally redundant, provides no further benefit to the American public.

Upholstered furniture fires are the number one fire hazard in this country, yet we are still waiting for flammability standards, and while we wait over 25,000 men, women and children have died as a result of burning furniture. The Consumer Product Safety Commission calculates that an upholstery flammability standards will have an annual net savings of $300 million. This $300 million will go directly to American taxpayers because their local fire departments will not be called to extinguish as many residential fires.

Prevention of fires is not just a noteworthy goal. Flammability standards are attainable, they are cost effective, and they make sense. We already require institutions such as hospitals and prisons to purchase flame-retardant furniture. Are we saying that we are more interested in protecting prisoners from upholstery fires than our children?

Mr. STOKES. Mr. Chairman I yield 2 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Chairman, I thank our ranking member for all the work he has done over so many years on important issues, particularly on his pro-environmental stance.

Mr. Chairman, I rise today because of my concerns over the anti-environmental riders in this bill. As in years past, the Republican majority has once again inserted a number of anti-environmental riders into the bill and its accompanying report. As I am sure we all remember, similar efforts in years past came to no good, eventually resulting in a government shutdown in 1995. Many of these provisions are a waste of taxpayer dollars, calling for duplicative studies and other wasteful delay tactics that will block the implementation of important environmental protection measures, measures that the EPA has determined are in the best interests of protecting human health and the environment.

Just as an example, one provision prohibits the EPA from taking any action to remove contaminated sediments from rivers, lakes and streams

until a new National Academy of Science study has been completed and distributed and analyzed by all parties including Congress or, in other words, indefinitely. The need for this new study is questionable since the NAS just released a report last year entitled: Contaminated Sediments in Ports and Waterways Clean-up Strategies and Technologies.

But the need to remove these contaminated sediments from America's waterways is not in question. Nowhere more than in New Jersey are people sensitive to the issue of contaminated sediments. In New Jersey we have witnessed firsthand the impact that contaminated sediments can have on our commercial and recreational fishing industries.

This remedial dredging rider, I should say this dredging rider, is just one example of the numerous special interest riders in this bill. Others include restrictions on brownfields funding, limitations on the number of toxicological profiles that the Agency for Toxic Substances and Disease Registry can perform, delaying reductions of hazardous mercury emissions from utilities, lowering the bar for clean-ups of NRC-licensed facilities, and the list goes on.

Mr. Chairman, my colleague, the gentleman from California (Mr. WAXMAN) will be offering an amendment to eliminate the anti-environmental riders later today, and I would urge my colleagues on a bipartisan basis to support the Waxman amendment.

Mr. STOKES. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I thank the gentleman for yielding this time to me, and I rise to support the appropriations made in this bill for NASA.

This year marks the 40th anniversary of NASA. These 40 years have been filled with remarkable achievements such as placing the first man on the moon. Let me list for my colleagues only just a few of the spin-offs that have been spawned by this program:

The engine powering the Boeing 777 uses a NASA design high bypass turbo fan engine;

A laminar airflow technique used in NASA clean rooms for contamination-free assembly of space equipment is used as an air purification system;

NASA-developed micro-miniaturization is used in a pacemaker which can be programmed from outside the body; and

NASA-developed solar technologies used to provide power through solar energy.

NASA technology has also been developed to strip paint and also to provide thermal protection from the shuttle solid rocket boosters.

Mr. Chairman, later there will be an amendment on the floor to cancel the space station program. By cancelling the space station we would end the benefits our society can gain from it.

Mr. LEWIS of California. Mr. Chairman, I yield 1 minute to the gentleman from Kansas (Mr. RYUN) for purposes of a colloquy.

Mr. RYUN. Mr. Chairman, I recently received a letter from the mayor of Topeka, Kansas, regarding a serious issue facing the city. According to the mayor, during the floods that ravaged Topeka area in 1993 salt from upstream rivers washed into the city's water infrastructure, causing excessive rust in nearly a hundred miles of unlined cast iron water pipe.

□ 1015

This resulted in a severe ''red water'' and sediment problem for the city. In some parts of the city, residents are unable to drink the water, even to use their washing machines. Every human being needs water daily in order to live. The people of Topeka, Kansas, need clean water to live.

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. RYUN. I yield to the gentleman from California.

Mr. LEWIS of California. In our discussions, it has been my distinct impression that the City of Topeka has taken steps to correct this problem, is that correct?

Mr. RYUN. Yes, the city has replaced 20 miles of pipe at a cost of $2.5 million, and has appropriated $5.1 million of city revenue this year to replace another 40 miles. However, according to the mayor, this is insufficient to complete the repairs, and the city is seeking Federal assistance to replace the remaining 40 miles of pipe.

I understand that this is late in the legislative process. However, in light of the urgency of the problem, I am exploring any legislative options available. I would appreciate your assistance in providing funds that we could use to improve this project.

Mr. LEWIS of California. We look forward to working with the gentleman, and appreciate his concerns.

Mr. STOKES. Mr. Chairman, I am pleased to yield two minutes to the gentleman from Michigan (Mr. DINGELL) the distinguished ranking member of the Committee on Commerce.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Ohio (Mr. STOKES) and the distinguished gentlewoman from Colorado (Ms. DEGETTE) on title 3 of the bill that will strike language placing limitations on the brownfields program. This is one of the most successful programs we have. It is a program desperately needed by our cities.

A bipartisan report from the mayors of our cities say that brownfields sites represent pockets of disinvestment, neglect, and missed opportunities. They are often found in poorer communities and neighborhoods that are desperately in need of economic investment and job creation. The brownfields grant program protects human health by helping to assess and remove environmental poisons from our neighborhood, and, at the same time, encourages redevelopment of abandoned or underutilized property. It also tends to halt urban sprawl, something which is a massive problem.

The Nation's mayors recently surveyed their Members and found that lack of cleanup funds is the number one impediment to brownfields redevelopment. Yet the members of the majority party, by limiting funding and prohibiting revolving loan funds, would go in exactly the opposite and wrong direction. Limitations currently contained in this bill would cripple one of the most successful urban programs we have.

I do not understand the hostility of my colleagues on the Republican side, but let me cite what it is the Inspector General of EPA had to say about this program.

He said, ''EPA has been instrumental in bringing together numerous Federal agencies to work cooperatively towards removing barriers to the redevelopment of brownfields. Our review showed that the cities have been able to leverage millions in private brownfields investment. The agency has accomplished a great deal in a relatively short time.''

One of the remarkable things is this amendment and the prohibition on these expenditures would make a massive step backwards in terms of local efforts in this area. It would even impinge in a very severe and unfortunate way on the efforts of banks to increase lending in these areas.

I urge the adoption of the amendment.

Mr. LEWIS of California. Mr. Chairman, I yield two minutes to the gentleman from Illinois (Mr. WELLER), for purposes of a colloquy.

Mr. WELLER. Mr. Chairman, I thank the gentleman for the opportunity to engage in a colloquy with him.

As you know, there are over 13 hundred sites on the Superfund National Priority List that are still in need of remediation. Of course, we would like to see comprehensive Superfund reform enacted this year that will help get these sites cleaned up faster. However, today I wanted to specify to you about one site in particular and ask that this site be given special priority by the Environmental Protection Agency.

The City of Ottawa in my Congressional district is home to 14 NPL sites contaminated with radioactive waste from factories that used radium-based paints from 1918 to 1978 to make glow in the dark clock dials. Ten of the sites have been remediated. However, due to the complex nature of disposing of radioactive waste, the cost rose over $30 million, and there are four large sites yet to be cleaned. The remediation of the first ten sites involved shipping about 40,000 tons of contaminated soil to Utah.

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. WELLER. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. WELLER, I understand that there is a very high rate of cancer in areas surrounding these Superfund sites.

Mr. WELLER. This is true. According to a report prepared by the Illinois Department of Public Health, certain areas surrounding Ottawa Radiation Sites contain very high cancer rates. The study compared the incidence of cancer rates with another city in northern Illinois, and found that Ottawa has nearly 30 percent more cancer. The study also indicated a concentration of those incidences along the north side of the city, where the radiation sites are located.

Mr. LEWIS of California. Mr. Chairman, if the gentleman will yield further, the picture the gentleman has drawn for me is most disturbing, and I want you to know I will be urging the EPA to take this into consideration and expedite the remediation of the remaining Ottawa sites as soon as able possible, consistent with the agency's priority listings.

Mr. WELLER. Mr. Chairman, reclaiming my time, I appreciate the gentleman's concern, and, along with the residents of Ottawa, Illinois, we can look forward to clean up being completed at these sites.

Mr. STOKES. Mr. Chairman, I am pleased to yield 1 minute to the gentleman from New York (Mr. MANTON).

(Mr. MANTON asked and was given permission to revise and extend his remarks.)

Mr. MANTON. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I rise to express my deep reservations about several provisions of the bill before us, and, of particular concern, the accompanying report language.

The provisions in question may have the result of significantly weakening a number of important environmental programs. These so-called environmental riders contained in the fiscal year 1999 VA–HUD appropriations bill and report are ill-conceived and represent a retreat from a sensible national environmental policy designated or designed to keep our water safe, our air clean and breathable and our lands free of toxic waste.

Mr. Chairman, these are unnecessary provisions which do a great disservice to this House. At a time when our nation's economy is booming with historically low levels of unemployment and inflation well under control, we find ourselves back to fighting the same old battles over how even the most reasonable of environmental protection measures supposedly undermine our economy.

Well, I would say to my colleagues, this old song does not play true any more. The budget is balanced, with a surplus envisioned for the first time in a generation. The stock market is going through the roof, and we have accomplished all this as a country with a strong Clean Air Act, a strong Clean Water Act, and a strong Superfund program.

Mr. Chairman, I ask my colleagues who believe we need to weaken our environmental programs: What is their justification for such drastic steps? And, if they believe their cause is just, let us debate them in an open and fair fashion, and not try to sneak through far-reaching changes in funding bills and hidden in report language. Let us address our differences through the normal legislative process.

You may be surprised to find that we might be in agreement on some matters. Or, we may be able to develop reasonable compromise language on others.

After all, the art of compromise has served our Nation well for over two hundred years.

Mr. Chairman. One amendment which will seek to correct some of the flaws in this legislation will be offered by my friend and colleague, the gentlewoman from Colorado, Ms. DEGETTE. She will be joined in her effort by the distinguished Ranking Member of the VA–HUD Subcommittee, Mr. STOKES, and the gentleman from New Jersey, Mr. FRELINGHUYSEN.

I believe this amendment deserves to receive wide, bipartisan support.

Mr. Chairman. While we may differ on the advisability of pursuing any one particular environmental policy over another, we should not sacrifice the regular order in doing so.

If we have problems with the Superfund program, let us move forward to develop a reasonable reauthorization which takes into account the program as it stands today, not ten years ago.

And, if we are truly concerned about cleaning up old industrial sites and revitalizing our cities, now is not the time to unnecessarily limit funding or erect hurdles to the implementation of this successful program.

Mr. LEWIS of California. Mr. Chairman, I yield two minutes to the gentleman from Iowa (Mr. LATHAM) for a colloquy.

Mr. LATHAM. Mr. Chairman, as the chairman knows, my district in northwest Iowa, like many areas throughout rural America, finds itself underserved when it comes to health care. This is particularly true concerning area veterans.

My district, which covers one-third of Iowa's geographic area, is served by VISN No. 13 in Sioux Falls, South Dakota, and VISN No. 14 in Omaha, Nebraska, and Des Moines, Iowa. Yet there are no VA medical facilities in the district to serve area veterans. Therefore, most veterans must travel anywhere from an hour-and-a-half to three hours each way to find VA medical care.

The placement of a VA community-based outpatient clinic in Sioux City and Fort Dodge would greatly increase the accessibility of VA health care for my constituents. Would the chairman agree to work with me in urging the VA to work towards this end?

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. LATHAM. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. Chairman, I am very happy to work with the gentleman from Iowa. I might mention to the gentleman that his district and mine have this identical problem, for our territories involves open spaces where people have to travel many, many miles for this kind of service.

As the gentleman is aware, the VA's community-based outpatient clinics were established expressly to address this problem and have been a great success. Moreover, the decision to establish outpatient clinics are made not in Washington, but at the VISN level with local input to address regional and local veterans needs.

That being said, I would be happy to work with the gentleman in communicating his very real concerns to the VA.

Mr. STOKES. Mr. Chairman, I yield 1½ minutes the gentlewoman from Colorado (Ms. DEGETTE).

(Ms. DEGETTE asked and was given permission to revise and extend her remarks.)

Ms. DEGETTE. Mr. Chairman, I rise in support today of the amendment offered by the gentleman from Ohio (Mr. STOKES) and myself to strike the anti-Brownfields environmental rider to this bill. This bill jeopardizes the EPA's brownfields program which we heard the gentleman from Michigan (Mr. DINGELL) so eloquently refer to in three ways: First of all, it prohibits any of these funds from being used by localities to set up revolving loan programs. Secondly, this bill provides only $75 million in funding, which is 17.4 percent below the President's budget request. Finally, this bill prohibits the funds from being used for research and community outreach, a vital component of the program, which furthers understanding of brownfields and gives communities the tools to further redevelopment.

Our amendment remediates these three problems with the bill. It restores the important brownfields component of the legislation, which is so critical towards cleaning up environmental contamination in our inner-cities throughout this country and revitalizing these areas so that they can be economically beneficial to the entire community.

Mr. Chairman, I thank the ranking member for working with me on this amendment.

Mr. HOYER. Mr. Chairman, I rise today because I have some genuine concerns about the funding levels of specific accounts within H.R. 4194, the Veterans Affairs and Housing and Urban Development and Independent Agencies appropriations bill for fiscal year 1999. I understand the difficulty that the chairman and the ranking member faced in crafting this legislation within the tight fiscal constraints

that the Appropriations Committee had this year. However, I am concerned that certain initiatives, which have been priorities of the committee and the Congress in the past, will not receive the necessary level of funding in fiscal year 1999.

First, the bill proposals a $59 million reduction to NASA's Earth Science Program. This important program can help predict weather and climate changes up to a year in advance, will yield tremendous benefits for argricultural and natural resources productivity, will save money and lives by allowing natural disasters to be predicted earlier, and involves partnerships with Japan, the United Kingdom, Brazil, and France. Goddard Space Flight Center, located in Greenbelt, Maryland, is NASA's lead center for these efforts and has an extraordinary reputation for Earth Science studies.

I have visited with the scientists working on this program and I can tell you that their work is amazing. Funding for Earth Science will produce both practical benefits and a long term understanding of the environment. This reduction would be disruptive to the program at a time when the need for programmatic flexibility is at its greatest due to technical challenges in the development of various missions, and could lead to either significant delays or even cancellation of project elements.

I also want to express my concern about the bill's elimination of the AmeriCorps National Service Program. AmeriCorps' members are estimated to leverage an average of about 16 stipended volunteers per member. AmeriCorps teaches its volunteers responsibility and opportunity. The organization has also had a positive effect on traditional volunteer activity. If we are going to make children and youth our top priority, we need the assistance of volunteer service organizations such as AmeriCorps. AmeriCorps plays an important role in advancing the goals of the summit for America's future. We cannot fight to make the future better for our nation's children without AmeriCorps' help.

Finally, the bill increases the limits on the sizes of home mortgage loans that may be insured by the Federal Housing Administration (FHA) under its single-family loan program. Raising these loan limits poses little or no risk to the FHA fund. It is a fund with a value of about $11 billion. Auditors give it a clean bill of health and say that loans at the higher end pose less risk than do low balance loans. Raising the FHA loan limit is critically important and will expand home ownership opportunities to families all too often shut out of the conventional mortgage markets—first time home buyers, minorities, families in inner cities and rural families.

Mr. Chairman, as a member of the Appropriations Committee, I fully understand the budget constraints which we are under, but I am concerned that we are not properly funding the Nation's priorities in this bill. I would hope that we can work towards remedying this imbalance.

Mr. MARKEY. Mr. Chairman, I rise in strong opposition to the VA-HUD and Independent Agencies Appropriations bill. This bill contains a wide array of assaults against the public interest and good sense, which I intend to discuss further during the course of the debate. I am rising now, however, to talk about one particularly obnoxious provision of this bill that affects the Consumer Products Safety Commission.

Under the version of the bill reported out of the Appropriations Committee, a legislative rider was attached which would prevent the CPSC from adopting a rule regarding flammability standards for upholstered furniture until an outside panel was convened to examine the toxicity of fire retardants that would be used to treat such furniture. The Rule providing for consideration of this bill deleted this rider with an equally objectionable self-executing provision which made in order an amendment by the Gentleman from Mississippi (Mr. WICKER).

This amendment was developed behind closed doors, without any meaningful Democratic participation. No mention of the amendment was made during the Rules Committee hearing on the bill, and the gentleman from Mississippi did not even testify on his amendment. Instead, the amendment appeared magically before the Members during the Rules Committee markup. And under the Rule which the Rules Committee approved and the House adopted earlier today, the amendment was attached to the bill—notwithstanding the fact that it violates Clause 2 of Rule XXI of the House Rules by legislating on an appropriations bill. Of course, the Rule took care of that problem as well by granting the amendment a waiver against all points of order.

In light of surreptitious origins of this amendment, and the great haste with which it was adopted, is it any wonder that it contains serious flaws? Earlier today, during consideration of the Rule for this bill, we discovered that the authors of the amendment had mistakenly appropriated $5 billion for the amendment's execution, when they had actually intended to appropriate $5 million. By comparison, the entire CPSC budget is only $46 million. The Republican Majority actually had to offer a motion to correct the unintended financial windfall they almost provided to the CPSC. Despite this correction, however, the underlying amendment remains fatally flawed.

During House debate on the Rule, one of the supporters of this amendment claimed that the proposal had the support of the Commerce Committee. As the Ranking Democrat on the Commerce Committee's Subcommittee on Telecommunications, Trade and Consumer Protection—which has jurisdiction over the CPSC—I can assure the Members that this was not the case. The Commerce Committee has never considered this matter addressed by this amendment. We have never had a single hearing on this subject. We have never heard a word from any of the affected industries and reportedly pressed for adoption of this amendment. We have never had a Committee or Subcommittee markup or cast a vote on this matter. So, while the Chairman and some of the Members of the Majority Side on the Commerce Committee may have agreed to this language, it is not accurate to characterize this provision as having had the support of the Commerce Committee.

So, let's just take a look at what the issue is that this amendment addresses. Currently the CPSC is considering a flammability standard for upholstered furniture. They are doing so pursuant to a petition from the National Association of State Fire Marshals, who asked the CPSC more than four years ago to develop a mandatory safety standard for upholstered furniture to address the risk of fires started from open flames—such as lighters, matches, and candles. The Fire Marshals called for such a rule because the U.S. has one of the highest fire death rates in the world. Nearly 4,000 people died in 1995 because of fires that started in their homes, of which nearly 1,000 were children under the age of 15.

Over the last four years the CPSC has been going through the process of taking public comments, conducting laboratory tests, and evaluating all the technical and economic issues relating to adoption of a safety standard in this area, including requirements relating to use of flame resistant chemicals to treat upholstered furniture. The CPSC staff has been working with scientists from other agencies, such as the National Institute of Environmental Health Sciences and the EPA to assure that all of the significant public health and safety issues associated with adoption of such a rule would be studied.

Now, the bill before us today contains a provision that would, in the words of CPSC Chairwoman Ann Brown, ''completely halt work currently underway . . . on a safety regulation to address the risk of fire from upholstered furniture. According to Chairwoman Brown, ''more fire deaths result from upholstered furniture than any other product under the CPSC's jurisdiction.'' The proposed rules in this area could save hundreds of lives and hundreds of millions in societal costs every year, according to CPSC staff estimates. And yet, instead of allowing the CPSC to proceed with its process, the legislative rider that has been attached to this bill would add at least a year's delay by requiring unnecessary and costly technical review and halting Commission work.

This anti-consumer rider will add additional costs and delays to an ongoing rulemaking process at the CPSC. It will micromanage the cost-benefit analysis that the CPSC is already required to undertake before it adopts a final rule. And it does so why? Well, according to last Friday's Washington Post, this provision is in the bill to benefit the narrow economic interest of a few upholstered furniture manufacturers in Mississippi who are opposed to a mandatory furniture flammability standard. As CPSC Chairwomen Brown has noted, the furniture industry's ''lobbyists are bringing the proper work of government to a halt.''

I think this is wrong. We should oppose this bill today and allow the CPSC to move forward in conjunction with the EPA to adopt a flammability standard for upholstered furniture that fully protects the public from harm. The Clinton Administration has indicated in its Statement of Administration policy that it is opposed to this provision and warned that ''efforts to block the development of a new safety standard represent a threat to public health.'' I agree, and I hope that if this bill is approved the House, this provision will either be deleted in conference or vetoed by the President. I urge a no vote on the bill.

Mr. EVANS. Mr. Chairman, I rise today to express my support for the VA–HUD Appropriations Act of 1999. Like the Administration's FY 1999 budget request, I do not believe this bill does enough to honor the sacrifices our veterans have made for our country. However, I do believe this bill is the best we can do for our veterans in this Congress, which is why I will vote for the bill.

In a perfect world, veterans health care funding would be at higher levels than provided for in this legislation. As health care

costs continue to rise, there is simply no way the VA can provide consistently high quality care to veterans at the present funding levels. An unfortunate result of such shortfalls has been to force VA's specialized care programs to take a back seat to other spending priorities. In the process, important veteran-oriented initiatives such as spinal cord injury centers, blind rehabilitation programs and programs for homeless and mentally ill veterans are not receiving the emphasis they deserve within VA. We cannot allow VA's special program and our commitment to our nation's veterans to unravel.

I also believe that funding levels for the VA Inspector General's office should be sufficient to allow the IG to conduct more of its extremely important work. At a minimum, the IG's budget should be increased by $3.298 million over the House level to enable the IG to perform critical follow up work in response to serious patient care issues raised by veterans and VA employees during the past year. I am pleased with Chairman LEWIS' willingness to consider increased funding levels for the VA Inspector General's office during conference wit the other body, and I thank the Oversight Subcommittee Chairman, TERRY EVERETT, for working with me on a bi-partisan basis to pursue this needed additional funding.

Despite its deficiencies, this legislation represents a modest improvement over last year's appropriation. Given the short time left in this congressional session, I believe we can ill afford to revert to last year's funding levels as part of a continuing resolution in the eleventh hour of this Congress. I urge members to support this bill with the hope that the next Congress can do more to honor the sacrifices made by our veterans.

Mr. LEWIS of California. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired. Pursuant to the rule, the amendment printed in House Report 105–628 is adopted and the bill is considered read for amendment under the 5 minute rule.

Amendment number 12 printed in the CONGRESSIONAL RECORD may be offered only by the gentleman from Iowa (Mr. LEACH) or his designee, shall be considered read, shall be considered for 40 minutes, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

During consideration of the bill for amendment, the chair may accord priority in recognition to a Member offering an amendment that he has printed in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, providing that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations and offices for the fiscal year ending September 30, 1999, and for other purposes, namely:

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

Mr. BROWN of California. Mr. Chairman, I move to strike the last word.

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Chairman, I just want to offer a few comments on the bill from the perspective of the authorizing committee on which I serve, the Committee on Science. This bill, of course, appropriates about $20 billion or more for programs within the purview of that committee.

I am happy to say that I am rising here to praise and not to condemn the work of the chairman and the ranking member, although there are some difficult choices that had to be made in this bill.

Benjamin Franklin once observed that necessity never made a good bargain, and yet it is necessity that drives the painful choices that go into this most challenging appropriation bill.

Evaluating this bill is always difficult for me. I believe deeply that this Nation has failed to do an adequate job of investing in our future by letting funding levels for civilian science programs decline over the last decade. Yet, this bill forces us to make painful trade-offs among disparate deserving domestic programs.

In this one bill, we have to fund housing, support our veterans, provide for emergency disaster relief and invest in our future at NASA, the National Science Foundation and EPA. Worse, we have no objective criteria for guiding us in waiving the respective benefits of spending among these programs.

I believe there is insufficient funding to meet all our legitimate civilian science needs, but I also know there are insufficient funds to meet the other needs captured in this bill.

□ 1030

Acknowledging this situation that our needs outpace our funds and that we seem to lack either the creative vision or will to do anything about that, I want to congratulate the chairman, the gentleman from California (Mr. LEWIS), and the ranking member of the subcommittee, my good friend, the gentleman from Ohio (Mr. STOKES), for doing a good job in a difficult year.

The funding levels for NASA, NSF and EPA are generally consistent with the President's budget request, and given the pressures on the subcommittee's allocation, that is a remarkable achievement. I have some specific areas of concern or congratulations. I am particularly pleased with the subcommittee action on funding the U.S.-Mexico Science Foundation, funding certain research related to the Salton Sea, and funding a number of FEMA programs which I think are critically important.

However, with the limited time that I have this morning, I want to draw the Members' attention just to two areas of concern. I am very worried about the continuing decline in funding for NASA. Our space agency is among the most efficient and best-managed agencies in the Federal Government, and it has been among the leaders in reinventing itself to do more with less. However, year after year, we ask NASA to keep the Nation at the forefront of civilian aeronautics technologies, satellite technologies, space exploration and space science, and year after year we give them not quite enough money to actually carry out those tasks.

Just as an example of the costs of underfunding NASA, I would point to the Near Earth Object detection and cataloging effort at NASA. The threat posed by Earth-orbit-crossing asteroids and comets has long been a concern of mine and of the committee. The Committee on Science has proposed augmenting funding for this important effort, and I am gratified that the Committee on Appropriations has increased fiscal year 1999 funding by $1.6 million. Nevertheless, I believe the Near Earth Object detection program, the cost of which represents just a fraction of the weekly receipts from current asteroid-disaster-themed Hollywood movies, could be considerably increased.

This is an example of a good program that could be great for very little additional money, and I hope we can do better for it coming out of conference, and I know that the chairman of the subcommittee shares my concern in that regard.

I might note that I saw the current asteroid disaster movie last Sunday, and it is going to stimulate a lot of public concern about whether Congress should be doing something about this important problem.

I am also distressed about language in the bill and report relating to EPA and the Kyoto Protocols. The gentleman from Ohio (Mr. STOKES) and others have commented on this matter. As presented to the House, the bill would place such sweeping limits so EPA that basically we are legislating their thought processes. We also appear to be barring useful work that predates Kyoto, and we would undermine efforts to improve public health. I will be supporting a series of amendments offered by my friend, the gentleman from California (Mr. WAXMAN) that would attempt to mitigate the excesses on the current language on this issue.

I look forward to continuing a very productive relationship with the chairman and ranking member of the subcommittee as we move toward conference, and I would be happy to provide any services I can to help them in their important work.

Mr. TIAHRT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have 2 amendments at the desk, but I do not intend to offer them today. Both amendments were designed to earmark money for Federal research and treatment for the Gulf War illness.

Now, in 1991, about 700,000 American men and women served in the Gulf War. All of us appreciate their courage and their service and thank each and every one of them. More than 228,000 of these veterans have sought medical care. Over 100,000 of them have indicated they may be suffering from Gulf War illness. Their symptoms include sleeplessness, chronic diarrhea, nausea, memory loss, miscarriages, and even birth defects of their newborn children.

Some veterans' organizations have estimated that several thousand of our soldiers have died, and their deaths, in some part, are related to their service in the Gulf War.

This is a very real problem, but the Department of Defense and the Veterans Administration have been very reluctant to acknowledge this problem. At first the Department of Defense said that this was not a problem. Then they told us it was stress-related. It was only until the last few years that the Department of Defense and the Veterans Administration have begun to search for solutions for those who are suffering from these diseases or illnesses that veterans are living with every day of their lives.

In February of this year, in a report by the Government Accounting Office, the GAO, it was stated, ''Our government was not proactive in researching Gulf War illness.''

As a government, we sat on our hands, and this was wrong. Now there is research in the Department of Defense; however, I am convinced that this research is not about the veterans; it is more about protecting soldiers in future conflicts, and I see no fault in it. I think that is very good research, but that places the burden on the Veterans Administration.

Mr. Chairman, I have a great deal of respect for the gentleman from California (Mr. LEWIS), the distinguished chairman of the Subcommittee on VA, HUD and Independent Agencies, and I want to encourage Mr. LEWIS to pursue language that would emphasize to the Veterans Administration the high priority of research and treatment of Gulf War illness.

Let me close by quoting from the February 1998 GAO report. They said in the report, ''The vast majority of research was not initiated until 1994 or later, and much of that was due to pressure by legislative requirements. These requirements were imposed by us here in Congress. Establishing Gulf War research and treatment as a high priority is the right thing to do, and that is why I make this request.''

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. TIAHRT. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. Chairman, I must say to the body that our colleague, the gentleman from Kansas (Mr. TIAHRT) has played a very significant role in dealing with this problem, for there is money in the pipeline now pushing forward that research on the part of the Veterans Administration that is taking place as a direct result of his own work with our committee as well as the entire Congress. I very much appreciate that, and we intend to continue to work with the gentleman, and as we go to conference, I want to make sure that there is emphasis one more time.

Mr. TIAHRT. Mr. Chairman, reclaiming my time, I thank the subcommittee chairman, the gentleman from California (Mr. LEWIS), and I appreciate his efforts. He has been instrumental in putting this pressure on to make sure that we maintain this high priority.

Mr. ROEMER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, first of all, I want to rise in my admiration for the chairman of the subcommittee who has some of the quickest wit and sparkling sense of humor of any Member in the body. While we agree on many things, including working together on providing quality homes for people in this country and manufactured housing, we disagree on the funding for the space station, where I will offer an amendment later today to strike the funding for the space station; not the space program, but the space station. That disagreement does not diminish my respect for our chairman, the gentleman from California (Mr. LEWIS).

I also have a great deal of respect for a Member from Ohio that is retiring and serving in his last year in this body, who has served not only this body and this institution, but has been a champion for the people in many big cities that have a very difficult time getting their fair share of the budget, getting their fair share of rights, getting their fair share of opportunities.

The gentleman from Ohio (Mr. STOKES) comes from a family of public servants. His brother served for many, many years not only as a mayor, not only as a member of the Ohio community, but served this country so ably, and the gentleman has followed in those footsteps and exceeded those footsteps, I think. So I want to thank him and associate myself with the many tributes that will take place to him.

The gentleman from Michigan (Mr. CAMP), a Republican, and I will offer an amendment later today to strike the funding for the space station, and we will do it, or I will do it for two reasons. One is because of the lack of merit in the space station itself as a program. It has not performed up to the capabilities that it should have; secondly, because we have such a difficult time now under a balanced budget agreement allocating the resources in a fair and just manner.

De Tocqueville said many years ago, ''America is a great country because America is a good country. It will cease to be great when it ceases to be good.'' I think that quote is very appropriate here today. If we do not allocate the resources in a fair, just and good manner to all in society, then we cease to be a great country.

Now, what about the merits of the space station? First of all, I support roughly the $11 billion to $12 billion in the NASA budget, but the $2.1 billion for the space station is not a good expenditure for science, it is not a good expenditure for NASA, and it is not a fair expenditure to the rest of the budget.

Right here, according to this graph, and I think the General Accounting Office put this out in their latest study, we will spend $98 billion over the course of building, developing, researching and maintaining the space station.

Now, we have spent about $20 billion so far, so my colleagues that say, well, we have already spent $20 billion, we will now throw another $80 billion toward this project, I want my colleagues to be very aware of that under the budgetary environment that we face. We have spent $20 billion on research and development; we will spend another $80 billion in the total cost of this.

Now, that is according to the General Accounting Office, and that is if everything goes perfectly. We just had a private sector report, the Cost Assessment and Validation Task Force, that now says that we probably will have cost overruns on the space station of $120 million to $250 million every single month. The $98 billion cost estimate is if everything goes perfectly from now on.

Well, we know it is not going perfectly. The prime contractor is having problems; we have just announced $5 billion in cost overruns, the Russians are not coming through with their fair share of expenditures, we are picking up the tab as taxpayers and transferring money out of NASA to the Russian account to pay for their services. So now the Chabrow report, with their estimation, is saying that, in fact, the space station that was supposed to be completed in 1994 may not be done until somewhere around 2005 or 2006 or 2007. And the development cost is going to be $24 billion instead of $17 billion.

So I think the gentleman from Michigan (Mr. CAMP) and other supporters of cancelling the space station, not the space program, but the space station program, will have this debate later today, and I urge Members' support.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFERS OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat.

2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540–548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); $21,857,058,000, to remain available until expended: *Provided,* That not to exceed $24,534,000 of the amount appropriated shall be reimbursed to ''General operating expenses'' and ''Medical care'' for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the ''Compensation and pensions'' appropriation: *Provided further,* That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to ''Medical facilities revolving fund'' to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, $1,175,000,000, to remain available until expended: *Provided,* That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98–77, as amended.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, $46,450,000, to remain available until expended.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That during fiscal year 1999, within the resources available, not to exceed $300,000 in gross obligations for direct loans are authorized for specially adapted housing loans: *Provided further,* That during 1999 any moneys that would be otherwise deposited into or paid from the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund shall be deposited into or paid from the Veterans Housing Benefit Program Fund: *Provided further,* That any balances in the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund on the effective date of this Act may be transferred to and merged with the Veterans Housing Benefit Program Fund.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $159,121,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $1,000, as authorized by 38 U.S.C. 3698, as amended: *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $3,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $206,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $55,000, as authorized by 38 U.S.C. chapter 31, as amended: *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $2,401,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $400,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, $515,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; aid to State homes as authorized by 38 U.S.C. 1741; administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq.; and not to exceed $8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); $17,057,396,000, plus reimbursements: *Provided,* That of the funds made available under this heading, $846,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1999, and shall remain available until September 30, 2000: *Provided further,* That of the funds made available under this heading, $6,000,000 is for the Musculoskeletal Disease Center, which amount shall remain available for obligation until expended: *Provided further,* That of the funds made available under this heading, not to exceed $22,633,000 may be transferred to and merged with the appropriation for ''General operating expenses''.

In addition, in conformance with Public Law 105–33 establishing the Department of Veterans Affairs Medical Care Collections Fund, such sums as may be deposited to such Fund pursuant to 38 U.S.C. 1729A may be transferred to this account, to remain available until expended for the purposes of this account.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, 2000, $310,000,000, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; $60,000,000, plus reimbursements.

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $7,000, as authorized by Public Law 102–54, section 8, which shall be transferred from the ''General post fund'': *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $70,000.

In addition, for administrative expenses to carry out the direct loan programs, $54,000, which shall be transferred from the ''General post fund'', as authorized by Public Law 102–54, section 8.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; $855,661,000: *Provided,* That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act.

NATIONAL CEMETERY SYSTEM

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of six passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, $92,006,000: *Provided,* That of the amount made available under this heading, not to exceed $86,000 may be transferred to and merged with the appropriation for ''General operating expenses''.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $32,702,000.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of 38 U.S.C., including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is $4,000,000 or more or where funds for a project were made available in a previous major project appropriation, $143,000,000, to remain available until expended: *Provided,* That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: *Provided further,* That funds provided in this appropriation for fiscal year 1999, for each approved project shall be obligated: (1) by the awarding of a construction documents contract by September 30, 1999; and (2) by the awarding of a construction contract by September 30, 2000: *Provided further,* That the Secretary shall promptly report in writing to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above: *Provided further,* That no funds from any other account except the ''Parking revolving fund'', may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of 38 U.S.C., where the estimated cost of a project is less than $4,000,000; $175,000,000 to remain available until expended, along with unobligated balances of previous ''Construction, minor projects'' appropriations which are hereby made available for any project where the estimated cost is less than $4,000,000: *Provided,* That funds in this account shall be available for: (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from ''Medical care''.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, $80,000,000, to remain available until expended.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, $10,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for fiscal year 1999 for ''Compensation and pensions'', ''Readjustment benefits'', and ''Veterans insurance and indemnities'' may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for fiscal year 1999 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for ''Construction, major projects'', ''Construction, minor projects'', and the ''Parking revolving fund'') shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 104. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901–7904 or 42 U.S.C. 5141–5204), unless reimbursement of cost is made to the ''Medical care'' account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 1999 for ''Compensation and pensions'', ''Readjustment benefits'', and ''Veterans insurance and indemnities'' shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 1998.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year 1999 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100–86, except that if such obligations are from trust fund accounts they shall be payable from ''Compensation and pensions''.

SEC. 107. Notwithstanding any other provision of law, during fiscal year 1999, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the ''General operating expenses'' account for the cost of administration of the insurance programs financed through those accounts: *Provided,* That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year 1999, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: *Provided further,* That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: *Provided further,* That the Secretary shall determine the cost of administration for fiscal year 1999, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. 108. In accordance with section 1557 of title 31, United States Code, the following obligated balances shall be exempt from subchapter IV of chapter 15 of such title and shall remain available for expenditure without fiscal year limitation: (1) funds obligated by the Department of Veterans Affairs for lease numbers 084B–05–94, 084B–07–94, and 084B–027–94 from funds made available in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994 (Public Law 103–124) under the heading ''Medical care''; and (2) funds obligated by the Department of Veterans Affairs for lease number 084B–002–96 from funds made available in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1995 (Public Law 103–327) under the heading ''Medical care''.

SEC. 109. (a) The Department of Veterans Affairs medical center in Salisbury, North Carolina, is hereby designated as the ''W.G. (Bill) Hefner Salisbury Department of Veterans Affairs Medical Center''. Any reference to such center in any law, regulation, map, document, record or other paper of the United States shall be considered to be a reference to the ''W.G. (Bill) Hefner Salisbury Department of Veterans Affairs Medical Center''.

(b) EFFECTIVE DATE.—The provisions of subsection (a) are effective on the latter of the first day of the 106th Congress or January 3, 1999.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

(INCLUDING TRANSFERS OF FUNDS)

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts (other than contracts for which amounts are provided under another heading in this Act) or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, $10,240,542,030, to remain available until expended: *Provided,* That of the total amount provided under this heading, $9,600,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts, for enhanced vouchers as provided under the ''Preserving Existing Housing Investment'' account in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104–204), and contracts entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act: *Provided further,* That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 1999: *Provided further,* That of the total amount provided under this heading, $97,000,000 shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the

Housing Act of 1959, as amended: *Provided further,* That of the total amount provided under this heading, $433,542,030 shall be for section 8 rental assistance under the United States Housing Act of 1937 including assistance to relocate residents of properties: (1) that are owned by the Secretary and being disposed of; or (2) that are discontinuing section 8 project-based assistance; for relocation and replacement housing for units that are demolished or disposed of from the public housing inventory (in addition to amounts that may be available for such purposes under this and other headings); for the conversion of section 23 projects to assistance under section 8; for funds to carry out the family unification program; and for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency: *Provided further,* That of the total amount made available in the preceding proviso, $40,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act, the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 (42 U.S.C. 1361l), or the restriction of occupancy to elderly families in accordance with section 658 of such Act, and to the extent the Secretary determines that such amount is not needed to fund applications for such affected families, to other nonelderly disabled families: *Provided further,* That the amount made available under the fifth proviso under the heading ''Prevention of Resident Displacement'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104–204, shall also be made available to nonelderly disabled families affected by the restriction of occupancy to elderly families in accordance with section 658 of the Housing and Community Development Act of 1992: *Provided further,* That to the extent the Secretary determines that the amount made available under the fifth proviso under the heading ''Prevention of Resident Displacement'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104–204, is not needed to fund applications for affected families described in the fifth proviso, or in the preceding proviso under this heading in this Act, the amount not needed shall be made available to other nonelderly disabled families: *Provided further,* That of the total amount provided under this heading, $10,000,000 shall be for Regional Opportunity Counseling: *Provided further,* That all balances, as of September 30, 1998, remaining in the ''Prevention of Resident Displacement'' account shall be transferred to and merged with the amounts provided for those purposes under this heading.

□ 1045

AMENDMENTS NUMBERED 18 OFFERED BY MR. STOKES

Mr. STOKES. Mr. Chairman, I offer amendment No. 18, which I offer on behalf of myself and the gentleman from Massachusetts (Mr. KENNEDY), and I ask unanimous consent that it be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Clerk will designate the amendments.

The text of the amendments is as follows:

Amendments numbered 18 offered by Mr. STOKES:

Page 18, line 14, after the dollar amount, insert the following: ''(reduced by $97,000,000)''.

Page 20, line 22, after the dollar amount, insert the following: ''(increased by $97,000,000)''.

Mr. STOKES. Mr. Chairman, the purpose of the amendment that I am offering, along with my friend, the gentleman from Massachusetts (Mr. KENNEDY) from the authorizing committee, is to provide additional Section 8 housing assistance vouchers targeted specifically to helping low income families make the transition from welfare to work.

The bill, as reported, provides $100 million for this purpose, and our amendment adds another $97 million. This will increase the number of new housing assistance vouchers provided for the bill from 17,600 to 34,800. This is still a bit short of the 50,000 new vouchers requested by the administration, but it is at least a good start.

The budgetary offset for the increase comes from $97 million that the bill appropriates for so-called Section 8 amendments, the term which HUD uses to refer to the process of adding funds to existing Section 8 housing assistance contracts that are running short.

The latest data from HUD and the GAO indicates that this $97 million would not be needed for Section 8 amendments in fiscal year 1999, as they have sufficient money on hand from other sources. Accordingly, what our amendment does is simply shift this $97 million within the Section 8 program and use it instead for welfare-to-work vouchers.

The context for our amendment is the very real crisis in affordable housing that is facing all too many people in this country. According to the latest statistics, there are 5.3 million low income households with what the experts call worst-case housing needs. These are people with incomes below 50 percent of the local median who receive no Federal housing assistance and who either pay more than half their income for rent or live in severely substandard housing.

This is not just an intercity housing problem. One-third of these 5.3 million households with worst-case needs live in the suburbs. It is not just a problem for people who do not have jobs. Indeed, the latest growth in worst-case housing needs has been among working families. The fact is, there is just not enough affordable housing to go around for people who earn low wages.

Despite the tremendous need, the Federal Government has been stepping back from its traditional role in helping to provide affordable housing. We are actually losing public housing units, not gaining. And there has not been funding since 1995 to expand the number of families helped by the Section 8 program, which is a program that provides financial assistance to help people rent housing on the private market.

The committee's bill takes a small step towards reversing this trend by providing funds for 17,800 new Section 8 housing vouchers, and our amendment makes that small step a little bigger by raising the number of new vouchers to 34,600.

Further, like the bill, our amendment targets those new housing vouchers to meeting a very high-priority need, helping people make the transition from welfare to work. Currently, about two-thirds of new jobs are being created in the suburbs, but three of every four welfare recipients live in central cities or rural areas. The basic purpose of the program, expanded by our amendment, is to help eliminate housing needs as an obstacle to getting and keeping jobs.

For example, families would be able to use the vouchers to move to areas where more job opportunities exist or to reduce excessively long and expensive commutes. The additional vouchers would be awarded on a competitive basis to local housing authorities. In other words, the vouchers would go to the localities who put together the best programs for using them, and HUD will be required to implement a system for tracking the use of these vouchers in evaluating the program's performance and in furthering the welfare-to-work objective.

In short, Mr. Chairman, our amendment provides a modest increase in a vital and well-structured program. I urge a yes vote on this Stokes Kennedy amendment.

Mr. LEWIS of California. Mr. Chairman, reluctantly, I rise in opposition to the amendment of my colleague.

Mr. Chairman, I believe the body knows that we have not had any significant funding for this program since 1995. The reason for that is that the voucher program essentially has been in serious disarray. It has not delivered service or money in a way that really made sense to those of us who know that we have challenges here in terms of serving poor people, but at the same time, as we try to meet those challenges, we would like to have the programs involved to work effectively.

This current year is the first year for some time we have provided significant dollars. There is some $100 million in the current fiscal year. That involves some 17,600 vouchers.

We are really taking a hard look at the way HUD is implementing this program. We want to measure whether or not they will get the job done this time. What this amendment suggests is that before that measurement actually takes place we ought to kind of double the program. We would go from 17,600 vouchers to 34,800. We would go from $100 million to $197 million.

Now while I have a good deal of empathy for what we are attempting to do here, frankly, I think we ought to deal as much as we can in the real world. The other body is more skeptical than we. They are providing some $40 million in their proposal this year, frankly, in no small part because they have

some of those questions from the past still remaining.

So I would urge the body to realize that we have only got so many dollars to go around. We ought to be conservative in connection with this in the most positive way. We want to make sure the dollars that are a part of the bill for serving people are being used well, and so let us go one step at a time here.

With that reservation in mind, thereby, I urge the body to vote no on this amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of the Stokes-Kennedy amendment. I also want to just take this opportunity to thank the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) for their hard work on looking out for the housing needs of our country.

Both of these gentlemen have worked together since I have been in the Congress in a way that has been, I think, very admirable.

I want to just say, as I look upon a fellow who was chairman of this subcommittee for many, many years and who is perhaps offering, if the chairman of the committee could just listen for 1 quick second here, it is perhaps the last housing amendment of the gentleman from Ohio (Mr. STOKES) that we are dealing with here. I know of the close relationship that the gentleman from California (Mr. LEWIS) and the gentleman from Ohio (Mr. STOKES) have. I would hope that maybe the opposition of the gentleman from California (Mr. LEWIS), while having been voiced, will not be too strong.

Mr. LEWIS of California. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from California.

Mr. LEWIS of California. Mr. Chairman, the gentleman is attempting to soften my heart relative to my colleague here. I would prefer that he come back just a little later when we will discuss this matter much more extensively.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I would be happy. We will be back later on when another amendment comes up.

But the fact is that this is an amendment that is important, and it is important for us to recognize the tremendous housing needs of this country. Of the 15 million families that are eligible for housing assistance in America today, only 3 million of them get it. That means there are 12 million families, almost 40 million people that are walking around our country, many of whom are living in cars, many of whom are living in shelters, that have no place to go.

Nobody is going to defend every housing program or every voucher program. But the truth of the matter is that when we look at the severe housing needs and the severe housing shortages of this country, it is a crying shame. Over 5 million families, almost 15 million people in our country today have what are determined to be severe housing shortages. They are paying over 50 percent of their income in rent and living in inadequate housing.

This voucher program is different than public housing. This voucher program is different than the project-based housing program. This is a voucher which you can take to any part of our country, take to any home in America and be able to rent an apartment. It is a program that works.

There is money in this bill, make no mistake about it. There is a gap in the funding levels of this bill that allows us to pay for this program. And when we look at the tremendous shortages of so many of our families, we have put a very tough welfare bill in place.

If we talk to the mayor of Philadelphia, he will tell us that with the lowering of the unemployment rate, the fact of the matter is, he has to find 47,000 new jobs for welfare recipients in the next several months. We have got to find over 2,000 jobs a week in the city of Boston. The mayor of Chicago will tell us he has got to find 164,000 jobs between now and December. The jobs simply do not exist.

If we take away the welfare benefit and we do not even provide housing, what we will be doing is sending people into homeless shelters. The homeless shelters that I have visited are at new records of participation. More and more people, in the midst of summer, at a time when traditionally people do not use homeless shelters, they are now full to the brim.

This is a crisis in America. Certainly we can study problems, but there is money in this appropriations bill that can be used to assist 100,000 more children, 100,000 more kids who are in trouble in America, who need a place to have and call a home, who need a shelter in their lives, who need a place that they can feel provides them respite from all of the ills that the rest of the world is foisting upon them.

I ask Members to reach into their conscience and to support this legislation. There is money to be able to spend on this bill and to get it done within the budgetary constraints within which the committee has found itself.

I believe that if we look at the housing shortage, if we look at a well-run housing program, there is not a better-run housing program than the voucher program. This voucher program is designed to get people from welfare to work and to give them some housing needs as that occurs. Please support this amendment.

The gentleman from Ohio (Mr. STOKES) has asked for this support. I ask for this support. I think if we get it, the gentleman from California (Mr. LEWIS) will end up going along with it.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Ohio (Mr. STOKES).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 501, further proceedings on the amendments offered by the gentleman from Ohio (Mr. STOKES) will be postponed.

Mrs. LINDA SMITH of Washington. Mr. Chairman, I move to strike the last word.

Mr. Chairman, when I came to the floor today, I had originally intended to introduce an amendment to this bill, but it is becoming very clear that there is great opposition from the leadership of Congress.

□ 1100

And it was ruled out of order in the Committee on Rules because leadership did not want this debate. I do not think it is a debate, however, that we should shirk from.

What the debate is about is just a few weeks ago, and then confirmed in the last week, we decided that we would take a big cut in veterans' health care because there was a big transportation budget coming down the tracks that needed more money. So on the end of the transportation bill, and then confirmed again at the end of the IRS bill, in the last few days, few hours, we said if a veteran ever started smoking while they were in the military, we would break our commitment to them to give them health care later in life, in their later years.

For far too long veterans have been given table scraps in Congress while we pass pork barrel bills of things not nearly as important, not nearly as honorable as funding veterans' health care or the benefits we promised. I think some Members need to think, as they look at this bill today before final passage, about what we told veterans when we went home on the Fourth of July. Many members were approached by a veteran at one of the celebrations of our freedom or one of the memorials of those lost in war or those wounded in war that we all went to, and at those we would have a veteran approach us and say, ''It was so terrible to read that veterans had a big health care cut. What will you do about it?''

And without exception, or very few I am sure, the Member of Congress would say, ''Well, it was a part of a bigger bill. The bigger bill was so important that we just had to vote for this veterans' health care cut. But when we go back, if we get a chance, we will fix this. Because it is really not very fair, is it?'' And we would apologize and then come back to Congress and, at the end of another bill, the IRS reform bill, right at the last minute, they found out the veterans' cuts were not done right in the transportation bill.

See, when we do things at the last minute, in a kind of way that is not aboveboard, that cannot be debated, we hang it on another bill. Sometimes it

does not get done very clean. And so what happens is the language was so messy, and, by the way, the President proposed the original language, so this is a bipartisan problem, that they had to bring it back up and put it on the IRS reform bill. It is called a must-pass bill. And we are told we are going to get in deep trouble if we do not vote for the IRS reform bill. So guess what? We will put it on this bill. Nothing related to veterans' health care, but they did have to reconfirm the writing and the drafting. So they put it on a must-pass bill.

Today, we have a third chance to keep our word. This is the veterans' bill. It is not just any other bill that we are hanging something on. This bill can say we made a mistake, and I am going to keep my word. If we vote for this bill, we are confirming the cut, $15 billion over 5 years.

Now, the health care portion of the V.A. budget is $17 billion a year for veterans. If we take this much money out, it is a real reduction; or, if it is not a reduction, where are we going to get the money? Are we going to take it out of housing? Are we going to go to veterans' outreach? Where will it come from? Where will it come from?

One thing we know is the veterans' population is increasing. And those about my age are the Vietnam vets. And guess what? They are getting to where things hurt. And the things we could have worked through in our 20's and 30's we cannot now necessarily do that. So they are needing to come forward and saying to us, ''I need you to keep your commitment to me; the one that you made when I served the country; the one that you made when I went back in and the recruiter said give us 2 more years. If you just come 2 more years, you will get health care.'' And what are we saying to them? We are saying to them, no, we are not going to honor that commitment ever.

When veterans got their S.P.'s in Vietnam, they got cigarettes. In the Second World War and Korea, when they were issued their provisions, they were given cigarettes. They were encouraged to smoke to release the tension. But if they did that, we are going to tell them now that we are going to break our word to them.

What I tell my colleagues is that this is the time you can keep our word to veterans. Every major veterans' group in the Nation came forward, from the littlest group to the Vietnam veterans. The Vietnam veterans are even calling our offices saying do not vote for this bill. If we are going to do the honorable thing, this is the only train this year that we can correct and put back on track. Do not vote for this bill.

The CHAIRMAN. The time of the gentlewoman from Washington (Mrs. LINDA SMITH) has expired.

(On request of Mr. OBEY, and by unanimous consent, Mrs. LINDA SMITH of Washington was allowed to proceed for 1 additional minute.)

Mr. OBEY. Mr. Chairman, will the gentlewoman yield?

Mrs. LINDA SMITH of Washington. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I simply want to say that I agree with the gentlewoman's observations, and that is one of the reasons that I think Members ought to vote against this bill.

Again, it is not because of anything that has been done by the subcommittee, but because of what has been done by this institution previously that has put this subcommittee in this box today. And I do not think we ought to be ratifying those decisions.

Mrs. LINDA SMITH of Washington. Reclaiming my time, Mr. Chairman, in conclusion, I think this is a hard issue for a lot of people. It is hard to know how to keep our commitment. But one thing we can be sure of, if we take $15 billion out of veterans' health care over 5 years, and the VA health care budget is only $17 billion a year, we cannot keep our commitment.

This is a Democrat-Republican problem. The President started it. He even recommended we do it. They got to the days of the transportation budget and just did not have enough money for all those roads that go nowhere. So, all of a sudden, both parties and the President made a decision that veterans do not have a loud enough voice.

Today, let us think about the veterans. Let us say it is not honorable to go forward with this and let us take it back, fix it, and bring it forward. There is a lot of good things and a lot of good effort in this bill, but let us defeat it, bring it back next week, and take the veterans' health care cut out of it.

Mr. Chairman, I am submitting for the RECORD an urgent appeal from the Vietnam Veterans of America regarding this bill.

VIETNAM VETERANS OF AMERICA, INC.,
Washington, DC, July 15, 1998.

URGENT APPEAL TO ALL U.S. REPRESENTATIVES

Don't break your promise to veterans again.

You hurt veterans twice already this year with majority votes in the House and Senate to loot $15 plus billion from disabled veterans and their widows and orphans for pork barrel projects in the transportation bill. Then just last week you dishonored veterans again by voting to finalize the transfer of funds for transportation in the IRS Reform bill.

Most if not all of you promised when you marched in Independence Day parades with your veterans this July 4th that you would correct this immoral act and restore the dollars taken for disabled veterans health care and benefits.

Well, you have a third chance now, vote no on final passage of H.R. 4194, the VA/HUD Fiscal Year 1999 appropriations bill. Representative Linda Smith tried to keep your promises to veterans, but was denied even a chance to vote to restore funds for veterans in this bill.

A vote for the VA–HUD bill is a vote against veterans. Vote no on final passage.

AMENDMENT NO. 23 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer amendment No. 23.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 23 offered by Ms. JACKSON-LEE of Texas:

Page 17, line 25, insert ''(increased by $183,000,000)'' after ''$10,250,542,030''.

Page 20, line 22, insert ''(increased by $183,000,000)'' after ''$100,000,000''.

Page 24, line 2, insert ''(decreased by $183,000,000)'' after ''$3,000,000,000''.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I ask unanimous consent that the amendment be considered en bloc?

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

Mr. LEWIS of California. Mr. Chairman, I must reserve a point of order against the amendment because it would increase the level of budget authority outlays in the bill in violation of clause 2 of rule XXI.

This rule states that it shall be in order to consider en bloc amendments proposed only to transfer appropriations among objects in the bill without increasing the levels of budget authority or outlays in the bill. The amendment would increase the level of budget authority outlays in the bill and, therefore, I make a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I would say to the chairman that I intend to withdraw this amendment and would like to support the Kennedy-Stokes amendment.

The CHAIRMAN. The Chair understands the gentleman from California to be reservng a point of order.

Ms. JACKSON-LEE of Texas. It is difficult in this process to, in many instances, help our constituents who are in great need because of the various procedures that are necessary. And I do realize that in the order of the House these are important, but since my main concern is to ensure that those who need public housing and affordable housing in America are taken care of, I offered an amendment that would have added more monies to the Section 8 incremental assistance restoration program.

That program provides the opportunity for families whose incomes do not meet the Section 8 standards. Section 8 certificates allow for housing throughout the community and for it to be integrated in the community separate and apart from public housing. My interest is to ensure that those particular families have a greater opportunity.

In fact, under the current version of the bill, only 14,000 new families will be able to receive incremental assistance under Section 8, and that is 36,000 families short of the administration's proposals. In dollars and cents terms, there is a difference of $183 million between H.R. 4194 and the administration's request.

I am delighted, however, to do two things this morning: One, to pay tribute to the gentleman from Ohio (Mr. LOUIS STOKES) for his long and dedicated service in this area of public

housing and service to veterans. The gentleman from Ohio has chaired and been the ranking member of this subcommittee for many, many years, and I appreciate his dedication to the spirit and the intent of my amendment, which is to find families who are struggling in America.

In particular, my district in Houston, the City of Houston, was cited as one of the cities with the lowest number of affordable housing units. We are desperately in need of housing families who struggle every day. With that in mind, I have viewed Section 8 housing as a very important mechanism for families looking to solidify their futures.

I would offer to withdraw my amendment and support the Kennedy-Stokes amendment, which answers the question of providing vouchers to low-income families living in housing owned by private landlords. Each of these families in the program, the vouchers pay the difference between the fair market value of their accommodations and 30 percent of their income. Therefore, this program not only ensures that private landlords get their fair share in rental income, but it also phases out the federal assistance as a qualifying family's income rises. Section 8 vouchers and certificates are vitally important to the minority community. The latest figures indicate that well over half of all Section 8 assistance goes to African American and Hispanic families.

Mr. Chairman, I would simply say that we are long behind helping to house the families who are in need of Section 8. Over half of Section 8 families are headed by a single parent. With the Kennedy-Stokes amendment, I believe that we are making great headway in this legislation to assure that those families who are asking not for a hand-out, but a hand-up and a step-up, that those families in my district and in the Houston area, in particular, which has been designated, as I said earlier, as a city without a lot of affordable housing, I believe the Stokes-Kennedy amendment does answer the question.

I am very pleased to rise to support this particular amendment. If I might inquire of the gentleman from Ohio, before my time ends and before withdrawing my amendment, to make sure that my understanding is correct, is it correct that the gentleman's amendment will provide additional monies for those families, incremental monies, to help them qualify for the Section 8? Is my understanding correct regarding the provisions of the gentleman's amendment that it will add more families to the Section 8 opportunities?

Mr. STOKES. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Ohio.

Mr. STOKES. Mr. Chairman, what precisely my amendment would do is to add additional vouchers up to the amount of $97 million, which is the requested amount by the administration, which would automatically provide additional vouchers, additional opportunities, for welfare to work for those persons who are residents of public housing.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I appreciate very much the gentleman's leadership on that issue. As he well knows, I had an additional concern about helping families raise their incomes to be eligible for Section 8. I do believe it is extremely important to answer the many waiting lists that are around the Nation where families are waiting for Section 8, and I applaud the gentleman's leadership.

I am delighted to withdraw my amendment in support of the Stokes-Kennedy amendment and thank the gentleman for his very fine leadership and thank the chairman as well for his fine leadership on this issue.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For tenant-based assistance under the United States Housing Act of 1937 to help eligible families make the transition from welfare to work, $100,000,000 from the total amount provided under this heading, to be administered by public housing agencies (including Indian housing authorities, as defined by the Secretary of Housing and Urban Development), and to remain available until expended: *Provided,* That families initially selected to receive assistance under this paragraph (1) shall be eligible to receive, shall be currently receiving, or shall have received within the preceding year, assistance or services funded under the Temporary Assistance for Needy Families (TANF) program under part A of title IV of the Social Security Act or as part of a State's qualified State expenditure under section 409(a)(7)(B)(i) of such Act; (2) shall be determined by the agency to be families for which tenant-based housing assistance is critical to successfully obtaining or retaining employment; and (3) shall not already be receiving tenant-based assistance: *Provided further,* That each application shall (1) describe the proposed program, which shall be developed by the public housing agency in consultation with the State, local or Tribal entity administering the TANF program and the entity, if any, administering the Welfare-to-Work grants allocated by the United States Department of Labor pursuant to section 403(a)(5)(A) of the Social Security Act, and which shall take into account the particular circumstances of the community; (2) demonstrate that tenant-based housing assistance is critical to the success of assisting eligible families to obtain or retain employment; (3) specify the criteria for selecting among eligible families to receive housing assistance under this paragraph; (4) describe the proposed strategy for tenant counseling and housing search assistance and landlord outreach; (5) include any requests for waivers of any administrative requirements or any provisions of the United States Housing Act of 1937, with a demonstration of how approval of the waivers would substantially further the objective of this paragraph; (6) include certifications from the State, local, or Tribal entity administering assistance under the TANF program and from the entity, if any, administering the Welfare-to-Work grants allocated by the United States Department of Labor, that the entity supports the proposed program and will cooperate with the public housing agency that administers the housing assistance to assure that such assistance is concurrent with other welfare reform and welfare to work initiatives; however, if either does not respond to the public housing agency within a reasonable time period, its concurrence shall be assumed, and if either objects to the application, its concerns shall accompany the application to the Secretary, who shall take them into account in this funding decision; and (7) include such other information as the Secretary may require and meet such other requirements as the Secretary may establish: *Provided further,* That the Secretary, after consultation with the Secretary of Health and Human Services and the Secretary of Labor, shall select public housing agencies to receive assistance under this paragraph on a competitive basis, taking into account the need for and quality of the proposed program (including innovative approaches), the extent to which the assistance will be coordinated with welfare reform and welfare to work initiatives, the extent to which the application demonstrates that tenant-based assistance is critical to the success of assisting eligible families to obtain or retain employment; and other appropriate criteria established by the Secretary: *Provided further,* That the Secretary may waive any administrative requirement or any provision of the United States Housing Act of 1937 if the Secretary determines that the waiver would substantially further the objective of the assistance under this paragraph, and in the event of any waiver, may make provision for alternative conditions or terms where appropriate: *Provided further,* That the Secretary may use up to one percent of the amount available under this paragraph, directly or indirectly, to conduct detailed evaluations of the effect of providing assistance under this paragraph.

PUBLIC HOUSING CAPITAL FUND

(INCLUDING TRANSFERS OF FUNDS)

For the Public Housing Capital Fund Program for modernization of existing public housing projects as authorized under section 14 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437), $3,000,000,000, to remain available until expended: *Provided,* That of the total amount, up to $100,000,000 shall be for carrying out activities under section 6(j) of such Act and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the Department and of public housing agencies and to residents in connection with the public housing programs and for lease adjustments to section 23 projects: *Provided further,* That of the amount available under this heading, up to $5,000,000 shall be for the Tenant Opportunity Program: *Provided further,* That all balances, as of September 30, 1998, of funds heretofore provided for section 673 public housing service coordinators shall be transferred to and merged with amounts made available under this heading.

PUBLIC HOUSING OPERATING FUND

For payments to public housing agencies for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), $2,818,000,000, to remain available until expended.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

(INCLUDING TRANSFER OF FUNDS)

For grants to public housing agencies and tribally designated housing entities for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, $290,000,000, to remain available until expended, of which $10,000,000 shall be for grants, technical assistance, contracts and other assistance, training, and program assessment and execution for or on behalf of public housing agencies, resident organizations, and Indian tribes and their tribally designated housing entities (including the cost of necessary travel for participants in such training); $10,000,000 shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development; and $10,000,000 shall be provided to the Office of Inspector General for Operation Safe Home: *Provided further,* That the term ''drug-related crime'', as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: *Provided further,* That notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)

For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants displaced by the demolition (including appropriate homeownership down payment assistance for displaced tenants), $600,000,000, to remain available until expended, of which the Secretary may use up to $10,000,000 for technical assistance and contract expertise, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: *Provided,* That no funds appropriated under this heading shall be used for any purpose that is not provided for herein, in the United States Housing Act of 1937, in the Appropriations Acts for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, 1995, 1997, and 1998, and the Omnibus Consolidated Rescissions and Appropriations Act of 1996: *Provided further,* That for purposes of environmental review pursuant to the National Environmental Policy Act of 1969, a grant under this head or under prior appropriations Acts for use for the purposes under this head shall be treated as assistance under title I of the United States Housing Act of 1937 and shall be subject to the regulations issued by the Secretary to implement section 26 of such Act: *Provided further,* That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104–330), $620,000,000, to remain available until expended, of which $6,000,000 shall be used to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the oversight and management of Indian housing and tenant-based assistance, including up to $200,000 for related travel: *Provided,* That of the amount provided under this heading, $6,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of the Native American Housing Assistance and Self-Determination Act of 1996: *Provided, further,* That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided, further,* That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed $54,600,000.

In addition, for administrative expenses to carry out the guaranteed loan program, up to $200,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses, to be used only for the administrative costs of these guarantees: *Provided,* That the funds made available in the first proviso in the preceding paragraph are for a demonstration on ways to enhance economic growth, to increase access to private capital, and to encourage the investment and participation of traditional financial institutions in tribal and other Native American areas.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (106 Stat. 3739), $6,000,000, to remain available until expended: *Provided,* That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $68,881,000.

In addition, for administrative expenses to carry out the guaranteed loan program, up to $400,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses, to be used only for the administrative costs of these guarantees.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901), $225,000,000, to remain available until expended*: Provided,* That up to 1 percent of such funds shall be available to the Secretary for technical assistance.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(INCLUDING TRANSFER OF FUNDS)

For grants to States and units of general local government and for related expenses, not otherwise provided for, to carry out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (the ''Act'' herein) (42 U.S.C. 5301), $4,725,000,000, to remain available until September 30, 2001: *Provided,* That $67,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of such Act; $3,000,000 shall be available as a grant to the Housing Assistance Council; $1,800,000 shall be available as a grant to the National American Indian Housing Council; $50,000,000 shall be for grants pursuant to section 107 of the Act; $20,000,000 shall be for grants pursuant to the Self Help Housing Opportunity program, subject to authorization: *Provided further,* That not to exceed 20 percent of any grant made with funds appropriated herein (other than a grant made available under the preceding proviso to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended) shall be expended for ''Planning and Management Development'' and ''Administration'' as defined in regulations promulgated by the Department.

Of the amount made available under this heading, $20,000,000 shall be available for Economic Development Grants, as authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects: *Provided,* That the Secretary of Housing and Urban Development shall make these grants available on a competitive basis as specified in section 102 of the Department of Housing and Urban Development Reform Act of 1989.

Of the amount made available under this heading, $30,000,000 shall be made available for ''capacity building for community development and affordable housing'', as authorized by section 4 of the HUD Demonstration Act of 1993 (Public Law 103–120), with not less than $10,000,000 of the funding to be used in rural areas, including tribal areas, to be divided equally among four entities, as specified in the report of the Appropriations Committee accompanying this Act.

Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to $50,000,000 for a public and assisted housing self-sufficiency program, of which up to $5,000,000 may be used for the Moving to Work Demonstration, and at least $20,000,000 shall be used for grants for service coordinators and congregate services for the elderly and disabled: *Provided,* That for self-sufficiency activities, the Secretary may make grants to public housing agencies (including Indian tribes and their tribally designated housing entities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals: *Provided further,* That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: *Provided further,* That the supportive services may include congregate services for the elderly and disabled, service coordinators, and coordinated education, training, and other supportive services, including case management skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development

and support programs, such as transportation, and child care: *Provided further,* That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: *Provided further,* That the Secretary shall select public and Indian housing agencies to receive assistance under this heading on a competitive basis, taking into account the quality of the proposed program, including any innovative approaches, the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary (except that this proviso shall not apply to renewal of grants for service coordinators and congregate services for the elderly and disabled).

Of the amount made available under this heading, notwithstanding any other provision of law, $35,000,000 shall be available for YouthBuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading: *Provided,* That local YouthBuild programs that demonstrate an ability to leverage private and nonprofit funding shall be given a priority for YouthBuild funding.

Of the amount made available under this heading, $50,000,000 shall be available for the Economic Development Initiative (EDI).

Of the amount made available under this heading, $25,000,000 shall be available for neighborhood initiatives that are utilized to improve the conditions of distressed and blighted areas and neighborhoods, and to determine whether housing benefits can be integrated more effectively with welfare reform initiatives.

For the cost of guaranteed loans, $29,000,000, as authorized by section 108 of the Housing and Community Development Act of 1974: *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further,* That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $1,261,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act of 1974: *Provided further,* That in addition, for administrative expenses to carry out the guaranteed loan program, $1,000,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses.

HOME INVESTMENT PARTNERSHIPS PROGRAM

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625), as amended, $1,600,000,000, to remain available until expended: *Provided,* That up to $7,000,000 of these funds shall be available for the development and operation of integrated community development management information systems: *Provided further,* That up to $10,000,000 of these funds shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968.

HOMELESS ASSISTANCE GRANTS

For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act, as amended); the supportive housing program (as authorized under subtitle C of title IV of such Act); the section 8 moderate rehabilitation single room occupancy program (as authorized under the United States Housing Act of 1937, as amended) to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and the shelter plus care program (as authorized under subtitle F of title IV of such Act), $975,000,000, to remain available until expended: *Provided,* That permanent housing assisted under the supportive housing program with amounts provided under this heading in this Act shall be given to chronically homeless individuals and families who have, or who include members who have, chronic disabilities, including substance and alcohol abuse, and mental illness and other chronic health conditions: *Provided further,* That any permanent housing assisted under this heading shall be provided only if supportive services are linked to the individuals living in the housing: *Provided further,* That the Secretary of Housing and Urban Development shall conduct a review of any balances of amounts provided under this heading in this or any previous appropriation Act that have been obligated but remain unexpended and shall deobligate any such amounts that the Secretary determines were obligated for contracts that are unlikely to be performed: *Provided further,* That up to 1% of the funds appropriated under this heading may be used for technical assistance and tracking systems needed to carry out the directive provided in the Committee Report.

HOUSING FOR SPECIAL POPULATIONS

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low-income families under the United States Housing Act of 1937, as amended (42 U.S.C 1437), not otherwise provided for, $839,000,000, to remain available until expended: *Provided,* That of the total amount provided under this heading, $645,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for the elderly under section 202(c)(2) of the Housing Act of 1959, and for supportive services associated with the housing; and $194,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, for project rental assistance, for amendments to contracts for project rental assistance, and supportive services associated with the housing for persons with disabilities as authorized by section 811 of such Act: *Provided further,* That the Secretary may designate up to 25 percent of the amounts for section 811 of such Act for tenant-based assistance, as authorized under that section, including such authority as may be waived under the next proviso, which assistance shall be for five years in duration: *Provided further,* That the Secretary may waive any provision of section 202 of the Housing Act of 1959 or section 811 of the Cranston-Gonzalez National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the respective objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 1998, and any collections made during fiscal year 1999, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year 1999, commitments to guarantee loans to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of $110,000,000,000.

During fiscal year 1999, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed $50,000,000: *Provided,* That the foregoing amount shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund.

For administrative expenses necessary to carry out the guaranteed and direct loan program, $328,888,000, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt account, of which not to exceed $324,866,000 shall be transferred to the appropriation for departmental salaries and expenses; and of which not to exceed $4,022,000 shall be transferred to the appropriation for the Office of Inspector General.

In addition, for non-overhead administrative expenses necessary to carry out the Mutual Mortgage Insurance guarantee and direct loan program, $200,000,000, to be derived from the FHA-mutual mortgage insurance guaranteed loan receipt account.

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z–3 and 1735c), including the cost of loan guarantee modifications (as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended), $81,000,000, to remain available until expended: *Provided,* That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to $18,100,000,000.

Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238, and 519(a) of the National Housing Act, shall not exceed $50,000,000; of which not to exceed $30,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and formerly insured under such Act; and of which not to exceed $20,000,000 shall be for loans to nonprofit and governmental entities in connection with the sale of single-family real properties owned by the Secretary and formerly insured under such Act.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, $211,455,000, of which $193,134,000, shall be transferred to the appropriation for departmental salaries and expenses; and of which $18,321,000 shall be transferred to the appropriation for the Office of Inspector General.

In addition, for non-overhead administrative expenses necessary to carry out the guaranteed and direct loan programs, $104,000,000.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

During fiscal year 1999, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed $150,000,000,000.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, $9,383,000, to be derived from the GNMA-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed $9,383,000 shall be transferred to the appropriation for departmental salaries and expenses.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z–1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, $47,500,000, to remain available until September 30, 2000, of which $10,000,000 shall be for activities to support the Partnership for Advanced Technologies in Housing.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, $40,000,000, to remain available until September 30, 2000, of which $23,500,000 shall be to carry out activities pursuant to such section 561: *Provided*, That no funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.

□ 1115

Mr. STOKES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to speak briefly about the Fair Housing Initiatives Program and particularly about my understanding of the committee's intent with respect to use of funds for this program.

The Fair Housing Initiatives Program, known as FHIP, provides grants to nonprofit organizations and local government agencies to aid in the promotion of fair housing. These grants are used for education, for outreach efforts, for investigation of possible violations, for conciliation of complaints and other similar purposes.

FHIP guarantees to address the full range of prohibited discrimination in sale and rental of housing and provision of housing-related services, including discrimination based on race, discrimination based on sex, discrimination against people with disabilities, and discrimination against families with children.

Unfortunately, this kind of housing discrimination still exists in our Nation. And, for this reason, I am pleased to report that our committee has been able to provide a portion of the funding increase requested by the administration for the FHIP program.

In funding this program, our subcommittee has taken note of a controversy surrounding the application of our Federal Fair Housing laws to discrimination in the provision of property insurance. Now, I and many others believe that there should be no doubt that the Fair Housing Act prohibits that kind of discrimination. Without access to insurance, they are not going to get a mortgage and they are not going to be able to buy a home. This position has been consistently taken by HUD and the Justice Department throughout both Republican and Democratic administrations and has been reaffirmed by the courts.

However, some still raise doubts and maintain that FHIP funds should not be available to address discrimination in the provision of property insurance. In the spirit of compromise, we worked out an agreement on this issue last year. That agreement proved workable in fiscal year 1998 and is repeated in the committee's report language on this bill.

In essence, the committee agreed that FHIP grants should not be awarded for any single-purpose enforcement initiatives. In other words, funds should not be used to make grants for enforcement efforts targeted to any narrow category of discrimination, whether that category is discrimination in provision of insurance or any other particular form of discrimination. Rather, FHIP funds are to be used for activities addressing a broad range of conduct prohibited by the Fair Housing Act.

In the view of HUD, the Justice Department and the courts, that broad range of prohibited conduct includes discrimination in the provision of insurance. And FHIP grantees are free to use their funds to address such discrimination as long as they do so in the context of a broadly based fair housing enforcement program.

Mrs. CHENOWETH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, one of the oldest tactics of argument is the shotgun approach. In debate, they bombard their opposition with a flurry of arguments in the hopes that somewhere along the line one of their points will ring true.

In football, an all-out blitz gives the defense the very best odds that somebody will sack the quarterback. But, Mr. Chairman, the appropriations process in the Congress is not a high school debate, and it is not a football game. Instead, it should be a solemn responsibility of the elected representatives of this great Nation to determine the just allocation of the hard-earned money of our Nation's taxpayers.

We do not have a fair and honest debate on individual departments or programs. Instead, in the VA-HUD appropriations bill, we will have alphabet soup, an approach to government.

Let me just read to my colleagues some of the names of the agencies that we are dealing with: HUD, EPA, CEQ, OEQ, FDIC, FEMA, NASA, NSF, ABMC, CSHIB. Mr. Chairman, I am sure my colleagues get my point. It goes on and on and on. Why are we forced to vote in favor of increased funding for agencies like HUD in order to just get funding for our veterans and complete our promises?

Let me demonstrate my point. I asked for a seat on the Committee on Veterans' Affairs in the 105th Congress in order to be in a position of advocacy for these great Americans. Less than a month ago, two chairmen of the Committee on Veterans' Affairs joined with me to hold a field hearing in my district to determine the methods of improving veterans' health care. Both chairmen and I came out of that hearing with a clear idea about the steps that Congress and the VA needs to take to ensure that we keep our promises as a Nation to the veterans to provide the health care we promised.

So, in theory, all I would have to do is look at the recommendations from the Subcommittee on VA, HUD and Independent Agencies to ensure that the necessary programs are funded at the appropriate levels. Well, instead, I have to vote to fund the VA in conjunction with some 20 other programs in order to guarantee the VA is funded. This is offensive, Mr. Chairman.

But I also have other concerns about the VA-HUD appropriation bill. This bill appropriates $94.4 billion in new budget authority, $94.4 billion. It increases spending by $4.4 billion over 1998. But what concerns me most about this increase in spending is that not one penny of the increases will go to the veterans' medical care. Over $4 billion of new spending and we are not going to spend one new dime to provide the necessary medical care. Yes, we spent new money for administrative care, but not new money for the kind of medical care we need for our veterans.

This bill also makes no provision for the mandatory cost-of-living adjustment for our veterans' benefits. We provided for everyone else, but what about our veterans? Again, there is an increase of more than $4 billion in spending from last year, but that does not include the necessary COLA for our veterans.

Earlier this year, we voted to take billions of dollars from veterans' programs and use them to fund transportation projects. Instead of trying to right the wrong, we are increasing spending for HUD and EPA and CEQ and not for the veterans' medical care.

Additionally, this bill cuts funding for the maintenance of war memorials, our national cemeteries, and Arlington National Cemetery, our finest symbol of honor and valor in this country.

Mr. Chairman, I recognize the need for fiscal responsibility. However, this is not being responsible, increasing HUD by the degree that we are and forgetting our veterans. We should not balance the budget on the back of our

veterans. They should be a priority because we made that promise, not an afterthought.

I urge a no vote on H.R. 4194.

Mr. LEWIS of California. Mr. Chairman, I move to strike the last requisite number of words.

Mr. Chairman, I must say to my colleagues in the House that the description made of our bill a moment ago is so far from being a reflection of the work of this committee that I cannot help but respond.

This committee has been a part of that significant effort to reduce patterns of growth in the Government across the board. We have reduced patterns of growth in every category except the veterans' category. This subcommittee has consistently adjusted funding for veterans in a positive way. In a bipartisan way, we have expressed our concern about veterans and indeed have made significant strides in the direction of improving the quality of care delivered to veterans across the country.

The CHAIRMAN (Mr. COMBEST). The Clerk will read.

The Clerk read as follows:

OFFICE OF LEAD HAZARD CONTROL

LEAD HAZARD REDUCTION

For the Lead Hazard Reduction Program, as authorized by sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992, $80,000,000 to remain available until expended, of which $2,500,000 shall be for CLEARCorps and $20,000,000 shall be for a Healthy Homes Initiative, which shall be a program pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970 that shall include research, studies, testing, and demonstration efforts, including education and outreach concerning lead-based paint poisoning and other housing-related environmental diseases and hazards.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development not otherwise provided for, including not to exceed $7,000 for official reception and representation expenses, $985,826,000, of which $518,000,000 shall be provided from the various funds of the Federal Housing Administration, $9,383,000 shall be provided from funds of the Government National Mortgage Association, $1,000,000 shall be provided from the ''Community Development Grants Program'' account, $200,000 shall be provided from the ''Native American Housing Block Grants'' account, and $400,000 shall be provided from the ''Indian Housing Loan Guarantee Fund Program Account''.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $81,910,000, of which $22,343,000 shall be provided from the various funds of the Federal Housing Administration and $10,000,000 shall be provided from the amount earmarked for Operation Safe Home in the ''Drug Elimination Grants for Low-Income Housing'' account.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, $16,551,000, to remain available until expended, to be derived from the Federal Housing Enterprise Oversight Fund: *Provided,* That not to exceed such amount shall be available from the General Fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: *Provided further,* That the General Fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the General Fund estimated at not more than $0.

Mrs. KELLY. Mr. Chairman, I move to strike the last word.

I would like to join the gentleman from California (Mr. LEWIS) in a colloquy.

Chairman LEWIS, I apologize for not being here during the time that you were discussing title I of this bill. Other business kept me from the House floor.

But, as you know, I and a number of my colleagues in New York and New Jersey have been very concerned over reports of substandard care amount our veterans' hospitals with Veterans Integrated Service Network 3.

An investigation by the VA's Office of Medical Inspector confirmed over 158 separate health and safety violations at the VISN 3 facilities. Of added concern was the fact that these problems coincided with the funding cuts required by the implementation of the Veterans Equitable Resource system, or VERA.

While the Office of Medical Inspector was identifying so many problems related to the care and services of our veterans, the VISN 3 director transferred an additional $20 million over and above what was required by VERA back to Washington. This action may have satisfied a budgetary goal, but it is completely inconsistent with the goal of quality veterans care, which should be the core mission of the VA.

With your leadership, Mr. Chairman, the committee included report language to accompany the Fiscal Year 1999 VA–HUD appropriations bill to urge the VA Secretary to provide VISN 3 with a one-time credit of $20 million, ensuring that this funding remains in the Network to address the problems noted in the OMI's report. Unfortunately, public statements by the VA have suggested that the agency may not carry out the committee's wishes as set forth by the report.

Mr. Chairman, is it your intention that the VA will carry out the will of the committee as dictated by the report language?

Mr. LEWIS of California. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from California.

Mr. LEWIS of California. The gentlewoman from New York (Mrs. KELLY) correctly characterizes the nature of the problems in VISN 3, and I would like to assure her that it is my intention that the VA comply with the directive included in the report to provide VISN 3 with a one-time credit of $20 million.

To further address her concerns, I have a letter from VA Deputy Secretary Gober which clarifies that it is his agency's policy to honor appropriations report language.

Mr. GILMAN. Mr. Chairman, I rise today in support of the colliquy taking place between subcommittee Chairman LEWIS and my colleague from New York, Representative KELLY.

Earlier this year, a General Accounting Office study, which had been requested by the New York delegation, revealed that the director of VISN–3 had returned $20 million from his FY '97 budget to Washington at a time when the VA Office of the Medical Inspector was finding more than 156 separate health and safety violations at two of the VISN's eight hospitals.

No other VISN, Mr. Speaker, returned any money from their FY '97 budget to Washington. Leaving the timing of the decision aside, central VA authorities, at the very least, should have credited VISN–3 with making additional contributions to VERA requirements ahead of time. Regrettably, this was not the case, and essentially, VISN–3 received absolutely nothing for returning these funds.

VISN–3 has been the one network hardest hit by the VERA realignment. While we in Congress are awaiting the final report of the GAO on the effects of VERA on the quality of care being delivered in VISN–3, it is safe to conclude that VERA has not improved matters.

Furthermore, while it may have been inappropriate for the VISN director to send back such a large sum of money at a time when so many infra-structural and staffing problems were surfacing, the fact remains that the VISN should have benefited from its director's ''thriftiness.'' That it did not is a gross injustice, one which the VA should now correct to assure quality care for our Veterans.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to add to the comments made in the colloquy between the gentleman from California (Mr. LEWIS) and the gentlewoman from New York (Mrs. KELLY).

First of all, let me thank the gentlewoman from New York (Mrs. KELLY) and the gentlewoman from my own State of New Jersey (Mrs. ROUKEMA) for their leadership relative to getting back from Washington the money that was sent back by the VISN 3 director, Jim Farsetta, from the New York and New Jersey region.

□ 1130

Their leadership has been wonderful and entirely appropriate.

Only 2 weeks ago, Mr. Chairman, I learned in my district office in New Jersey from the top brass of that VISN, that Veterans Integrated Service Network, from the lips of James Farsetta, who is the director, as well as Kim Mizarch, who heads up the combined veterans hospitals in New Jersey, that the VA, if that money comes back to

New York and New Jersey, that $20 million that was inappropriately sent back to Washington, that the VISN leadership would use that to pay the retirement packages for employees that will be retiring from hospitals in the New York and New Jersey region.

That is entirely inappropriate. If, in fact, that money comes back to New York and New Jersey, it ought to be used to increase the health care access and programs, as the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentlewoman from New York (Mrs. KELLY) and myself and other members of the delegation, both Democrats and Republicans, would seek. The thought of using that money for retirement packages flies in the face of everything we have learned about the way our system is run and, quite honestly, quality of care issues are definitely in effect in that that money ought to be used for medical care for the veterans, not for retirement packages.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Mr. Chairman, I want to express my appreciation for gentleman's leadership on this subject; of course, for the gentlewoman from New York (Mrs. KELLY). We all share the same needs in the New York-New Jersey area for veterans.

I also want to enter into this colloquy because it is most essential, what the gentleman has just said and what I stated earlier in the general debate, that the committee has got to force the compliance with the VA under the conditions of this legislation and the conditions under which the $20 million is being allocated. And I am happy to hear, I had not known until just recently, about this conversation or discussion the gentleman had with Farsetta.

Mr. FRELINGHUYSEN. Director Farsetta.

Mrs. ROUKEMA. The director, but I am very pleased to learn of the letter that the gentleman from California (Mr. LEWIS) has just identified and the stated intentions. This colloquy and the language in the appropriations bill should be ample evidence that they have to comply with the intentions of Congress,, and I really commend the gentleman for his leadership.

I want to continue to working with the gentleman, Mr. Chairman. We will be the watchdogs on this issue.

Mr. FRELINGHUYSEN. Reclaiming my time, I yield to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I simply want to concur in what the gentleman said, and I want to emphasize that the money should go, as we all expected it to go, into high-quality medical care for the veterans. They deserve nothing less.

Mrs. ROUKEMA. Precisely.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield to the gentleman from New York (Mr. SOLOMON), chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Chairman, I will make it very fast.

I just want to commend the gentleman from New Jersey (Mr. FRELINGHUYSEN), and certainly the gentlewoman from New Jersey (Mrs. ROUKEMA), particularly the gentlewoman from New York (Mrs. KELLY), my neighbor.

As a former ranking member of the Committee on Veterans Affairs, the money ought to go to medical care delivery. That is where the shortage is. And I appreciate, believe me, the support of the gentleman from California (Mr. LEWIS) because he has always been a great supporter of the veterans, and with this help now we will see that it happens.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ADMINISTRATIVE PROVISIONS

PUBLIC AND ASSISTED HOUSING RENTS, PREFERENCES, AND FLEXIBILITY

SEC. 201. (a) Section 402(a) of The Balanced Budget Downpayment Act, I (Public Law 104–99; (110 Stat. 40)) is amended by striking ''fiscal years 1997 and 1998'' and inserting ''fiscal years 1997, 1998, and 1999''.

(b) Section 402(f) of The Balanced Budget Downpayment Act, I (42 U.S.C. 1437aa note) is amended by inserting before the period at the end the following: '', except that subsection (d) and the amendments made by such subsection shall also be effective for fiscal year 1999''.

(c) PUBLIC HOUSING FUNDING FLEXIBILITY.—Section 201(a)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note), is amended to read as follows:

''(2) APPLICABILITY.—Section 14(q) of the United States Housing Act of 1937 shall be effective only with respect to assistance provided from funds made available for fiscal year 1999 or any preceding fiscal year, except that the authority in the first sentence of section 14(q)(1) to use up to 10 percent of the allocation of certain funds for any operating subsidy purpose shall not apply to amounts made available for fiscal years 1998 and 1999.''

DELAY REISSUANCE OF VOUCHERS AND CERTIFICATES

SEC. 202. Section 403(c) of The Balanced Budget Downpayment Act, I (Public Law 104–99; (110 Stat. 44)) is amended—

(1) by striking ''fiscal years 1996, 1997, and 1998'' and inserting ''fiscal years 1996, 1997, 1998, and 1999'';

(2) by striking ''1997 and October'' and inserting ''1997, October''; and

(3) by inserting before the semicolon the following: '', and October 1, 1999 for assistance made available during fiscal year 1999''.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS GRANTS

SEC. 203. (a) ELIGIBILITY.—Notwithstanding section 854(c)(1)(A) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)(1)(A)), from any amounts made available under this title for fiscal year 1999 that are allocated under such section, the Secretary of Housing and Urban Development shall allocate and make a grant, in the amount determined under subsection (b), for any State that—

(1) received an allocation in a prior fiscal year under clause (ii) of such section; and

(2) is not otherwise eligible for an allocation for fiscal year 1999 under such clause (ii) because the areas in the State outside of the metropolitan statistical areas that qualify under clause (i) in fiscal year 1999 do not have the number of cases of acquired immunodeficiency syndrome required under such clause.

(b) AMOUNT.—The amount of the allocation and grant for any State described in subsection (a) shall be an amount based on the cumulative number of AIDS cases in the areas of that State that are outside of metropolitan statistical areas that qualify under clause (i) of such section 854(c)(1)(A) in fiscal year 1999 in proportion to AIDS cases among cities and States that qualify under clauses (i) and (ii) of such section and States deemed eligible under subsection (a).

(c) ENVIRONMENTAL REVIEW.—For purposes of environmental review, pursuant to the National Environmental Policy Act of 1969 and other provisions of law that further the purposes of such Act, a grant under the AIDS Housing Opportunity Act (42 U.S.C. 12901 et seq.) from amounts provided under this or prior Acts shall be treated as assistance for a special project that is subject to section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547), and shall be subject to the regulations issued by the Secretary to implement such section. Where the grantee under the AIDS Housing Opportunity Act is a nonprofit organization and the activity is proposed to be carried out within the jurisdiction of an Indian tribe or the community of an Alaska native village, the role of the State or unit of general local government under sections 305(c)(1)–(3) of such Act may be carried out by the Indian tribe or Alaska native village instead.

DRAWDOWN OF FUNDS

SEC. 204. Section 14(q)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437l(q)(1)) is amended by inserting after the first sentence the following sentence: ''Such assistance may involve the drawdown of funds on a schedule commensurate with construction draws for deposit into an interest earning escrow account to serve as collateral or credit enhancement for bonds issued by a public agency for the construction or rehabilitation of the development.''.

ISSUANCE OF CERTIFICATES AND VOUCHERS TO SINGLE PERSONS

SEC. 205. (a) CERTIFICATE PROGRAM.—Section 8(c)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(1)) is amended by inserting after the third sentence the following new sentence: ''The maximum monthly rent for a single person (other than an elderly person or person with disabilities, if such elderly person or person with disabilities is living with one or more persons determined under the regulations of the Secretary to be essential to such person's care or well-being) receiving tenant-based rental assistance in the certificate program under subsection (b)(1) shall not exceed by more than the amount permitted under the second sentence of this paragraph the fair market rental for an efficiency unit, except that the Secretary, or the public housing agency in accordance with guidelines established by the Secretary, may determine not to apply the limitation in this sentence if there is an insufficient supply of efficiency units in the market area or if necessary to meet the needs of persons with disabilities.''.

(b) VOUCHER PROGRAM.—Section 8(o) of such Act (42 U.S.C. 1437f(o)) is amended by inserting the following at the end of paragraph (1): ''The payment standard for a single person (other than an elderly person or person with disabilities, if such elderly person or person with disabilities is living with one or more persons determined under the regulations of the Secretary to be essential to such person's care or well-being) shall be based on the fair market rental for an efficiency unit, except that the Secretary, or

the public housing agency in accordance with guidelines established by the Secretary, may determine not to apply the limitation in this sentence if there is an insufficient supply of efficiency units in the market area or if necessary to meet the needs of persons with disabilities.''.

(c) APPLICABILITY.—This section shall take effect 60 days after the later of October 1, 1998 or the date of enactment of this Act.

ELIMINATION OF SHOPPING INCENTIVE FOR VOUCHER FAMILIES WHO REMAIN IN SAME UNIT UPON INITIAL RECEIPT OF ASSISTANCE

SEC. 206. (a) Section 8(o)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(2)) is amended by inserting the following new sentence at the end: ''Notwithstanding the preceding sentence, for families being admitted to the voucher program who remain in the same unit or complex, where the rent (including the amount allowed for utilities) does not exceed the payment standard, the monthly assistance payment for any family shall be the amount by which such rent exceeds the greater of 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly income.''.

(b) This section shall take effect 60 days after the later of October 1, 1998 or the date of enactment of this Act.

RENEGOTIATION OF PERFORMANCE FUNDING SYSTEM

SEC. 207. Section 9(a)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437g(a)(3)(A)) is amended—

(1) by inserting after the third sentence the following new sentence to read as follows: ''Notwithstanding the preceding sentences, the Secretary may revise the performance funding system in a manner that takes into account equity among public housing agencies and that includes appropriate incentives for sound management.''; and

(2) in the last sentence, by inserting after ''vacant public housing units'' the following: '', or any substantial change under the preceding sentence,''.

CDBG AND HOME EXEMPTION

SEC. 208. The City of Oxnard, California may use amounts available to the City under title I of the Housing and Community Development Act of 1974 and under subtitle A of title II of the Cranston-Gonzalez National Affordable Housing Act to reimburse the City for its cost in purchasing 19.89 acres of land, more or less, located at the northwest corner of Lombard Street and Camino del Sol in the City, on the north side of the 2100 block of Camino del Sol, for the purpose of providing affordable housing. The procedures set forth in sections 104(g) (2) and (3) of the Housing and Community Development Act of 1974 and sections 288 (b) and (c) of the Cranston-Gonzalez National Affordable Housing Act shall not apply to any release of funds for such reimbursement.

AMENDMENT NO. 9 OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I offer an amendment that was printed in the RECORD.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. VENTO:

Page 52, after line 2, insert the following new section:

LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP

SEC. 210. (a) NOTICE OF PREPAYMENT OR TERMINATION.—Notwithstanding section 212(b) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4102(b)) or any other provision of law, during fiscal year 1999 and each fiscal year thereafter, an owner of eligible low-income housing (as defined in section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4119)) that intends to take any action described in section 212(a) of such Act (12 U.S.C. 4102(a)) shall, not less than 1 year before the date on which the action is taken—

(1) file a notice indicating that intent with the chief executive officer of the appropriate State or local government for the jurisdiction within which the housing is located; and

(2) provide each tenant of the housing with a copy of that notice.

(b) Exception.—The requirements of this section do not apply—

(1) in any case in which the prepayment or termination at issue is necessary to effect conversion to ownership by a priority purchaser (as defined in section 231(a) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4120(a)); or

(2) in the case of any owner who has provided notice of an intended prepayment or termination on or before July 7, 1998, in accordance wit the requirements of section 212(b) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4102(b)).

Mr. LEWIS of California. Mr. Chairman, I reserve a point of order on the amendment.

Mr. VENTO. Mr. Chairman, I appreciate the gentleman reserving his point of order.

There is a similar amendment that has been passed to mine which provides 1 year notice for persons residing in assisted housing where there is an exercised option by the owner to, in fact, terminate the assisted or Section 8 type of support to such housing. This is a problem of immediate concern that is causing a crisis across the Nation.

The fact is that in 1989 in the LIHPRA legislation that was enacted, there was a provision for prenotification of the option to exercise termination of such contract. But that has not been implemented, and, as my colleagues are aware and I am very concerned about, there is not funding for the Low-income Housing Preservation Resident Ownership Program in this legislation, and what we hope to do is at least try to provide this notice so that individuals who are receiving only, in some cases only 30 days and others 60 days notice, are not receiving much notification, that they, in fact, would have that. I suppose optimally, if they have a year, they would have a chance to really restructure this and to do something to, in fact, maintain this low-income housing.

While it is important nationwide with hundreds of thousands of units of low-income housing being converted, it is especially important in our State of Minnesota where nearly 10 percent of the low-income housing is affected by this provision.

So this prepayment notice provision has been added to the Senate bill by our senior Senator, and we hope that that will be looked at in conference. At the very least we would like the option to offer it at this time, but the rule obviously, while making great provisions for other measures to be offered on the floor that have, I think, much less relevance and relationship to the appropriation process, has decided not to do so for us.

Mr. Chairman, I yield to the gentleman from Minnesota (Mr. SABO), my colleague and a member of this subcommittee.

Mr. SABO. Mr. Chairman, I congratulate the gentleman from Minnesota (Mr. VENTO) on an excellent amendment.

As I understand the gentleman's amendment, it requires notice to both the residents and the local governments.

Mr. VENTO. Yes, it does, and I continue to yield to the gentleman.

Mr. SABO. That is very crucial for 2 reasons: one, so that the residents have some advance knowledge that their status may change, and also so the local governments may know that the status of buildings are going to change so that there is some potential for negotiating, maybe even negotiating change of ownership. And I had one big project where they were able to work out a nonprofit ownership of a building where the owner wanted to refinance so they could continue as low-income housing.

And so I just think this is a very important amendment, and let me add that it is one part of dealing with what is a growing problem in our country, and that is the lack of affordable housing. Clearly the expansion of vouchers helps, and I strongly support the Stokes amendment to add more vouchers. But we have a problem that goes beyond that in our area in Minnesota, and that is that we have very, very low vacancy rates, and the problem is that people lose their vouchers, and there is no place to go. We desperately in this country need to build more housing that is available for low-income people. The vouchers are good, but, if there is no housing to use them with, they fail their purpose.

And so we really need to be fair to local governments, to residents, to have the kind of notice that my friend, the gentleman from Minnesota (Mr. VENTO), is suggesting, but we also need more vouchers for people who have low income, but we also need to get serious about producing more housing that is available for low-income families in this country. It is a problem that exists not only in our urban area, but in most rural parts of our State.

So I thank the gentleman for his very good amendment. I understand the procedural problems we have today, but I would urge the subcommittee to look kindly on such a proposal in conference.

Mr. VENTO. Mr. Chairman, I thank the gentleman for his comments and would just point out that this problem that with the notification of local governments with the State can, in fact, have a very salutary effect because our State, as an example, has appropriated $10 million to, in fact, try to respond to the inadequate Federal funding.

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. VENTO) has expired.

(On request of Mr. SABO, and by unanimous consent, Mr. VENTO was allowed to proceed for 2 additional minutes.)

Mr. VENTO. Mr. Chairman, I thank the gentleman for the additional time, and I will be brief, but I was going to point out that the State had provided dollars in the cities and communities in which they lie. Minnesota was very quick to pick up on the assisted housing program that was enacted and put in place in the early 1970s. The consequence is that we have a significant concentration of assisted housing, and this assisted housing program worked very well in Minnesota, like a lot of other public programs and other initiatives that not always have an even affect across the country, but things seem to work very well there in terms of what we are doing.

And the State has made this commitment, I think the various cities and communities, and what is happening is some of the best low-income housing that has a market approach without a certain contract with regards to Section 8, my colleagues, and those contracts for 1 year are somewhat uncertain, and without the type of notice requirements and the implementation of LIHPRA, we are losing it. So we basically have a crisis.

Mr. Chairman, I further yield to the gentleman from Minnesota (Mr. SABO), my colleague from the Fifth District in Minneapolis.

Mr. SABO. Mr. Chairman, I think our history has been that whatever problems exist nationally have not existed in most of these projects and programs in our State, and they worked very well. They provided very good housing, and are widely used, and people who live there like them and would like to be able to stay.

At some point I would like to ask the chairman of the subcommittee a question, and I am not sure if it is appropriate.

Mr. VENTO. Mr. Chairman, I yield to the gentleman from California (Mr. LEWIS) for that particular purpose and response.

Mr. SABO. Mr. Chairman, if the gentleman would yield, my understanding is that one of the things that helps remedy the situation are the so-called sticky vouchers which can be used where these projects are converted.

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. VENTO) has again expired.

(By unanimous consent, Mr. VENTO was allowed to proceed for 2 additional minutes.)

Mr. VENTO. Mr. Chairman, I yield to the gentleman from Minnesota (Mr. SABO).

Mr. SABO. My understanding is that under this bill sticky vouchers can be used for renewal after the first year.

Mr. VENTO. Mr. Chairman, I yield to the gentleman from California (Mr. LEWIS), chairman of the subcommittee.

Mr. LEWIS of California. The gentleman is correct.

Mr. VENTO. Mr. Chairman, this amendment would provide tenants and state or local officials with fair notice that the federally insured mortgages for buildings in which they live or that are in their communities, are going to be prepaid. In being prepaid, the building will no longer be a part of the subsidized housing stock and the tenants will likely have to move or pay large increases in rent.

In the late 80's and 90's as the threat of prepayment began to loom large on the horizon, we worked and enacted laws that would help preserve as many units as possible as subsidized or affordable housing. We attempted to create incentives for owners to remain in programs or for them to sell to nonprofits or others who would maintain the affordable housing mission.

We enacted the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA). However, funds have not been allocated for LIHPRHA since FY 1997 and the provisions of LIHPRHA which provide fair notice, plans of action and tenant displacement assistance appear not to be being enforced by HUD when owners prepay.

Significantly, this has very negatively affected the jurisdictions in which those housing units exist and especially the tenants of the buildings.

This has been devastating for tenants who are often elderly or disabled persons living on fixed incomes. They are receiving 60 or sometimes only 30 days notice that their entire lives are going to disrupted, supportive neighbors and friends lost, and possibly their proximity to doctors or services that they need eliminated. Worse still, in many markets, including the Twin Cities of St. Paul and Minneapolis, there is no where to go. Vouchers if any help but, our vacancy rate is very low. There is not enough affordable housing to go around there or other parts of the country as the 5.3 million American households in substandard housing or paying over 50 percent of their incomes can tell you.

This amendment can help real people deal with traumatic changes in the lives in an orderly and reasonable fashion. It will only require a little extra notice. That could make some difference for people for whom the very thought of a search for a new home could overwhelm them.

Mr. Speaker, in my state of Minnesota, they were able to come up with a new law this year that would provide $10 million for each of the next two years to help preserve some of these building at risk of prepayment. I intend to introduce very soon legislation that would provide a federal match to state programs that step up to the plate and try to save federally assisted affordable housing in their borders.

My amendment today will help responsible governments and tenants with timely notice that could help them preserve some of the housing in Minnesota and elsewhere. In Minnesota, the Minnesota State Housing Agency is estimated that 10 percent of that low income housing stock, some 5,000 units are at risk. We have a national housing crisis on our hands and Congress must face it, fairly and squarely now and in the future. Support my amendment as a first step back into dealing with the housing crisis and do what Congress can do to make certain that residents of assisted housing have adequate notice and time to respond to the eviction from their homes.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from California press his point of order?

Mr. LEWIS of California. Mr. Chairman, I make a point of order against the Vento amendment because it proposes to change existing law and constitutes legislation in an appropriation bill, and therefore violates clause 2 of rule XXI.

The rule states in pertinent part that no amendment to a general appropriations bill shall be in order if changing existing law. This amendment, by requiring owners of Preservation-eligible properties to provide 1 year notice of prepayment to tenants and State and local governments, imposes additional duties and constitutes, therefore, legislation in an appropriation bill.

I ask for a ruling of the Chair.

The CHAIRMAN. Does any other Member wish to be heard on the point of order?

Mr. VENTO. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The point of order is conceded and sustained.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I know we are all eager to conclude, but I did feel the need to speak. We have had a number of amendments today, and I find myself in the unusual position, as someone who has been on the Subcommittee on Housing for 18 years, of not really being able to enthusiastically get involved in the amendment process because some things are beyond repair, and this bill is one of them. It is no reflection on either the chairman or the ranking member. They have, in my experience, done in the past and continue to do an excellent job with what they are given to work with.

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The gentleman from California and the gentleman from Ohio I think have been sensitive and thoughtful in their responsibilities as leaders of the appropriations subcommittee. But what they have been given to work with in this bill is a disgrace. There is hardly an aspect of this important appropriations bill which comes close to being adequately funded, and we ought to be clear that this is a reflection of the outrageous, crabbed, insensitive, socially-destructive priorities that are now governing this Congress.

What is particularly interesting, I think, is that there are probably 80 percent of the Members who have told some group that, yes, they wish we could have given them more money in veterans' health, in Section 8 housing, in brownfields, in the cleanup of Superfund sites. Everybody here, close to everybody, is for more money. But, in fact, we will be disappointing interest after interest, legitimate interests, because of a crabbed and insensitive set of priorities.

There simply is no way to improve this bill. The gentlemen who run the

committee have done as good a job as they can with the extraordinarily meager resources they are given, so as we amend here, we are reduced to not even robbing Peter to pay Paul, we are reduced to mugging Peter to pay Paul's burial expenses, because this bill systematically degrades and destroys and diminishes valuable government programs.

Let us be very clear, this is a bill inadequate to help with our housing crisis. This is a bill which will leave people in need of housing, hard-working families, people who are being told to get off welfare and get jobs, it will leave them in a worse crisis, because they will, in many parts of this country, not be able to afford housing. It will leave the environmental problems of the country worse off. It will deprive veterans of this country of health care they need to have.

What are we being told we will then do? We are going to cut taxes. We have a surplus, and we are told, particularly on the other side, that we should rejoice because there is this great surplus.

I do rejoice that we are generating more money, but is not a nickel to go to the veterans who have already lost health care? Is nothing to go alleviate a housing crisis which this bill will make worse? Is nothing out of that even worth considering to deal with environmental problems which go undone?

Members here, I guess I would at least ask for this, Members who have said this is the best we can do for the environment, for housing and for veterans, and we have to cut taxes, please have the decency not to tell people how much you wish you could have helped them. Please have the decency not to tell people, that, oh, yes, you were for more housing, and you were for more help for the veterans, and you were for more help for the brownfields, but somehow you could not do it.

Do you know what we have? What I have called the reverse Houdini. Harry Houdini became famous, as Ragtime remembers, because other people would tie him in knots, and his trick was to get out of the knots.

What we have here is a House that has done the reverse Houdini by voting a crabbed and inadequate budget that underfunds valuable social programs, and then says, if we have additional revenue, let us put all of it into tax cuts for people that are already pretty wealthy. And then people will come to us and say we need help with veterans. Veterans are going without health care. We need help with housing. We need help with the environment.

What do we say to them? We cannot help you. Why can we not help you? Because we have tied our own hands. That is the reverse Houdini. The Houdini is when somebody else ties you up and you get out of it. The reverse Houdini is when you tie yourself up, and then people come and say please help me with these terrible social problems, and you say, I am sorry, I cannot do that, I am all tied up. But it a self-inflicted restraint.

So I am not participating in this debate on the amendment process. Many of my friends are trying very hard, but they are trying to square the circle. Despite the good intentions of the gentleman from California, and I apologize to him for praising him in this context, I will do him no good, I am afraid, by doing so, but I know he tries. The gentleman from Ohio tries. But they have been given such a desperately inadequate amount of money to deal with some of the gravest social problems in America, not because the money is not there, but because this House chooses to misallocate the money in a reflection of terrible priorities.

Mr. Chairman, that is why I took the 5 minutes right now. That is why I am so disappointed that we are so ill-serving the American people.

AMENDMENT NO. 12 OFFERED BY MR. LAZIO OF NEW YORK

Mr. LAZIO of New York. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 12 offered by Mr. LAZIO of New York:

Page 2, after line 6, insert the following:

DIVISION A—APPROPRIATIONS

Page 91, line 4, strike ''This Act'' and insert ''Titles I, II, III, and IV of this Act''.

At the end of the bill (after the short title), insert the following:

DIVISION B—HOUSING OPPORTUNITY AND RESPONSIBILITY

SEC. 1001. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Housing Opportunity and Responsibility Act of 1997''.

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

DIVISION B—HOUSING OPPORTUNITY AND RESPONSIBILITY

Sec. 1001. Short title and table of contents.
Sec. 1002. Permanent applicability.
Sec. 1003. Declaration of policy to renew American neighborhoods.

TITLE XI—GENERAL PROVISIONS

Sec. 1101. Statement of purpose.
Sec. 1102. Definitions.
Sec. 1103. Organization of public housing agencies.
Sec. 1104. Determination of adjusted income and median income.
Sec. 1105. Community work and family self-sufficiency requirements.
Sec. 1106. Local housing management plans.
Sec. 1107. Review of plans.
Sec. 1108. Reporting requirements.
Sec. 1109. Pet ownership.
Sec. 1110. Administrative grievance procedure.
Sec. 1111. Headquarters reserve fund.
Sec. 1112. Labor standards.
Sec. 1113. Nondiscrimination.
Sec. 1114. Prohibition on use of funds.
Sec. 1115. Inapplicability to Indian housing.
Sec. 1116. Regulations.

TITLE XII—PUBLIC HOUSING

Subtitle A—Block Grants

Sec. 1201. Block grant contracts.
Sec. 1202. Grant authority, amount, and eligibility.
Sec. 1203. Eligible and required activities.
Sec. 1204. Determination of grant allocation.
Sec. 1205. Sanctions for improper use of amounts.

Subtitle B—Admissions and Occupancy Requirements

Sec. 1221. Low-income housing requirement.
Sec. 1222. Family eligibility.
Sec. 1223. Preferences for occupancy.
Sec. 1224. Admission procedures.
Sec. 1225. Family choice of rental payment.
Sec. 1226. Lease requirements.
Sec. 1227. Designated housing for elderly and disabled families.

Subtitle C—Management

Sec. 1231. Management procedures.
Sec. 1232. Housing quality requirements.
Sec. 1233. Employment of residents.
Sec. 1234. Resident councils and resident management corporations.
Sec. 1235. Management by resident management corporation.
Sec. 1236. Transfer of management of certain housing to independent manager at request of residents.
Sec. 1237. Resident opportunity program.

Subtitle D—Homeownership

Sec. 1251. Resident homeownership programs.

Subtitle E—Disposition, Demolition, and Revitalization of Developments

Sec. 1261. Requirements for demolition and disposition of developments.
Sec. 1262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.
Sec. 1263. Voluntary voucher system for public housing.

Subtitle F—Mixed-Finance Public Housing

Sec. 1271. Authority.
Sec. 1272. Mixed-finance housing developments.
Sec. 1273. Mixed-finance housing plan.
Sec. 1274. Rent levels for housing financed with low-income housing tax credit.
Sec. 1275. Carry-over of assistance for replaced housing.

Subtitle G—General Provisions

Sec. 1281. Payment of non-Federal share.
Sec. 1282. Authorization of appropriations for block grants.
Sec. 1283. Funding for operation safe home.
Sec. 1284. Funding for relocation of victims of domestic violence.

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

Subtitle A—Allocation

Sec. 1301. Authority to provide housing assistance amounts.
Sec. 1302. Contracts with PHA's.
Sec. 1303. Eligibility of PHA's for assistance amounts.
Sec. 1304. Allocation of amounts.
Sec. 1305. Administrative fees.
Sec. 1306. Authorizations of appropriations.
Sec. 1307. Conversion of section 8 assistance.
Sec. 1308. 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. 1321. Eligible families and preferences for assistance.
Sec. 1322. Resident contribution.
Sec. 1323. Rental indicators.
Sec. 1324. Lease terms.
Sec. 1325. Termination of tenancy.
Sec. 1326. Eligible owners.

Sec. 1327. Selection of dwelling units.
Sec. 1328. Eligible dwelling units.
Sec. 1329. Homeownership option.
Sec. 1330. Assistance for rental of manufactured homes.

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

Sec. 1351. Housing assistance payments contracts.
Sec. 1352. Amount of monthly assistance payment.
Sec. 1353. Payment standards.
Sec. 1354. Reasonable rents.
Sec. 1355. Prohibition of assistance for vacant rental units.

Subtitle D—General and Miscellaneous Provisions

Sec. 1371. Definitions.
Sec. 1372. Rental assistance fraud recoveries.
Sec. 1373. Study regarding geographic concentration of assisted families.
Sec. 1374. Study regarding rental assistance.

TITLE XIV—HOME RULE FLEXIBLE GRANT OPTION

Sec. 1401. Purpose.
Sec. 1402. Flexible grant program.
Sec. 1403. Covered housing assistance.
Sec. 1404. Program requirements.
Sec. 1405. Applicability of certain provisions.
Sec. 1406. Application.
Sec. 1407. Training.
Sec. 1408. Accountability.
Sec. 1409. Definitions.

TITLE XV—ACCOUNTABILITY AND OVERSIGHT OF PUBLIC HOUSING AGENCIES

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

Sec. 1501. In general.
Sec. 1502. Purposes.
Sec. 1503. Evaluation of various performance evaluation systems.
Sec. 1504. Consultation.
Sec. 1505. Contract to conduct study.
Sec. 1506. Report.
Sec. 1507. Funding.
Sec. 1508. Effective date.

Subtitle B—Housing Evaluation and Accreditation Board

Sec. 1521. Establishment.
Sec. 1522. Membership.
Sec. 1523. Functions.
Sec. 1524. Powers.
Sec. 1525. Fees.
Sec. 1526. GAO audit.

Subtitle C—Interim Applicability of Public Housing Management Assessment Program

Sec. 1531. Interim applicability.
Sec. 1532. Management assessment indicators.
Sec. 1533. Designation of PHA's.
Sec. 1534. On-site inspection of troubled PHA's.
Sec. 1535. Administration.

Subtitle D—Accountability and Oversight Standards and Procedures

Sec. 1541. Audits.
Sec. 1542. Performance agreements for authorities at risk of becoming troubled.
Sec. 1543. Performance agreements and CDBG sanctions for troubled PHA's.
Sec. 1544. Option to demand conveyance of title to or possession of public housing.
Sec. 1545. Removal of ineffective PHA's.
Sec. 1546. Mandatory takeover of chronically troubled PHA's.
Sec. 1547. Treatment of troubled PHA's.
Sec. 1548. Maintenance of records.
Sec. 1549. Annual reports regarding troubled PHA's.
Sec. 1550. Applicability to resident management corporations.
Sec. 1551. Advisory council for Housing Authority of New Orleans.

TITLE XVI—REPEALS AND RELATED AMENDMENTS

Subtitle A—Repeals, Effective Date, and Savings Provisions

Sec. 1601. Effective date and repeal of United States Housing Act of 1937.
Sec. 1602. Other repeals.

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

Sec. 1621. Allocation of elderly housing amounts.
Sec. 1622. Pet ownership.
Sec. 1623. Review of drug elimination program contracts.
Sec. 1624. Amendments to Public and Assisted Housing Drug Elimination Act of 1990.

Subtitle C—Limitations Relating to Occupancy in Federally Assisted Housing

Sec. 1641. Screening of applicants.
Sec. 1642. Termination of tenancy and assistance for illegal drug users and alcohol abusers.
Sec. 1643. Lease requirements.
Sec. 1644. Availability of criminal records for tenant screening and eviction.
Sec. 1645. Definitions.

TITLE XVII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS

Sec. 1701. Rural housing assistance.
Sec. 1702. Treatment of occupancy standards.
Sec. 1703. Implementation of plan.
Sec. 1704. Income eligibility for HOME and CDBG programs.
Sec. 1705. Prohibition of use of CDBG grants for employment relocation activities.
Sec. 1706. Regional cooperation under CDBG economic development initiative.
Sec. 1707. Use of American products.
Sec. 1708. Consultation with affected areas in settlement of litigation.
Sec. 1709. Treatment of PHA repayment agreement.
Sec. 1710. Use of assisted housing by aliens.
Sec. 1711. Protection of senior homeowners under reverse mortgage program.
Sec. 1712. Conversion of section 8 tenant-based assistance to project-based assistance in the Borough of Tamaqua.
Sec. 1713. Housing counseling.
Sec. 1714. Transfer of surplus real property for providing housing for low- and moderate-income families.
Sec. 1715. Effective date.

SEC. 1002. PERMANENT APPLICABILITY.

Upon effectiveness pursuant to section 1601(a), the provisions of this division and the amendments made by this division shall apply thereafter, except to the extent otherwise specifically provided in this division or the amendments made by this division.

SEC. 1003. DECLARATION OF POLICY TO RENEW AMERICAN NEIGHBORHOODS.

The Congress hereby declares that—

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

(A) by using Federal resources to aid families and individuals seeking affordable homes that are safe, clean, and healthy and, in particular, assisting responsible, deserving citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control;

(B) by working to ensure a thriving national economy and a strong private housing market; and

(C) by developing effective partnerships among the Federal Government, State and local governments, and private entities that allow government to accept responsibility for fostering the development of a healthy marketplace and allow families to prosper without government involvement in their day-to-day activities;

(2) the Federal Government cannot through its direct action alone provide for the housing of every American citizen, or even a majority of its citizens, but it is the responsibility of the Government to promote and protect the independent and collective actions of private citizens to develop housing and strengthen their own neighborhoods;

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

(4) housing is a fundamental and necessary component of bringing true opportunity to people and communities in need, but providing physical structures to house low-income families will not by itself pull generations up from poverty;

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

(6) our Nation should promote the goal of providing decent and affordable housing for all citizens through the efforts and encouragement of Federal, State, and local governments, and by the independent and collective actions of private citizens, organizations, and the private sector.

TITLE XI—GENERAL PROVISIONS

SEC. 1101. STATEMENT OF PURPOSE.

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

(1) deregulating and decontrolling public housing agencies, thereby enabling them to perform as property and asset managers;

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

(3) facilitating mixed income communities;

(4) increasing accountability and rewarding effective management of public housing agencies;

(5) creating incentives and economic opportunities for residents of dwelling units assisted by public housing agencies to work, become self-sufficient, and transition out of public housing and federally assisted dwelling units;

(6) recreating the existing rental assistance voucher program so that the use of vouchers and relationships between landlords and tenants under the program operate in a manner that more closely resembles the private housing market; and

(7) remedying troubled public housing agencies and replacing or revitalizing severely distressed public housing developments.

SEC. 1102. DEFINITIONS.

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

(1) ACQUISITION COST.—When used in reference to public housing, the term ''acquisition cost'' means the amount prudently expended by a public housing agency in acquiring property for a public housing development.

(2) DEVELOPMENT.—The terms ''public housing development'' and ''development'' (when used in reference to public housing) mean—

(A) public housing; and

(B) the improvement of any such housing.

(3) DISABLED FAMILY.—The term ''disabled family'' means a family whose head (or his

or her spouse), or whose sole member, is a person with disabilities. Such term includes 2 or more persons with disabilities living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(4) DRUG-RELATED CRIMINAL ACTIVITY.—The term ''drug-related criminal activity'' means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as such term is defined in section 102 of the Controlled Substances Act).

(5) EFFECTIVE DATE.—The term ''effective date'', when used in reference to this division, means the effective date determined under section 1601(a).

(6) ELDERLY FAMILIES AND NEAR ELDERLY FAMILIES.—The terms ''elderly family'' and ''near-elderly family'' mean a family whose head (or his or her spouse), or whose sole member, is an elderly person or a near-elderly person, respectively. Such terms include 2 or more elderly persons or near-elderly persons living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(7) ELDERLY PERSON.—The term ''elderly person'' means a person who is at least 62 years of age.

(8) ELIGIBLE PUBLIC HOUSING AGENCY.—The term ''eligible public housing agency'' means, with respect to a fiscal year, a public housing agency that is eligible under section 1202(d) for a grant under this title.

(9) FAMILY.—The term ''family'' includes a family with or without children, an elderly family, a near-elderly family, a disabled family, and a single person.

(10) GROUP HOME AND INDEPENDENT LIVING FACILITY.—The terms ''group home'' and ''independent living facility'' have the meanings given such terms in section 811(k) of the Cranston-Gonzalez National Affordable Housing Act.

(11) INCOME.—The term ''income'' means, with respect to a family, income from all sources of each member of the household, as determined in accordance with criteria prescribed by the applicable public housing agency and the Secretary, except that the following amounts shall be excluded:

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

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

(12) LOCAL HOUSING MANAGEMENT PLAN.—The term ''local housing management plan'' means, with respect to any fiscal year, the plan under section 1106 of a public housing agency for such fiscal year.

(13) LOW-INCOME FAMILY.—The term ''low-income family'' means a family whose income does not exceed 80 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the public housing agency's findings that such variations are necessary because of unusually high or low family incomes.

(14) LOW-INCOME HOUSING.—The term ''low-income housing'' means dwellings that comply with the requirements—

(A) under title XII for assistance under such title for the dwellings; or

(B) under title XIII for rental assistance payments under such title for the dwellings.

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

(16) OPERATION.—When used in reference to public housing, the term ''operation'' means any or all undertakings appropriate for management, operation, services, maintenance, security (including the cost of security personnel), or financing in connection with a public housing development, including the financing of resident programs and services.

(17) PERSON WITH DISABILITIES.—The term ''person with disabilities'' means a person who—

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

(B) is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions, or

(C) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. Notwithstanding any other provision of law, no individual shall be considered a person with disabilities, for purposes of eligibility for public housing under title XII of this Act, solely on the basis of any drug or alcohol dependence. The Secretary shall consult with other appropriate Federal agencies to implement the preceding sentence.

(18) PRODUCTION.—When used in reference to public housing, the term ''production'' means any or all undertakings necessary for planning, land acquisition, financing, demolition, construction, or equipment, in connection with the construction, acquisition, or rehabilitation of a property for use as a public housing development, including activity in connection with a public housing development that is confined to the reconstruction, remodeling, or repair of existing buildings.

(19) PRODUCTION COST.—When used in reference to public housing, the term ''production cost'' means the costs incurred by a public housing agency for production of public housing and the necessary financing for production (including the payment of carrying charges and acquisition costs).

(20) PUBLIC HOUSING.—The term ''public housing'' means housing, and all necessary appurtenances thereto, that—

(A) is low-income housing, low-income dwelling units in mixed-finance housing (as provided in subtitle F of title XII), or low-income dwelling units in mixed income housing (as provided in section 1221(c)(2)); and

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

(ii) was subject to an annual block grant contract under title XII (or an annual contributions contract under the United States Housing Act of 1937) which is not in effect, but for which occupancy is limited in accordance with the requirements under section 1222(a).

(21) PUBLIC HOUSING AGENCY.—The term ''public housing agency'' is defined in section 1103.

(22) RESIDENT COUNCIL.—The term ''resident council'' means an organization or association that meets the requirements of section 1234(a).

(23) RESIDENT MANAGEMENT CORPORATION.—The term ''resident management corporation'' means a corporation that meets the requirements of section 1234(b)(2).

(24) RESIDENT PROGRAM.—The term ''resident programs and services'' means programs and services for families residing in public housing developments. Such term may include (A) the development and maintenance of resident organizations which participate in the management of public housing developments, (B) the training of residents to manage and operate the public housing development and the utilization of their services in management and operation of the development, (C) counseling on household management, housekeeping, budgeting, money management, homeownership issues, child care, and similar matters, (D) advice regarding resources for job training and placement, education, welfare, health, and other community services, (E) services that are directly related to meeting resident needs and providing a wholesome living environment; and (F) referral to appropriate agencies in the community when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

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

(26) STATE.—The term ''State'' means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States and Indian tribes.

(27) VERY LOW-INCOME FAMILY.—The term ''very low-income family'' means a low-income family whose income does not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the public housing agency's findings that such variations are necessary because of unusually high or low family incomes.

SEC. 1103. ORGANIZATION OF PUBLIC HOUSING AGENCIES.

(a) REQUIREMENTS.—For purposes of this division, the terms ''public housing agency'' and ''agency'' mean any entity that—

(1) is—

(A) a public housing agency that was authorized under the United States Housing Act of 1937 to engage in or assist in the development or operation of low-income housing;

(B) authorized under this division to engage in or assist in the development or operation of low-income housing by any State, county, municipality, or other governmental body or public entity;

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

(D) an entity selected by the Secretary, pursuant to subtitle D of title XV, to manage housing; and

(2) complies with the requirements under subsection (b).

The term does not include any entity that is an Indian housing authority for purposes of the United States Housing Act of 1937 (as in effect before the effectiveness of the Native American Housing Assistance and Self-Determination Act of 1996) or a tribally designated housing entity, as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996.

(b) GOVERNANCE.—

(1) BOARD OF DIRECTORS.—Each public housing agency shall have a board of directors or other form of governance as prescribed in State or local law. No person may

be barred from serving on such board or body because of such person's residency in a public housing development or status as an assisted family under title XIII.

(2) RESIDENT MEMBERSHIP.—

(A) IN GENERAL.—Except as provided in subparagraph (B), in localities in which a public housing agency is governed by a board of directors or other similar body, the board or body shall include not less than 1 member who is an elected public housing resident member (as such term is defined in paragraph (5)).

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

(i) any State or local governing body that serves as a public housing agency for purposes of this division and whose responsibilities include substantial activities other than acting as the public housing agency, except that such requirement shall apply to any advisory committee or organization that is established by such governing body and whose responsibilities relate only to the governing body's functions as a public housing agency for purposes of this division;

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

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

(3) FULL PARTICIPATION.—No public housing agency may limit or restrict the capacity or offices in which a member of such board or body may serve on such board or body solely because of the member's status as a resident member.

(4) CONFLICTS OF INTEREST.—The Secretary shall establish guidelines to prevent conflicts of interest on the part of members of the board or directors or governing body of a public housing agency.

(5) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

(A) ELECTED PUBLIC HOUSING RESIDENT MEMBER.—The term ''elected public housing resident member'' means, with respect to the public housing agency involved, an individual who is a resident member of the board of directors (or other similar governing body of the agency) by reason of election to such position pursuant to an election—

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

(I) maintain their principal residence in a dwelling unit of public housing administered or assisted by the agency; and

(II) have not been convicted of a felony;

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

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

(B) RESIDENT MEMBER.—The term ''resident member'' means a member of the board of directors or other similar governing body of a public housing agency who is a resident of a public housing dwelling unit owned, administered, or assisted by the agency or is a member of an assisted family (as such term is defined in section 1371) assisted by the agency.

(c) ESTABLISHMENT OF POLICIES.—Any rules, regulations, policies, standards, and procedures necessary to implement policies required under section 1106 to be included in the local housing management plan for a public housing agency shall be approved by the board of directors or similar governing body of the agency and shall be publicly available for review upon request.

SEC. 1104. DETERMINATION OF ADJUSTED INCOME AND MEDIAN INCOME.

(a) ADJUSTED INCOME.—For purposes of this division, the term ''adjusted income'' means, with respect to a family, the difference between the income of the members of the family residing in a dwelling unit or the persons on a lease and the amount of any income exclusions for the family under subsections (b) and (c), as determined by the public housing agency.

(b) MANDATORY EXCLUSIONS FROM INCOME.—In determining adjusted income, a public housing agency shall exclude from the annual income of a family the following amounts:

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

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

(A) unreimbursed medical expenses of any elderly family;

(B) unreimbursed medical expenses of any nonelderly family, except that this subparagraph shall apply only to the extent approved in appropriation Acts; and

(C) unreimbursed reasonable attendant care and auxiliary apparatus expenses for each handicapped member of the family, to the extent necessary to enable any member of such family (including such handicapped member) to be employed.

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

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

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

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

(A) 18 years of age or older; and

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

(c) PERMISSIVE EXCLUSIONS FROM INCOME.—In determining adjusted income, a public housing agency may, in the discretion of the agency, establish exclusions from the annual income of a family. Such exclusions may include the following amounts:

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

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

(A) all earned income of the family,

(B) the amount earned by particular members of the family;

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

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

(3) OTHERS.—Such other amounts for other purposes, as the public housing agency may establish.

(d) MEDIAN INCOME.—In determining median incomes (of persons, families, or households) for an area or establishing any ceilings or limits based on income under this division, the Secretary shall determine or establish area median incomes and income ceilings and limits for Westchester and Rockland Counties, in the State of New York, as if each such county were an area not contained within the metropolitan statistical area in which it is located. In determining such area median incomes or establishing such income ceilings or limits for the portion of such metropolitan statistical area that does not include Westchester or Rockland Counties, the Secretary shall determine or establish area median incomes and income ceilings and limits as if such portion included Westchester and Rockland Counties.

(e) AVAILABILITY OF INCOME MATCHING INFORMATION.—

(1) DISCLOSURE TO PHA.—A public housing agency shall require any family described in paragraph (2) who receives information regarding income, earnings, wages, or unemployment compensation from the Department of Housing and Urban Development pursuant to income verification procedures of the Department to disclose such information, upon receipt of the information, to the public housing agency that owns or operates the public housing dwelling unit in which such family resides or that provides the housing assistance on behalf of such family, as applicable.

(2) APPLICABILITY TO FAMILIES RECEIVING PUBLIC HOUSING OR CHOICE-BASED HOUSING ASSISTANCE.—A family described in this paragraph is a family that resides in a dwelling unit—

(A) that is a public housing dwelling unit; or

(B) for which housing assistance is provided under title XIII (or under the program for tenant-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act)).

(3) PROTECTION OF APPLICANTS AND PARTICIPANTS.—Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544) is amended—

(A) in subsection (b)—

(i) in paragraph (2), by striking ''and'' at the end;

(iii) in paragraph (3), by striking the period at the end and inserting ''; and''; and

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

''(4) only in the case of an applicant or participant that is a member of a family described in section 1104(e)(2) of the Housing Opportunity and Responsibility Act of 1997, sign an agreement under which the applicant or participant agrees to provide to the appropriate public housing agency the information required under such section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997 for the sole purpose of the public housing agency verifying income information pertinent to the applicant's or participant's eligibility or level of benefits, and comply with such agreement.''; and

(B) in subsection (c)—

(i) in paragraph (2)(A), in the matter preceding clause (I)—

(I) by inserting before ''or'' the first place it appears the following: '', pursuant to section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997 from the applicant or participant,''; and

(II) by inserting ''or 104(e)(1)'' after ''such section 303(i)''; and

(ii) in paragraph (3)—

(I) in subparagraph (A), by inserting '', section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997,'' after ''Social Security Act''; and

(II) in subparagraph (A), by inserting ''or agreement, as applicable,'' after ''consent'';

(III) in subparagraph (B), by inserting ''section 1104(e)(1) of the Housing Opportunity

and Responsibility Act of 1997,'' after ''Social Security Act,''; and

(IV) in subparagraph (B), by inserting '' such section 1104(e)(1),'' after ''such section 303(i),'' each place it appears.

SEC. 1105. COMMUNITY WORK AND FAMILY SELF-SUFFICIENCY REQUIREMENTS.

(a) COMMUNITY WORK REQUIREMENT.—

(1) IN GENERAL.—Except as provided in paragraph (3), each public housing agency shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title XIII on behalf of a family, that each adult member of the family shall contribute not less than 8 hours of work per month (not including political activities) within the community in which the family resides, which may include work performed on locations not owned by the public housing agency.

(2) EMPLOYMENT STATUS AND LIABILITY.—The requirement under paragraph (1) may not be construed to establish any employment relationship between the public housing agency and the member of the family subject to the work requirement under such paragraph or to create any responsibility, duty, or liability on the part of the public housing agency for actions arising out of the work done by the member of the family to comply with the requirement, except to the extent that the member of the family is fulfilling the requirement by working directly for such public housing agency.

(3) EXEMPTIONS.—A public housing agency shall provide for the exemption, from the applicability of the requirement under paragraph (1), of each individual who is—

(A) an elderly person;

(B) a person with disabilities;

(C) working, attending school or vocational training, or otherwise complying with work requirements applicable under other public assistance programs (as determined by the agencies or organizations responsible for administering such programs); or

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

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

(1) IN GENERAL.—Each public housing agency shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title XIII on behalf of a family, that the family and the agency enter into an agreement (included, pursuant to subsection (d)(2)(C), as a term of an agreement under subsection (d)) establishing a target date by which the family intends to graduate from, terminate tenancy in, or no longer receive public housing or housing assistance under title XIII.

(2) RIGHTS OF OCCUPANCY.—This subsection may not be construed (nor may any provision of subsection (d) or (e)) to create a right on the part of any public housing agency to evict or terminate assistance for a family solely on the basis of any failure of the family to comply with the target date established pursuant to paragraph (1).

(3) FACTORS.—In establishing a target date pursuant to paragraph (1) for a family that receives benefits for welfare or public assistance from a State or other public agency under a program that limits the duration during which such benefits may be received, the public housing agency and the family may take into consideration such time limit. This section may not be construed to require any public housing agency to adopt any such time limit on the duration of welfare or public assistance benefits as the target date pursuant to paragraph (1) for a resident.

(4) EXEMPTIONS.—A public housing agency shall provide for the exemption, from the applicability of the requirements under paragraph (1), of each individual who is—

(A) an elderly person;

(B) a person with disabilities;

(C) working, attending school or vocational training, or otherwise complying with work requirements applicable under other public assistance programs (as determined by the agencies or organizations responsible for administering such programs); or

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

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

(1) COVERED FAMILY.—For purposes of this subsection, the term ''covered family'' means a family that (A) receives benefits for welfare or public assistance from a State or other public agency under a program for which the Federal, State, or local law relating to the program requires, as a condition of eligibility for assistance under the program, participation of a member of the family in an economic self-sufficiency program, and (B) resides in a public housing dwelling unit or is provided housing assistance under title XIII.

(2) DECREASES IN INCOME FOR FAILURE TO COMPLY.—Notwithstanding the provisions of sections 1225 and 1322 (relating to family rental contributions), if the welfare or public assistance benefits of a covered family are reduced under a Federal, State, or local law regarding such an assistance program because of any failure of any member of the family to comply with the conditions under the assistance program requiring participation in an economic self-sufficiency program, the amount required to be paid by the family as a monthly contribution toward rent may not be decreased, during the period of the reduction, as a result of any decrease in the income of the family (to the extent that the decrease in income is a result of the benefits reduction).

(3) EFFECT OF FRAUD.—Notwithstanding the provisions of sections 1225 and 1322 (relating to family rental contributions), if the welfare or public assistance benefits of a covered family are reduced because of an act of fraud by a member of the family under the law or program, the amount required to be paid by the covered family as a monthly contribution toward rent may not be decreased, during the period of the reduction, as a result of any decrease in the income of the family (to the extent that the decrease in income is a result of the benefits reduction).

(4) NOTICE.—Paragraphs (2) and (3) shall not apply to any covered family before the public housing agency providing assistance under this division on behalf of the family obtains written notification from the relevant welfare or public assistance agency specifying that the family's benefits have been reduced because of noncompliance with economic self-sufficiency program requirements or fraud and the level of such reduction.

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

(6) REVIEW.—Any covered family residing in public housing that is affected by the operation of this subsection shall have the right to review the determination under this subsection through the administrative grievance procedure established pursuant to section 1110 for the public housing agency.

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

(A) REQUIREMENT.—A public housing agency providing public housing dwelling units or housing assistance under title XIII for covered families shall make its best efforts to enter into such cooperation agreements, with State, local, and other agencies providing assistance to covered families under welfare or public assistance programs, as may be necessary, to provide for such agencies to transfer information to facilitate administration of subsection (a) and paragraphs (2), (3), and (4) of this subsection, and other information regarding rents, income, and assistance that may assist a public housing agency or welfare or public assistance agency in carrying out its functions.

(B) CONTENTS.—A public housing agency shall seek to include in a cooperation agreement under this paragraph requirements and provisions designed to target assistance under welfare and public assistance programs to families residing in public housing developments and receiving choice-based assistance under title XIII, which may include providing for self-sufficiency services within such housing, providing for services designed to meet the unique employment-related needs of residents of such housing and recipients of such assistance, providing for placement of workfare positions on-site in such housing, and such other elements as may be appropriate.

(C) CONFIDENTIALITY.—This paragraph may not be construed to authorize any release of information that is prohibited by, or in contravention of, any other provision of Federal, State, or local law.

(d) COMMUNITY WORK AND FAMILY SELF-SUFFICIENCY AGREEMENTS.—

(1) IN GENERAL.—A public housing agency shall enter into a community work and family self-sufficiency agreement under this subsection with each adult member and head of household of each family who is to reside in a dwelling unit in public housing of the agency and each family on behalf of whom the agency will provide housing assistance under title XIII. Under the agreement the family shall agree that, as a condition of occupancy of the public housing dwelling unit or of receiving such housing assistance, the family will comply with the terms of the agreement.

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

(A) Terms designed to encourage and facilitate the economic self-sufficiency of the assisted family entering into the agreement and the graduation of the family from assisted housing to unassisted housing.

(B) Notice of the requirements under subsection (a) (relating to community work) and the conditions imposed by, and exemptions from, such requirement.

(C) The target date agreed upon by the family pursuant to subsection (b) for graduation from, termination of tenancy in, or termination of receipt of public housing or housing assistance under title XIII.

(D) Terms providing for any resources, services, and assistance relating to self-sufficiency that will be made available to the family, including any assistance to be made available pursuant to subsection (c)(7)(B) under a cooperation agreement entered into under subsection (c)(7).

(E) Notice of the provisions of paragraphs (2) through (7) of subsection (c) (relating to effect of changes in income on rent and assisted families rights under such circumstances).

(e) LEASE PROVISIONS.—A public housing agency shall incorporate into leases under section 1226, and into any agreements for the provision of choice-based assistance under title XIII on behalf of a family—

(1) a provision requiring compliance with the requirement under subsection (a); and

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

(f) TREATMENT OF INCOME.—Notwithstanding any other provision of this section, in determining the income or tenancy of a family who resides in public housing or receives housing assistance under title XIII, a public housing agency shall consider any decrease in the income of a family that results from the reduction of any welfare or public assistance benefits received by the family under any Federal, State, or local law regarding a program for such assistance if the family (or a member thereof, as applicable) has complied with the conditions for receiving such assistance and is unable to obtain employment notwithstanding such compliance.

(g) DEFINITION.—For purposes of this section, the term ''economic self-sufficiency program'' means any program designed to encourage, assist, train, or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, education, workfare, financial or household management, apprenticeship, or other activities as the Secretary may provide.

SEC. 1106. LOCAL HOUSING MANAGEMENT PLANS.

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

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

(2) GOALS AND OBJECTIVES.—A statement of the goals and objectives of the agency that will enable the agency to serve the needs identified pursuant to paragraph (1) during such period.

(3) CAPITAL IMPROVEMENT OVERVIEW.—If the agency will provide capital improvements for public housing developments during such period, an overview of such improvements, the rationale for such improvements, and an analysis of how such improvements will enable the agency to meet its goals, objectives, and mission.

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

(b) ANNUAL PLAN.—The Secretary shall provide for each public housing agency to submit to the Secretary a local housing management plan under this section for each fiscal year that contains the information required under subsection (d). For each fiscal year after the initial submission of a plan under this section by a public housing agency, the agency may comply with requirements for submission of a plan under this subsection by submitting an update of the plan for the fiscal year.

(c) PROCEDURES.—The Secretary shall establish requirements and procedures for submission and review of plans, including requirements for timing and form of submission, and for the contents of such plans. Such procedures shall provide that a public housing agency—

(1) shall, in conjunction with the relevant State or unit of general local government, establish procedures to ensure that the plan under this section is consistent with the applicable comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act; and

(2) may, at the option of the agency, submit a plan under this section together with, or as part of, the comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the relevant jurisdiction, and for concomitant review of such plans submitted together.

(d) CONTENTS.—An annual local housing management plan under this section for a public housing agency shall contain the following information relating to the upcoming fiscal year for which the assistance under this division is to be made available:

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

(2) FINANCIAL RESOURCES.—A statement of financial resources available for the agency the planned uses of such resources that includes—

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

(B) the uses to which such resources will be committed, including all proposed eligible and required activities under section 1203 and housing assistance to be provided under title XIII;

(C) an estimate of the costs of operation and the market rental value of each public housing development; and

(D) a specific description, based on population and demographic data, of the unmet affordable housing needs of families in the community served by the agency having incomes not exceeding 30 percent of the area median income and a statement of how the agency will expend grant amounts received under this division to meet the housing needs of such families.

(3) POPULATION SERVED.—A statement of the policies of the agency governing eligibility, admissions, and occupancy of families with respect to public housing dwelling units and housing assistance under title XIII, including—

(A) the requirements for eligibility for such units and assistance and the method and procedures by which eligibility and income will be determined and verified;

(B) the requirements for selection and admissions of eligible families for such units and assistance, including any preferences and procedures established by the agency and any outreach efforts;

(C) the procedures for assignment of families admitted to dwelling units owned, leased, managed, operated, or assisted by the agency;

(D) any standards and requirements for occupancy of public housing dwelling units and units assisted under title XIII, including resident screening policies, standard lease provisions, conditions for continued occupancy, termination of tenancy, eviction, and conditions for termination of housing assistance;

(E) the procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include a system of site-based waiting lists under section 1224(c);

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

(G) the procedures for coordination with entities providing assistance to homeless families in the jurisdiction of the agency; and

(H) the fair housing policy of the agency.

(4) RENT DETERMINATION.—A statement of the policies of the agency governing rents charged for public housing dwelling units and rental contributions of assisted families under title XIII and the system used by the agency to ensure that such rents comply with the requirements of this division.

(5) OPERATION AND MANAGEMENT.—A statement of the rules, standards, and policies of the public housing agency governing maintenance and management of housing owned and operated by the agency, and management of the public housing agency and programs of the agency, including—

(A) a description of the manner in which the agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the operating fund distributions of the agency;

(B) policies relating to the rental of dwelling units, including policies designed to reduce vacancies;

(C) housing quality standards in effect pursuant to sections 1232 and 1328 and any certifications required under such sections;

(D) emergency and disaster plans for public housing;

(E) priorities and improvements for management of public housing, including initiatives to control costs; and

(F) policies of the agency requiring the loss or termination of housing assistance and tenancy under sections 1641 and 1642 (relating to occupancy standards for federally assisted housing).

(6) GRIEVANCE PROCEDURE.—A statement of the grievance procedures of the agency under section 1110.

(7) CAPITAL IMPROVEMENTS.—With respect to public housing developments owned or operated by the agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the developments.

(8) DEMOLITION AND DISPOSITION.—With respect to public housing developments owned or operated by the agency—

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

(B) a timetable for such demolition or disposition.

(9) DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.—With respect to public housing developments owned or operated by the agency, a description of any developments (or portions thereof) that the agency has designated or will designate for occupancy by elderly and disabled families in accordance with section 1227 and any information required under section 1227(d) for such designated developments.

(10) CONVERSION OF PUBLIC HOUSING.—With respect to public housing owned or operated by the agency, a description of any building or buildings that the agency is required, under section 1203(b), to convert to housing assistance under title XIII or that the agency voluntarily converts, an analysis of such buildings required under such section for conversion, and a statement of the amount of grant amounts under title XII to be used for rental assistance or other housing assistance.

(11) HOMEOWNERSHIP ACTIVITIES.—A description of—

(A) any homeownership programs of the agency under subtitle D of title XII or section 1329 for the agency;

(B) the requirements and assistance available under the programs described pursuant to subparagraph (A); and

(C) the annual goals of the agency for additional availability of homeownership units.

(12) ECONOMIC SELF-SUFFICIENCY AND COORDINATION WITH WELFARE AND OTHER APPROPRIATE AGENCIES.—A description of—

(A) policies relating to services and amenities provided or offered to assisted families,

including the provision of service coordinators and services designed for certain populations (such as the elderly and disabled);

(B) how the agency will coordinate with State, local, and other agencies providing assistance to families participating in welfare or public assistance programs;

(C) how the agency will implement and administer section 1105; and

(D) any policies, programs, plans, and activities of the agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the agency, including rent structures to encourage self-sufficiency.

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

(A) SAFETY MEASURES.—The plan shall provide, on a development-by-development basis, for measures to ensure the safety of public housing residents.

(B) ESTABLISHMENT.—The plan shall be established, with respect to each development, in consultation with the police officer or officers in command for the precinct in which the development is located.

(C) CONTENT.—The plan shall describe the need for measures to ensure the safety of public housing residents and for crime prevention measures, describe any such activities conducted, or to be conducted, by the agency, and provide for coordination between the public housing agency and the appropriate police precincts for carrying out such measures and activities.

(D) SECRETARIAL ACTION.—If the Secretary determines, at any time, that the security needs of a development are not being adequately addressed by the plan, or that the local police precinct is not complying with the plan, the Secretary may mediate between the public housing agency and the local precinct to resolve any issues of conflict. If after such mediation has occurred and the Secretary determines that the security needs of the development are not adequately addressed, the Secretary may require the public housing agency to submit an amended plan.

(14) ANNUAL AUDIT.—The results of the most recent fiscal year audit of the agency required under section 1541(b).

(15) TROUBLED AGENCIES.—Such other additional information as the Secretary may determine to be appropriate for each public housing agency that is designated—

(A) under section 1533(c) as at risk of becoming troubled; or

(B) under section 1533(a) as troubled.

(16) ASSET MANAGEMENT.—A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

(e) CITIZEN PARTICIPATION.—

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

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

(B) publish a notice informing the public that a public hearing will be conducted to discuss the local housing management plan and to invite public comment regarding that plan.

(2) PUBLIC HEARING.—Before submitting a plan under this section or a significant amendment under section 1107(f) to a plan, a public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1), regarding the public housing plan or the amendment of the agency.

(3) CONSIDERATION OF COMMENTS.—A public housing agency shall consider any comments or views made available pursuant to paragraphs (1) and (2) in preparing a final plan or amendment for submission to the Secretary. A summary of such comments or views shall be attached to the plan, amendment, or report submitted.

(4) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2) and considering public comments in accordance with paragraph (3), the public housing agency shall make any appropriate changes to the local housing management plan or amendment and shall—

(A) adopt the local housing management plan;

(B) submit the plan to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the public housing agency for review and approval under subsection (f);

(C) submit the plan to the Secretary in accordance with this section; and

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

(f) LOCAL REVIEW.—The public housing agency shall submit a plan under this subsection to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the public housing agency for review and approval for a 45-day period beginning on the date that the plan is submitted to such local official or officials (which period may run concurrently with any period under subsection (e) for public comment). If the local official or officials responsible under this subsection do not act within 45 days of submission of the plan, the plan shall be considered approved. If the local official or officials responsible under this subsection reject the public housing agency's plan, they shall return the plan with their recommended changes to the agency within 5 days of their disapproval. The agency shall resubmit an updated plan to the local official or officials within 30 days of receiving the objections, If the local official or officials again reject the plan, the resubmitted plan, together with the local official's objections, shall be submitted to the Secretary for approval.

(g) PLANS FOR SMALL PHA'S AND PHA'S ADMINISTERING ONLY RENTAL ASSISTANCE.—The Secretary shall establish requirements for submission of plans under this section and the information to be included in such plans applicable to public housing agencies that own or operate less than 250 public housing dwelling units and shall establish requirements for such submission and information applicable to agencies that only administer housing assistance under title XIII (and do not own or operate public housing). Such requirements shall waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such agencies.

SEC. 1107. REVIEW OF PLANS.

(a) REVIEW AND NOTICE.—

(1) REVIEW.—The Secretary shall conduct a limited review of each local housing management plan submitted to the Secretary to ensure that the plan is complete and complies with the requirements of section 1106. The Secretary shall have the discretion to review a plan to the extent that the Secretary considers review is necessary.

(2) NOTICE.—The Secretary shall notify each public housing agency submitting a plan whether the plan complies with such requirements not later than 75 days after receiving the plan. If the Secretary does not notify the public housing agency, as required under this subsection and subsection (b), the Secretary shall be considered, for purposes of this division, to have made a determination that the plan complies with the requirements under section 1106 and the agency shall be considered to have been notified of compliance upon the expiration of such 75-day period. The preceding sentence shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

(b) NOTICE OF REASONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan, as submitted, does not comply with the requirements under section 1106, the Secretary shall specify in the notice under subsection (a) the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 1106.

(c) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan does not comply with the requirements under section 1106 only if—

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

(2) there is evidence available to the Secretary that challenges, in a substantial manner, any information provided in the plan;

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

(4) the plan plainly fails to adequately identify the needs of low-income families for housing assistance in the jurisdiction of the agency;

(5) the plan plainly fails to adequately identify the capital improvement needs for public housing developments in the jurisdiction of the agency;

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

(7) the plan is inconsistent with the requirements of this division.

The Secretary shall determine that a plan does not comply with the requirements under section 1106 if the plan does not include the information required under section 1106(d)(2)(D).

(d) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this title, a public housing agency shall be considered to have submitted a plan under this section if the agency has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) or under the comprehensive improvement assistance program under such section 14, and the Secretary has approved such plan, before January 1, 1997. The Secretary shall provide specific procedures and requirements for such authorities to amend such plans by submitting only such additional information as is necessary to comply with the requirements of section 1106.

(e) ACTIONS TO CHANGE PLAN.—A public housing agency that has submitted a plan under section 1106 may change actions or policies described in the plan before submission and review of the plan of the agency for the next fiscal year only if—

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

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

(f) AMENDMENTS TO PLAN.—

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

(2) REVIEW.—The Secretary shall conduct a limited review of each proposed amendment submitted under this subsection to determine whether the plan, as amended by the amendment, complies with the requirements of section 1106 and notify each public housing agency submitting the amendment whether the plan, as amended, complies with such requirements not later than 30 days after receiving the amendment. If the Secretary determines that a plan, as amended, does not comply with the requirements under section 1106, such notice shall indicate the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 1106. If the Secretary does not notify the public housing agency as required under this paragraph, the plan, as amended, shall be considered, for purposes of this section, to comply with the requirements under section 1106.

(3) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan, as amended by a proposed amendment, does not comply with the requirements under section 1106 only if—

(A) the plan, as amended, would be subject to a determination of noncompliance in accordance with the provisions of subsection (c);

(B) the Secretary determines that—

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

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

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

(4) AMENDMENTS TO EXTEND TIME OF PERFORMANCE.—Notwithstanding any other provision of this subsection, the Secretary may not determine that any amendment to the plan of a public housing agency that extends the time for performance of activities assisted with amounts provided under this title fails to comply with the requirements under section 1106 if the Secretary has not provided the amount of assistance set forth in the plan or has not provided the assistance in a timely manner.

SEC. 1108. REPORTING REQUIREMENTS.

(a) PERFORMANCE AND EVALUATION REPORT.—Each public housing agency shall annually submit to the Secretary, on a date determined by the Secretary, a performance and evaluation report concerning the use of funds made available under this division. The report of the public housing agency shall include an assessment by the agency of the relationship of such use of funds made available under this division, as well as the use of other funds, to the needs identified in the local housing management plan and to the purposes of this division. The public housing agency shall certify that the report was available for review and comment by affected tenants prior to its submission to the Secretary.

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

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

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

(c) RECORDS.—Each public housing agency shall collect, maintain, and submit to the Secretary such data and other program records as the Secretary may require, in such form and in accordance with such schedule as the Secretary may establish.

SEC. 1109. PET OWNERSHIP.

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

SEC. 1110. ADMINISTRATIVE GRIEVANCE PROCEDURE.

(a) REQUIREMENTS.—Each public housing agency receiving assistance under this division shall establish and implement an administrative grievance procedure under which residents of public housing will—

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

(2) have an opportunity for a hearing before an impartial party (including appropriate employees of the public housing agency) upon timely request within a reasonable period of time;

(3) have an opportunity to examine any documents or records or regulations related to the proposed action;

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

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

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

(b) EXCLUSION FROM ADMINISTRATIVE PROCEDURE OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC HOUSING INVOLVING HEALTH, SAFETY, OR PEACEFUL ENJOYMENT.—A public housing agency may exclude from its procedure established under subsection (a) any grievance, in any jurisdiction which requires that prior to eviction, a tenant be given a hearing in court, which the Secretary determines provides the basic elements of due process (which the Secretary shall establish by rule under section 553 of title 5, United States Code), concerning an eviction from or termination of tenancy in public housing that involves any activity that threatens the health, safety, or right to peaceful enjoyment of the premises of other tenants or employees of the public housing agency or any drug-related criminal activity on or off such premises. In the case of any eviction from or termination of tenancy in public housing not described in the preceding sentence, each of the following provisions shall apply:

(1) Such eviction or termination shall be subject to an administrative grievance procedure if the tenant so evicted or terminated requests a hearing under such procedure not later than five days after service of notice of such eviction or termination.

(2) The public housing agency shall take final action regarding a grievance under paragraph (1) not later than thirty days after such notice is served.

(3) If the public housing agency fails to provide a hearing under the grievance procedure pursuant to a request under paragraph (1) and take final action regarding the grievance before the expiration of the 30-day period under paragraph (2), the notice of eviction or termination shall be considered void and shall not be given any force or effect.

(4) If a public housing authority takes final action on a grievance for any eviction or termination, the tenant and any member of the tenant's household shall not have any right in connection with any subsequent eviction or termination notice to request or be afforded any administrative grievance hearing during the 1-year period beginning upon the date of the final action.

(c) INAPPLICABILITY TO CHOICE-BASED RENTAL HOUSING ASSISTANCE.—This section may not be construed to require any public housing agency to establish or implement an administrative grievance procedure with respect to assisted families under title XIII.

SEC. 1111. HEADQUARTERS RESERVE FUND.

(a) ANNUAL RESERVATION OF AMOUNTS.—Notwithstanding any other provision of law, the Secretary may retain not more than 2 percent of the amounts appropriated to carry out title XII for any fiscal year for use in accordance with this section.

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

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

(2) for housing needs resulting from emergencies, as determined by the Secretary, other than such disasters;

(3) for housing needs related to a settlement of litigation, including settlement of fair housing litigation; and

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

Housing needs under this subsection may be met through the provision of assistance in accordance with title XII or title XIII, or both.

SEC. 1112. LABOR STANDARDS.

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

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

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

The Secretary shall require certification as to compliance with the provisions of this section before making any payment under such contract.

(b) EXCEPTIONS.—Subsection (a) and the provisions relating to wages (pursuant to subsection (a)) in any contract for grants, sale, or lease pursuant to this division relating to public housing, shall not apply to any individual who—

(1) performs services for which the individual volunteered;

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

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

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

SEC. 1113. NONDISCRIMINATION.

(a) IN GENERAL.—No person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with amounts made available under this division. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.

(b) CIVIL RIGHTS COMPLIANCE.—Each public housing agency that receives grant amounts under this division shall use such amounts and carry out its local housing management plan approved under section 1107 in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Americans With Disabilities Act of 1990, and shall affirmatively further fair housing.

SEC. 1114. PROHIBITION ON USE OF FUNDS.

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

SEC. 1115. INAPPLICABILITY TO INDIAN HOUSING.

Except as specifically provided by law, the provisions of this title, and titles XII, XIII, XIV, and XV shall not apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority under the United States Housing Act of 1937 or to housing assisted under the Native American Housing Assistance and Self-Determination Act of 1996.

SEC. 1116. REGULATIONS.

(a) IN GENERAL.—The Secretary may issue any regulations necessary to carry out this division. This subsection shall take effect on the date of the enactment of this Act.

(b) RULE OF CONSTRUCTION.—Any failure by the Secretary to issue any regulations authorized under subsection (a) shall not affect the effectiveness of any provision of this division or any amendment made by this division.

TITLE XII—PUBLIC HOUSING

Subtitle A—Block Grants

SEC. 1201. BLOCK GRANT CONTRACTS.

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

(1) the Secretary agrees to make a block grant under this title, in the amount provided under section 1202(c), for assistance for low-income housing to the public housing agency for each fiscal year covered by the contract; and

(2) the agency agrees—

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

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

(C) to use the block grant amounts in accordance with this title and the local housing management plan for the agency that complies with the requirements of section 1106;

(D) to involve residents of housing assisted with block grant amounts in functions and decisions relating to management and the quality of life in such housing;

(E) that the management of the public housing of the agency shall be subject to actions authorized under subtitle D of title XV;

(F) that the Secretary may take actions under section 1205 with respect to improper use of grant amounts provided under the contract; and

(G) to otherwise comply with the requirements under this title.

(b) SMALL PUBLIC HOUSING AGENCY CAPITAL GRANT OPTION.—For any fiscal year, upon the request of the Governor of the State, the Secretary shall make available directly to the State, from the amounts otherwise included in the block grants for all public housing agencies in such State which own or operate less than 100 dwelling units, ½ of that portion of such amounts that is derived from the capital improvement allocations for such agencies pursuant to section 1203(c)(1) or 1203(d)(2), as applicable. The Governor of the State will have the responsibility to distribute all of such funds, in amounts determined by the Governor, only to meet the exceptional capital improvement requirements for the various public housing agencies in the State which operate less than 100 dwelling units: *Provided*, however, that for States where Federal funds provided to the State are subject to appropriation action by the State legislature, the capital funds made available to the Governor under this subsection shall be subject to such appropriation by the State legislature.

(c) MODIFICATION.—Contracts and agreements between the Secretary and a public housing agency may not be amended in a manner which would—

(1) impair the rights of—

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

(B) the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged; or

(2) provide for payment of block grant amounts under this title in an amount exceeding the allocation for the agency determined under section 1204.

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

SEC. 1202. GRANT AUTHORITY, AMOUNT, AND ELIGIBILITY.

(a) AUTHORITY.—The Secretary shall make block grants under this title to eligible public housing agencies in accordance with block grant contracts under section 1201.

(b) PERFORMANCE FUNDS.—

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

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

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

(2) FLEXIBILITY OF FUNDING.—

(A) IN GENERAL.—A public housing agency may use up to 20 percent of the amounts from a grant under this title that are allocated and provided from the capital fund for activities that are eligible under section 1203(a)(2) to be funded with amounts from the operating fund.

(B) FULL FLEXIBILITY FOR SMALL PHA'S.—In the case of a public housing agency that owns or operates less than 250 public housing dwelling units and is (in the determination of the Secretary) operating and maintaining its public housing in a safe, clean, and healthy condition, the agency may use amounts from a grant under this title for any eligible activities under section 1203(a), regardless of the fund from which the amounts were allocated and provided.

(c) AMOUNT OF GRANTS.—The amount of the grant under this title for a public housing agency for a fiscal year shall be the amount of the allocation for the agency determined under section 1204, except as otherwise provided in this title and title XV.

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

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

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

(3) the plan has been determined to comply with the requirements under section 1106 and the Secretary has not notified the agency that the plan fails to comply with such requirements;

(4) the agency is exempt from local taxes, as provided under subsection (e), or receives a contribution, as provided under such subsection;

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

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

(7) the agency has not been disqualified for a grant pursuant to section 1205(a) or title XV.

(e) PAYMENTS IN LIEU OF STATE AND LOCAL TAXATION OF PUBLIC HOUSING DEVELOPMENTS.—

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

(A)(i) the developments of the agency (exclusive of any portions not assisted with amounts provided under this title) are exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision; and

(ii) the public housing agency makes payments in lieu of taxes to such taxing authority equal to 10 percent of the sum, for units charged in the developments of the agency, of the difference between the gross rent and the utility cost, or such lesser amount as is—

(I) prescribed by State law;

(II) agreed to by the local governing body in its agreement under subsection (f) for local cooperation with the public housing agency or under a waiver by the local governing body; or

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

(B) the agency complies with the requirements under subparagraph (A) with respect to public housing developments (including public housing units in mixed-income developments), but the agency agrees that the units other than public housing units in any mixed-income developments (as such term is defined in section 1221(c)(2)) shall be subject to any otherwise applicable real property taxes imposed by the State, city, county or other political subdivision.

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

(f) LOCAL COOPERATION.—In recognition that there should be local determination of the need for low-income housing to meet

needs not being adequately met by private enterprise, the Secretary may not make any grant under this title to a public housing agency unless the governing body of the locality involved has entered into an agreement with the agency providing for the local cooperation required by the Secretary pursuant to this title. The Secretary shall require that each such agreement for local cooperation shall provide that, notwithstanding any order, judgment, or decree of any court (including any settlement order), before making any amounts provided under a grant under this title available for use for the production of any housing or other property not previously used as public housing, the public housing agency shall—

(1) notify the chief executive officer (or other appropriate official) of the unit of general local government in which the public housing for which such amounts are to be so used is located (or to be located) of such use; and

(2) pursuant to the request of such unit of general local government, provide such information as may reasonably be requested by such unit of general local government regarding the public housing to be so assisted (except to the extent otherwise prohibited by law) and consult with representatives of such local government regarding the public housing.

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

(h) RECAPTURE OF CAPITAL ASSISTANCE AMOUNTS.—The Secretary may recapture, from any grant amounts made available to a public housing agency from the capital fund, any portion of such amounts that are not used or obligated by the public housing agency for use for eligible activities under section 1203(a)(1) (or dedicated for use pursuant to section 1202(b)(2)(A)) before the expiration of the 24-month period beginning upon the award of such grant to the agency.

SEC. 1203. ELIGIBLE AND REQUIRED ACTIVITIES.

(a) ELIGIBLE ACTIVITIES.—Except as provided in subsection (b) and in section 1202(b)(2), grant amounts allocated and provided from the capital fund and grant amounts allocated and provided from the operating fund may be used for the following activities:

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

(A) the production and modernization of public housing developments, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the production of mixed-income developments;

(B) vacancy reduction;

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

(D) planned code compliance;

(E) management improvements;

(F) demolition and replacement under section 1261;

(G) tenant relocation;

(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

(I) capital expenditures to improve the security and safety of residents.

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

(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

(B) activities to ensure a program of routine preventative maintenance;

(C) anti-crime and anti-drug activities, including the costs of providing adequate security for public housing tenants;

(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities and including child care services for public housing residents;

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

(F) the costs associated with the operation and management of mixed-income developments;

(G) the costs of insurance;

(H) the energy costs associated with public housing units, with an emphasis on energy conservation;

(I) the costs of administering a public housing community work program under section 1105, including the costs of any related insurance needs; and

(J) activities in connection with a homeownership program for public housing residents under subtitle D, including providing financing or assistance for purchasing housing, or the provision of financial assistance to resident management corporations or resident councils to obtain training, technical assistance, and educational assistance to promote homeownership opportunities.

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

(1) REQUIREMENT.—A public housing agency that receives grant amounts under this title shall provide assistance in the form of rental housing assistance under title XIII, or appropriate site revitalization or other appropriate capital improvements approved by the Secretary, in lieu of assisting the operation and modernization of any building or buildings of public housing, if the agency provides sufficient evidence to the Secretary that the building or buildings—

(A) are on the same or contiguous sites;

(B) consist of more than 300 dwelling units;

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

(D) are identified as distressed housing for which the public housing agency cannot assure the long-term viability as public housing through reasonable revitalization, density reduction, or achievement of a broader range of household income; and

(E) have an estimated cost of continued operation and modernization as public housing that exceeds the cost of providing choice-based rental assistance under title XIII for all families in occupancy, based on appropriate indicators of cost (such as the percentage of the total development cost required for modernization).

Public housing agencies shall identify properties that meet the definition of subparagraphs (A) through (E) and shall consult with the appropriate public housing residents and the appropriate unit of general local government in identifying such properties.

(2) USE OF OTHER AMOUNTS.—In addition to grant amounts under this title attributable (pursuant to the formulas under section 1204) to the building or buildings identified under paragraph (1), the Secretary may use amounts provided in appropriation Acts for choice-based housing assistance under title XIII for families residing in such building or buildings or for appropriate site revitalization or other appropriate capital improvements approved by the Secretary.

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

(4) FAILURE OF PHA'S TO COMPLY WITH CONVERSION REQUIREMENT.—If the Secretary determines that—

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

(B) a public housing agency has failed to identify one or more buildings which the Secretary determines should have been identified under paragraph (1), or

(C) one or more of the buildings identified by the public housing agency pursuant to paragraph (1) should not, in the determination of the Secretary, have been identified under that paragraph,

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

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

(6) USE OF BUDGET AUTHORITY.—Notwithstanding any other provision of law, if a building or buildings are identified pursuant to paragraph (1), the Secretary may authorize or direct the transfer, to the choice-based or tenant-based assistance program of such agency or to appropriate site revitalization or other capital improvements approved by the Secretary, of—

(A) in the case of an agency receiving assistance under the comprehensive improvement assistance program, any amounts obligated by the Secretary for the modernization of such building or buildings pursuant to section 14 of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b));

(B) in the case of an agency receiving public housing modernization assistance by formula pursuant to such section 14, any amounts provided to the agency which are attributable pursuant to the formula for allocating such assistance to such building or buildings;

(C) in the case of an agency receiving assistance for the major reconstruction of obsolete projects, any amounts obligated by the Secretary for the major reconstruction of such building or buildings pursuant to section 5(j)(2) of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b); and

(D) in the case of an agency receiving assistance pursuant to the formulas under section 1204, any amounts provided to the agency which are attributable pursuant to the formulas for allocating such assistance to such building or buildings.

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

(A) notify the families residing in the public housing development subject to the conversion, in accordance with any guidelines issued by the Secretary governing such notifications, that—

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

(ii) the families displaced by such action will receive choice-based housing assistance

or occupancy in a unit operated or assisted by the public housing agency;

(B) ensure that each family that is a resident of the development is relocated to other safe, clean, and healthy affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of such family into such housing);

(C) provide any necessary counseling for families displaced by such action to facilitate relocation; and

(D) provide any reasonable relocation expenses for families displaced by such action.

(8) TRANSITION.—Any amounts made available to a public housing agency to carry out section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (enacted as section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134; 110 Stat. 1321–279)) may be used, to the extent or in such amounts as are or have been provided in advance in appropriation Acts, to carry out this section. The Secretary shall provide for public housing agencies to conform and continue actions taken under such section 202 in accordance with the requirements under this section.

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

(d) COMPLIANCE WITH PLAN.—The local housing management plan submitted by a public housing agency (including any amendments to the plan), unless determined under section 1107 not to comply with the requirements under section 1106, shall be binding upon the Secretary and the public housing agency and the agency shall use any grant amounts provided under this title for eligible activities under subsection (a) in accordance with the plan. This subsection may not be construed to preclude changes or amendments to the plan, as authorized under section 1107 or any actions authorized by this division to be taken without regard to a local housing management plan.

(e) ELIGIBLE ACTIVITIES FOR INCREASED INCOME.—Any public housing agency that derives increased nonrental or rental income, as referred to in subsection (c)(2)(B) or (d)(1)(D) of section 1204 or pursuant to provision of mixed-income developments under section 1221(c)(2), may use such amounts for any eligible activity under paragraph (1) or (2) of subsection (a) of this section or for providing choice-based housing assistance under title XIII.

SEC. 1204. DETERMINATION OF GRANT ALLOCATION.

(a) IN GENERAL.—For each fiscal year, after reserving amounts under section 1111 from the aggregate amount made available for the fiscal year for carrying out this title, the Secretary shall allocate any remaining amounts among eligible public housing agencies in accordance with this section, so that the sum of all of the allocations for all eligible authorities is equal to such remaining amount.

(b) ALLOCATION AMOUNT.—The Secretary shall determine the amount of the allocation for each eligible public housing agency, which shall be—

(1) for any fiscal year beginning after the enactment of a law containing the formulas described in paragraphs (1) and (2) of subsection (c), the sum of the amounts determined for the agency under each such formula; or

(2) for any fiscal year beginning before the expiration of such period, the sum of—

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

(B) the capital improvement allocation determined under subsection (d)(2) for the agency.

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

(1) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The formula under this paragraph shall provide for allocating assistance under the capital fund for a fiscal year. The formula may take into account such factors as—

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

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

(C) the cost of constructing and rehabilitating property in the area; and

(D) the need of the public housing agency to carry out activities that provide a safe and secure environment in public housing units owned or operated by the public housing agency.

(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—

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

(i) standards for the costs of operating and reasonable projections of income, taking into account the characteristics and locations of the public housing developments and characteristics of the families served and to be served (including the incomes of the families), or the costs of providing comparable services as determined in accordance with criteria or a formula representing the operations of a prototype well-managed public housing development;

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

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

(iv) any record by the public housing agency of exemplary performance in the operation of public housing.

(B) INCENTIVE TO INCREASE INCOME.—The formula shall provide an incentive to encourage public housing agencies to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families whose incomes have increase while in occupancy and newly admitted families. Any such incentive shall provide that the agency shall derive the full benefit of any increase in nonrental or rental income, and such increase shall not result in a decrease in amounts provided to the agency under this title. In addition, an agency shall be permitted to retain, from each fiscal year, the full benefit of such an increase in nonrental or rental income, except to the extent that such benefit exceeds (i) 100 percent of the total amount of the operating allocation for which the agency is eligible under this section, and (ii) the maximum balance permitted for the agency's operating reserve under this section and any regulations issued under this section.

(C) TREATMENT OF UTILITY RATES.—The formula shall not take into account the amount of any cost reductions for a public housing agency due to the difference between projected and actual utility rates attributable to actions that are taken by the agency which lead to such reductions, as determined by the Secretary. In the case of any public housing agency that receives financing from any person or entity other than the Secretary or enters into a performance contract to undertake energy conservation improvements in a public housing development, under which the payment does not exceed the cost of the energy saved as a result of the improvements during a reasonable negotiated contract period, the formula shall not take into account the amount of any cost reductions for the agency due to the differences between projected and actual utility consumption attributable to actions that are taken by the agency which lead to such reductions, as determined by the Secretary. Notwithstanding the preceding 2 sentences, after the expiration of the 10-year period beginning upon the savings initially taking effect, the Secretary may reduce the amount allocated to the agency under the formula by up to 50 percent of such differences.

(3) CONSIDERATION OF PERFORMANCE, COSTS, AND OTHER FACTORS.—The formulas under paragraphs (1) and (2) should each reward performance and may each consider appropriate factors that reflect the different characteristics and sizes of public housing agencies, the relative needs, revenues, costs, and capital improvements of agencies, and the relative costs to agencies of operating a well-managed agency that meets the performance targets for the agency established in the local housing management plan for the agency.

(4) DEVELOPMENT UNDER NEGOTIATED RULEMAKING PROCEDURE.—The formulas under this subsection shall be developed according to procedures for issuance of regulations under the negotiated rulemaking procedure under subchapter III of chapter 5 of title 5, United States Code, except that the formulas shall not be contained in a regulation.

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

(d) INTERIM ALLOCATION REQUIREMENTS.—

(1) OPERATING ALLOCATION.—

(A) APPLICABILITY TO APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, an amount shall be used only to provide amounts for operating allocations under this paragraph for eligible public housing agencies that bears the same ratio to such total amount available for allocation that the amount appropriated for fiscal year 1997 for operating subsidies under section 9 of the United States Housing Act of 1937 bears to the sum of such operating subsidy amounts plus the amounts appropriated for such fiscal year for modernization under section 14 of such Act.

(B) DETERMINATION.—The operating allocation under this paragraph for a public housing agency for a fiscal year shall be an amount determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of operating subsidies for fiscal year 1997 to public housing agencies (as modified under subparagraphs (C) and (D)) under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b).

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

(D) TREATMENT OF INCREASES IN INCOME.—The Secretary shall revise the formula referred to in subparagraph (B) to provide an incentive to encourage public housing agencies to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families whose incomes have increased while in occupancy and newly admitted families. Any such incentive shall provide that the agency shall derive the full benefit of any increase in nonrental or rental income, and such increase shall not result in a decrease in amounts provided to the agency under this title. In addition, an agency shall be permitted to retain, from each fiscal year, the full benefit of such an increase in nonrental or rental income, except that such benefit may not be retained if—

(i) the agency's operating allocation equals 100 percent of the amount for which it is eligible under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b) of this Act; and

(ii) the agency's operating reserve balance is equal to the maximum amount permitted under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b) of this Act.

(2) CAPITAL IMPROVEMENT ALLOCATION.—

(A) APPLICABILITY TO APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, an amount shall be used only to provide amounts for capital improvement allocations under this paragraph for eligible public housing agencies that bears the same ratio to such total amount available for allocation that the amount appropriated for fiscal year 1997 for modernization under section 14 of the United States Housing Act of 1937 bears to the sum of such modernization amounts plus the amounts appropriated for such fiscal year for operating subsidies under section 9 of such Act.

(B) DETERMINATION.—The capital improvement allocation under this paragraph for an eligible public housing agency for a fiscal year shall be determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of modernization assistance for fiscal year 1997 to public housing agencies under section 14 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b), except that the Secretary shall establish a method for taking into consideration allocation of amounts under the comprehensive improvement assistance program.

(e) ELIGIBILITY OF UNITS ACQUIRED FROM PROCEEDS OF SALES UNDER DEMOLITION OR DISPOSITION PLAN.—If a public housing agency uses proceeds from the sale of units under a homeownership program in accordance with section 1251 to acquire additional units to be sold to low-income families, the additional units shall be counted as public housing for purposes of determining the amount of the allocation to the agency under this section until sale by the agency, but in any case no longer than 5 years.

SEC. 1205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.

(a) IN GENERAL.—In addition to any other actions authorized under this title, if the Secretary finds pursuant to an audit under section 1541 that a public housing agency receiving grant amounts under this title has failed to comply substantially with any provision of this title, the Secretary may—

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

(2) withhold from the agency amounts from the total allocation for the agency pursuant to section 1204;

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

(4) limit the availability of grant amounts provided to the agency under this title to programs, projects, or activities not affected by such failure to comply;

(5) withhold from the agency amounts allocated for the agency under title XIII; or

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

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

(1) in the case of action under subsection (a)(1), resume payments of grant amounts under this title to the agency in the full amount of the total allocation under section 1204 for the agency at the time that the Secretary first determines that the agency will comply with the provisions of this title;

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

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

Subtitle B—Admissions and Occupancy Requirements

SEC. 1221. LOW-INCOME HOUSING REQUIREMENT.

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

(b) OPERATING ASSISTANCE.—No portion of any public housing development operated with amounts from a grant under this title or operating assistance provided under the United States Housing Act of 1937 may be disposed of before the expiration of the 10-year period beginning upon the conclusion of the fiscal year for which the grant or such assistance was provided, except as provided in this Act.

(c) CAPITAL IMPROVEMENTS ASSISTANCE.—Amounts may be used for eligible activities under section 1203(a)(1) only for the following housing developments:

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

(A) is owned by public housing agencies;

(B) is operated as low-income rental housing and produced or operated with assistance provided under a grant under this title; and

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

Any development, or portion thereof, referred to in this paragraph for which activities under section 1203(a)(1) are conducted using amounts from a grant under this title shall be maintained and used as public housing for the 20-year period beginning upon the receipt of such grant. Any public housing development, or portion thereof, that received the benefit of a grant pursuant to section 14 of the United States Housing Act of 1937 shall be maintained and used as public housing for the 20-year period beginning upon receipt of such amounts.

(2) MIXED INCOME DEVELOPMENTS.—Amounts may be used for eligible activities under section 1203(a)(1) for mixed-income developments, which shall be a housing development that—

(A) contains dwelling units that are available for occupancy by families other than low-income families;

(B) contains a number of dwelling units—

(i) which units are made available (by master contract or individual lease) for occupancy only by low- and very low-income families identified by the public housing agency;

(ii) which number is not less than a reasonable number of units, including related amenities, taking into account the amount of the assistance provided by the agency compared to the total investment (including costs of operation) in the development;

(iii) which units are subject to the statutory and regulatory requirements of the public housing program, except that the Secretary may grant appropriate waivers to such statutory and regulatory requirements if reductions in funding or other changes to the program make continued application of such requirements impracticable;

(iv) which units are specially designated as dwelling units under this subparagraph, except the equivalent units in the development may be substituted for designated units during the period the units are subject to the requirements of the public housing program; and

(v) which units shall be eligible for assistance under this title; and

(C) is owned by the public housing agency, an affiliate controlled by it, or another appropriate entity.

Notwithstanding any other provision of this title, to facilitate the establishment of socioeconomically mixed communities, a public housing agency that uses grant amounts under this title for a mixed income development under this paragraph may, to the extent that income from such a development reduces the amount of grant amounts used for operating or other costs relating to public housing, use such resulting savings to rent privately developed dwelling units in the neighborhood of the mixed income development. Such units shall be made available for occupancy only by low-income families eligible for residency in public housing.

SEC. 1222. FAMILY ELIGIBILITY.

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

(b) INCOME MIX WITHIN DEVELOPMENTS.—A public housing agency may establish and utilize income-mix criteria for the selection of residents for dwelling units in public housing developments that limit admission to a development by selecting applicants having incomes appropriate so that the mix of incomes of families occupying the development at any time is proportional to the income mix in the eligible population of the jurisdiction of the agency at such time, as adjusted to take into consideration the severity of housing need. Any criteria established under this subsection shall be subject to the provisions of subsection (c).

(c) INCOME MIX.—

(1) PHA INCOME MIX.—Of the public housing dwelling units of a public housing agency made available for occupancy by eligible families, not less than 35 percent shall be occupied by families whose incomes at the

time of occupancy do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary, may for purposes of this subsection, establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes. This paragraph may not be construed to create any authority on the part of any public housing agency to evict any family residing in public housing solely because of the income of the family or because of any noncompliance or overcompliance with the requirement of this paragraph.

(2) PROHIBITION OF CONCENTRATION OF LOW-INCOME FAMILIES.—A public housing agency may not, in complying with the requirements under paragraph (1), concentrate very low-income families (or other families with relatively low incomes) in public housing dwelling units in certain public housing developments or certain buildings within developments. The Secretary may review the income and occupancy characteristics of the public housing developments, and the buildings of such developments, of public housing agencies to ensure compliance with the provisions of this paragraph.

(3) FUNGIBILITY WITH CHOICE-BASED ASSISTANCE.—If, during a fiscal year, a public housing agency provides choice-based housing assistance under title XIII for a number of low-income families, who are initially assisted by the agency in such year and have incomes described in section 1321(b) (relating to income targeting), which exceeds the number of families that is required for the agency to comply with the percentage requirement under such section 1321(b) for such fiscal year, notwithstanding paragraph (1) of this subsection, the number of public housing dwelling units that the agency must otherwise make available in accordance with such paragraph to comply with the percentage requirement under such paragraph shall be reduced by such excess number of families for such fiscal year.

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

(1) AUTHORITY AND WAIVER.—To the extent necessary to provide occupancy in public housing dwelling units to police officers and other law enforcement or security personnel (who are not otherwise eligible for residence in public housing) and to increase security for other public housing residents in developments where crime has been a problem, a public housing agency may, with respect to such units and subject to paragraph (2)—

(A) waive—

(i) the provisions of subsection (a) of this section and section 1225(a); and

(ii) the applicability of—

(I) any preferences for occupancy established under section 1223;

(II) the minimum rental amount established pursuant to section 1225(c) and any maximum monthly rental amount established pursuant to section 1225(b);

(III) any criteria relating to income mix within developments established under subsection (b);

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

(V) any other occupancy limitations or requirements; and

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

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

SEC. 1223. PREFERENCES FOR OCCUPANCY.

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

(b) CONTENT.—Each system of preferences established pursuant to this section shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 1106(e) and under the requirements applicable to the comprehensive housing affordability strategy for the relevant jurisdiction.

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

SEC. 1224. ADMISSION PROCEDURES.

(a) ADMISSION REQUIREMENTS.—A public housing agency shall ensure that each family residing in a public housing development owned or administered by the agency is admitted in accordance with the procedures established under this title by the agency and the income limits under section 1222.

(b) NOTIFICATION OF APPLICATION DECISIONS.—A public housing agency shall establish procedures designed to provide for notification to an applicant for admission to public housing of the determination with respect to such application, the basis for the determination, and, if the applicant is determined to be eligible for admission, the projected date of occupancy (to the extent such date can reasonably be determined). If an agency denies an applicant admission to public housing, the agency shall notify the applicant that the applicant may request an informal hearing on the denial within a reasonable time of such notification.

(c) SITE-BASED WAITING LISTS.—A public housing agency may establish procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include (notwithstanding any other law, regulation, handbook, or notice to the contrary) a system of site-based waiting lists whereby applicants may apply directly at or otherwise designate the development or developments in which they seek to reside. All such procedures shall comply with all provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws.

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

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

SEC. 1225. FAMILY CHOICE OF RENTAL PAYMENT.

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

(b) ALLOWABLE RENT STRUCTURES.—

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

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

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

The rental amount for a dwelling unit shall be considered to comply with the requirements of this paragraph if such amount does not exceed the actual monthly costs to the public housing agency attributable to providing and operating the dwelling unit. The preceding sentence may not be construed to require establishment of rental amounts equal to or based on operating costs or to prevent public housing agencies from developing flat rents required under this paragraph in any other manner that may comply with this paragraph.

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

(A) 30 percent of the monthly adjusted income of the family.

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

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

Nothing in this paragraph may be construed to require a public housing agency to charge a monthly rent in the maximum amount permitted under this paragraph.

(c) MINIMUM RENTAL AMOUNT.—Notwithstanding the method for rent determination elected by a family pursuant to subsection (a), each public housing agency shall require that the monthly rent for each dwelling unit in public housing owned or administered by the agency shall not be less than a minimum amount (which amount shall include any amount allowed for utilities), which shall be an amount determined by the agency that is not less than $25 nor more than $50.

(d) HARDSHIP PROVISIONS.—

(1) MINIMUM RENTAL.—

(A) IN GENERAL.—Notwithstanding subsection (c), a public housing agency shall grant an exemption from application of the minimum monthly rental under such subsection to any family unable to pay such amount because of financial hardship, which shall include situations in which (i) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an

alien lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (ii) the family would be evicted as a result of the imposition of the minimum rent requirement under subsection (c); (iii) the income of the family has decreased because of changed circumstance, including loss of employment; and (iv) a death in the family has occurred; and other situations as may be determined by the agency.

(B) WAITING PERIOD.—If a resident requests a hardship exemption under this paragraph and the public housing agency reasonably determines the hardship to be of a temporary nature, an exemption shall not be granted during the 90-day period beginning upon the making of a request for the exemption. A resident may not be evicted during such 90-day period for nonpayment of rent. In such a case, if the resident thereafter demonstrates that the financial hardship is of a long-term basis, the agency shall retroactively exempt the resident from the applicability of the minimum rent requirement for such 90-day period.

(2) SWITCHING RENT DETERMINATION METHODS.—Notwithstanding subsection (a), in the case of a family that has elected to pay rent in the amount determined under subsection (b)(1), a public housing agency shall provide for the family to pay rent in the amount determined under subsection (b)(2) during the period for which such election was made if the family is unable to pay the amount determined under subsection (b)(1) because of financial hardship, including—

(A) situations in which the income of the family has decreased because of changed circumstances, loss of reduction of employment, death in the family, and reduction in or loss of income or other assistance;

(B) an increase, because of changed circumstances, in the family's expenses for—

(i) medical costs;

(ii) child care;

(iii) transportation;

(iv) education; or

(v) similar items; and

(C) such other situations as may be determined by the agency.

(e) ENCOURAGEMENT OF SELF-SUFFICIENCY.—The rental policy developed by each public housing agency shall encourage and reward employment and economic self-sufficiency.

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

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

(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under this section by a family whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program) may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

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

(3) TRANSITION.—Notwithstanding the provisions of paragraphs (1) and (2), any resident of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) shall be governed by such authority after such date.

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

(1) IN GENERAL.—Except as provided in paragraph (2), for any family residing in a dwelling unit in public housing upon the effective date of this division, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon initial applicability of this title is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

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

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

(2) EXCEPTION.—The minimum rental amount under subsection (c) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

SEC. 1226. LEASE REQUIREMENTS.

In renting dwelling units in a public housing development, each public housing agency shall utilize leases that—

(1) do not contain unreasonable terms and conditions;

(2) obligate the public housing agency to maintain the development in compliance with the housing quality requirements under section 1232;

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

(A) the period provided under the applicable law of the jurisdiction or 14 days, whichever is less, in the case of nonpayment of rent;

(B) a reasonable period of time, but not to exceed 14 days, when the health or safety of other residents or public housing agency employees is threatened; and

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

(4) contain the provisions required under sections 1642 and 1643 (relating to limitations on occupancy in federally assisted housing); and

(5) specify that, with respect to any notice of eviction or termination, notwithstanding any State law, a public housing resident shall be informed of the opportunity, prior to any hearing or trial, to examine any relevant documents, records or regulations directly related to the eviction or termination.

SEC. 1227. DESIGNATED HOUSING FOR ELDERLY AND DISABLED FAMILIES.

(a) AUTHORITY TO PROVIDE DESIGNATED HOUSING.—

(1) IN GENERAL.—Subject only to provisions of this section and notwithstanding any other provision of law, a public housing agency for which the information required under subsection (d) is in effect may provide public housing developments (or portions of developments) designated for occupancy by (A) only elderly families, (B) only disabled families, or (C) elderly and disabled families.

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

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

(b) STANDARDS REGARDING EVICTIONS.—Except as provided in subtitle C of title XVI, any tenant who is lawfully residing in a dwelling unit in a public housing development may not be evicted or otherwise required to vacate such unit because of the designation of the development (or portion of a development) pursuant to this section or because of any action taken by the Secretary or any public housing agency pursuant to this section.

(c) RELOCATION ASSISTANCE.—A public housing agency that designates any existing development or building, or portion thereof, for occupancy as provided under subsection (a)(1) shall provide, to each person and family who agrees to be relocated in connection with such designation—

(1) notice of the designation and an explanation of available relocation benefits, as soon as is practicable for the agency and the person or family;

(2) access to comparable housing (including appropriate services and design features), which may include choice-based rental housing assistance under title XIII, at a rental rate paid by the tenant that is comparable to that applicable to the unit from which the person or family has vacated; and

(3) payment of actual, reasonable moving expenses.

(d) REQUIRED INCLUSIONS IN LOCAL HOUSING MANAGEMENT PLAN.—A public housing agency may designate a development (or portion of a development) for occupancy under subsection (a)(1) only if the agency, as part of the agency's local housing management plan—

(1) establishes that the designation of the development is necessary—

(A) to achieve the housing goals for the jurisdiction under the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; or

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

(2) includes a description of—

(A) the development (or portion of a development) to be designated;

(B) the types of tenants for which the development is to be designated;

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

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

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

For purposes of this subsection, the term ''supportive services'' means services designed to meet the special needs of residents. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the

plan covering designation of a development pursuant to this section.

(e) EFFECTIVENESS.—

(1) INITIAL 5-YEAR EFFECTIVENESS.—The information required under subsection (d) shall be in effect for purposes of this section during the 5-year period that begins upon notification under section 1107(a) of the public housing agency that the information complies with the requirements under section 1106 and this section.

(2) RENEWAL.—Upon the expiration of the 5-year period under paragraph (1) or any 2-year period under this paragraph, an agency may extend the effectiveness of the designation and information for an additional 2-year period (that begins upon such expiration) by submitting to the Secretary any information needed to update the information. The Secretary may not limit the number of times a public housing agency extends the effectiveness of a designation and information under this paragraph.

(3) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this section, a public housing agency shall be considered to have submitted the information required under this section if the agency has submitted to the Secretary an application and allocation plan under section 7 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that has not been approved or disapproved before such effective date.

(4) TRANSITION PROVISION.—Any application and allocation plan approved under section 7 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) before such effective date shall be considered to be the information required to be submitted under this section and that is in effect for purposes of this section for the 5-year period beginning upon such approval.

(f) INAPPLICABILITY OF UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITIONS POLICY ACT OF 1970.—No resident of a public housing development shall be considered to be displaced for purposes of the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 because of the designation of any existing development or building, or portion thereof, for occupancy as provided under subsection (a) of this section.

(g) USE OF AMOUNTS.—Any amounts appropriated pursuant to section 10(b) of the Housing Opportunity Program Extension Act of 1996 (Public Law 104–120) may also be used, to the extent or in such amounts as are or have been provided in advance in appropriation Acts, for choice-based rental housing assistance under title XIII for public housing agencies to implement this section.

Subtitle C—Management

SEC. 1231. MANAGEMENT PROCEDURES.

(a) SOUND MANAGEMENT.—A public housing agency that receives grant amounts under this title shall establish and comply with procedures and practices sufficient to ensure that the public housing developments owned or administered by the agency are operated in a sound manner.

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

(1) ESTABLISHMENT.—Each public housing agency that receives grant amounts under this title shall establish and maintain a system of accounting for rental collections and costs (including administrative, utility, maintenance, repair, and other operating costs) for each project and operating cost center (as determined by the Secretary).

(2) ACCESS TO RECORDS.—Each public housing agency shall make available to the general public the information required pursuant to paragraph (1) regarding collections and costs.

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

(c) MANAGEMENT BY OTHER ENTITIES.—Except as otherwise provided under this division, a public housing agency may contract with any other entity to perform any of the management functions for public housing owned or operated by the public housing agency.

SEC. 1232. HOUSING QUALITY REQUIREMENTS.

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

(1) in the case of public housing located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(2) in the case of public housing located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in paragraph (1), with the housing quality standards established under subsection (b).

(b) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that ensure that public housing dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 1328(c). The Secretary shall differentiate between major and minor violations of such standards.

(c) DETERMINATIONS.—Each public housing agency providing housing assistance shall identify, in the local housing management plan of the agency, whether the agency is utilizing the standard under paragraph (1) or (2) of subsection (a).

(d) ANNUAL INSPECTIONS.—Each public housing agency that owns or operates public housing shall make an annual inspection of each public housing development to determine whether units in the development are maintained in accordance with the requirements under subsection (a). The agency shall retain the results of such inspections and, upon the request of the Secretary, the Inspector General for the Department of Housing and Urban Development, or any auditor conducting an audit under section 1541, shall make such results available.

SEC. 1233. EMPLOYMENT OF RESIDENTS.

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

(1) in subsection (c)(1)—

(A) in subparagraph (A)—

(i) by striking ''public and Indian housing agencies'' and inserting ''public housing agencies and recipients of grants under the Native American Housing Assistance and Self-Determination Act of 1996''; and

(ii) by striking ''development assistance'' and all that follows through the end and inserting ''assistance provided under title XII of the Housing Opportunity and Responsibility Act of 1997 and used for the housing production, operation, or capital needs.''; and

(B) in subparagraph (B)(ii), by striking ''managed by the public or Indian housing agency'' and inserting ''assisted by the public housing agency or the recipient of a grant under the Native American Housing Assistance and Self-Determination Act of 1996'';

(2) in subsection (d)(1)—

(A) in subparagraph (A)—

(i) by striking ''public and Indian housing agencies'' and inserting ''public housing agencies and recipients of grants under the Native American Housing Assistance and Self-Determination Act of 1996''; and

(ii) by striking ''development assistance'' and all that follows through ''section 14 of that Act'' and inserting ''assistance provided under title XII of the Housing Opportunity and Responsibility Act of 1997 and used for the housing production, operation, or capital needs''; and

(B) in subparagraph (B)(ii), by striking ''operated by the public or Indian housing agency'' and inserting ''assisted by the public housing agency or the recipient of a grant under the Native American Housing Assistance and Self-Determination Act of 1996'';

(3) in subsections (c)(1)(A) and (d)(1)(A), by striking ''make their best efforts,'' each place it appears and inserting ''to the maximum extent that is possible and'';

(4) in subsection (c)(1)(A), by striking ''to give'' and inserting ''give''; and

(5) in subsection (d)(1)(A), by striking ''to award'' and inserting ''award''.

SEC. 1234. RESIDENT COUNCILS AND RESIDENT MANAGEMENT CORPORATIONS.

(a) RESIDENT COUNCILS.—The residents of a public housing development may establish a resident council for the development for purposes of consideration of issues relating to residents, representation of resident interests, and coordination and consultation with a public housing agency. A resident council shall be an organization or association that—

(1) is nonprofit in character;

(2) is representative of the residents of the eligible housing;

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

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

(b) RESIDENT MANAGEMENT CORPORATIONS.—

(1) ESTABLISHMENT.—The residents of a public housing development may establish a resident management corporation for the purpose of assuming the responsibility for the management of the development under section 1235 or purchasing a development.

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

(A) is nonprofit in character;

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

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

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

SEC. 1235. MANAGEMENT BY RESIDENT MANAGEMENT CORPORATION.

(a) AUTHORITY.—A public housing agency may enter into a contract under this section with a resident management corporation to provide for the management of public housing developments by the corporation.

(b) CONTRACT.—A contract under this section for management of public housing developments by a resident management corporation shall establish the respective management rights and responsibilities of the corporation and the public housing agency. The contract shall be consistent with the requirements of this division applicable to public housing development and may include specific terms governing management personnel and compensation, access to public housing records, submission of and adherence to budgets, rent collection procedures,

resident income verification, resident eligibility determinations, resident eviction, the acquisition of supplies and materials and such other matters as may be appropriate. The contract shall be treated as a contracting out of services.

(c) BONDING AND INSURANCE.—Before assuming any management responsibility for a public housing development, the resident management corporation shall provide fidelity bonding and insurance, or equivalent protection. Such bonding and insurance, or its equivalent, shall be adequate to protect the Secretary and the public housing agency against loss, theft, embezzlement, or fraudulent acts on the part of the resident management corporation or its employees.

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

(1) the public housing agency to provide a portion of the block grant assistance under this title to the resident management corporation for purposes of operating the public housing development covered by the contract and performing such other eligible activities with respect to the development as may be provided under the contract;

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

(3) the amount of income to be provided to the development from the other sources of income of the public housing agency (such as interest income, administrative fees, and rents); and

(4) any income generated by a resident management corporation of a public housing development that exceeds the income estimated under the contract shall be used for eligible activities under section 1203(a).

(e) CALCULATION OF TOTAL INCOME.—

(1) MAINTENANCE OF SUPPORT.—Subject to paragraph (2), the amount of assistance provided by a public housing agency to a public housing development managed by a resident management corporation may not be reduced during the 3-year period beginning on the date on which the resident management corporation is first established for the development.

(2) REDUCTIONS AND INCREASES IN SUPPORT.—If the total income of a public housing agency is reduced or increased, the income provided by the public housing agency to a public housing development managed by a resident management corporation shall be reduced or increased in proportion to the reduction or increase in the total income of the agency, except that any reduction in block grant amounts under this title to the agency that occurs as a result of fraud, waste, or mismanagement by the agency shall not affect the amount provided to the resident management corporation.

SEC. 1236. TRANSFER OF MANAGEMENT OF CERTAIN HOUSING TO INDEPENDENT MANAGER AT REQUEST OF RESIDENTS.

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

(1) such housing is owned or operated by a public housing agency that is designated as a troubled agency under section 1533(a); and

(2) the Secretary determines that—

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

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

(C) such housing is located in an area such that the housing is subject to recurrent vandalism and criminal activity (including drug-related criminal activity); and

(D) the residents can demonstrate that the elements of distress for such housing specified in subparagraphs (A) through (C) can be remedied by an entity that has a demonstrated capacity to manage, with reasonable expenses for modernization.

Such a transfer may be made only as provided in this section, pursuant to the approval by the Secretary of a request for the transfer made by a majority vote of the residents for the specified housing, after consultation with the public housing agency for the specified housing.

(b) BLOCK GRANT ASSISTANCE.—Pursuant to a contract under subsection (c), the Secretary shall require the public housing agency for specified housing to provide to the manager for the housing, from any block grant amounts under this title for the agency, fair and reasonable amounts for operating costs for the housing. The amount made available under this subsection to a manager shall be determined by the Secretary based on the share for the specified housing of the total block grant amounts for the public housing agency transferring the housing, taking into consideration the operating and capital improvement needs of the specified housing, the operating and capital improvement needs of the remaining public housing units managed by the public housing agency, and the local housing management plan of such agency.

(c) CONTRACT BETWEEN SECRETARY AND MANAGER.—

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

(2) TERMS.— A contract under this subsection shall contain provisions establishing the rights and responsibilities of the manager with respect to the specified housing and the Secretary and shall be consistent with the requirements of this division applicable to public housing developments.

(d) COMPLIANCE WITH LOCAL HOUSING MANAGEMENT PLAN.—A manager of specified housing under this section shall comply with the approved local housing management plan applicable to the housing and shall submit such information to the public housing agency from which management was transferred as may be necessary for such agency to prepare and update its local housing management plan.

(e) DEMOLITION AND DISPOSITION BY MANAGER.—A manager under this section may demolish or dispose of specified housing only if, and in the manner, provided for in the local housing management plan for the agency transferring management of the housing.

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

(g) TREATMENT OF MANAGER.—To the extent not inconsistent with this section and to the extent the Secretary determines not inconsistent with the purposes of this division, a manager of specified housing under this section shall be considered to be a public housing agency for purposes of this title.

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

(1) ELIGIBLE MANAGEMENT ENTITY.—The term ''eligible management entity'' means, with respect to any public housing development, any of the following entities:

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

(i) include a resident management corporation or resident management organization and, as determined by the Secretary, a public or private nonprofit organization sponsored by the public housing agency that owns the development; and

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

(B) FOR-PROFIT ENTITY.—A for-profit entity that has demonstrated experience in providing low-income housing.

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

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

The term does not include a resident council.

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

(3) NONPROFIT.—The term ''nonprofit'' means, with respect to an organization, association, corporation, or other entity, that no part of the net earnings of the entity inures to the benefit of any member, founder, contributor, or individual.

(4) PRIVATE NONPROFIT ORGANIZATION.—The term ''private nonprofit organization'' means any private organization (including a State or locally chartered organization) that—

(A) is incorporated under State or local law;

(B) is nonprofit in character;

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

(D) has among its purposes significant activities related to the provision of decent housing that is affordable to low-income families.

(5) PUBLIC HOUSING AGENCY.—The term ''public housing agency'' has the meaning given such term in section 1103(a).

(6) PUBLIC NONPROFIT ORGANIZATION.—The term ''public nonprofit organization'' means any public entity that is nonprofit in character.

(7) SPECIFIED HOUSING.—The term ''specified housing'' means a public housing development or developments, or a portion of a development or developments, for which the transfer of management is requested under this section. The term includes one or more contiguous buildings and an area of contiguous row houses, but in the case of a single building, the building shall be sufficiently separable from the remainder of the development of which it is part to make transfer of the management of the building feasible for purposes of this section.

SEC. 1237. RESIDENT OPPORTUNITY PROGRAM.

(a) PURPOSE.—The purpose of this section is to encourage increased resident management of public housing developments, as a means of improving existing living conditions in public housing developments, by providing increased flexibility for public housing developments that are managed by residents by—

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

(2) providing funding, from amounts otherwise available, for technical assistance to promote formation and development of resident management entities.

For purposes of this section, the term ''public housing development'' includes one or more contiguous buildings or an area of contiguous row houses the elected resident

councils of which approve the establishment of a resident management corporation and otherwise meet the requirements of this section.

(b) PROGRAM REQUIREMENTS.—

(1) RESIDENT COUNCIL.—As a condition of entering into a resident opportunity program, the elected resident council of a public housing development shall approve the establishment of a resident management corporation that complies with the requirements of section 1234(b)(2). When such approval is made by the elected resident council of a building or row house area, the resident opportunity program shall not interfere with the rights of other families residing in the development or harm the efficient operation of the development. The resident management corporation and the resident council may be the same organization, if the organization complies with the requirements applicable to both the corporation and council.

(2) PUBLIC HOUSING MANAGEMENT SPECIALIST.—The resident council of a public housing development, in cooperation with the public housing agency, shall select a qualified public housing management specialist to assist in determining the feasibility of, and to help establish, a resident management corporation and to provide training and other duties agreed to in the daily operations of the development.

(3) MANAGEMENT RESPONSIBILITIES.—A resident management corporation that qualifies under this section, and that supplies insurance and bonding or equivalent protection sufficient to the Secretary and the public housing agency, shall enter into a contract with the agency establishing the respective management rights and responsibilities of the corporation and the agency. The contract shall be treated as a contracting out of services and shall be subject to the requirements under section 1235 for such contracts.

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

(c) COMPREHENSIVE IMPROVEMENT ASSISTANCE.—Public housing developments managed by resident management corporations may be provided with modernization assistance from grant amounts under this title for purposes of renovating such developments. If such renovation activities (including the planning and architectural design of the rehabilitation) are administered by a resident management corporation, the public housing agency involved may not retain, for any administrative or other reason, any portion of the assistance provided pursuant to this subsection unless otherwise provided by contract.

(d) WAIVER OF FEDERAL REQUIREMENTS.—

(1) WAIVER OF REGULATORY REQUIREMENTS.—Upon the request of any resident management corporation and public housing agency, and after notice and an opportunity to comment is afforded to the affected residents, the Secretary may waive (for both the resident management corporation and the public housing agency) any requirement established by the Secretary (and not specified in any statute) that the Secretary determines to unnecessarily increase the costs or restrict the income of a public housing development.

(2) WAIVER TO PERMIT EMPLOYMENT.—Upon the request of any resident management corporation, the Secretary may, subject to applicable collective bargaining agreements, permit residents of such development to volunteer a portion of their labor.

(3) EXCEPTIONS.—The Secretary may not waive under this subsection any requirement with respect to income eligibility for purposes of section 1222, family rental payments under section 1225, tenant or applicant protections, employee organizing rights, or rights of employees under collective bargaining agreements.

(e) OPERATING ASSISTANCE AND DEVELOPMENT INCOME.—

(1) CALCULATION OF OPERATING SUBSIDY.—The grant amounts received under this title by a public housing agency used for operating fund activities under section 1203(a)(2) that are allocated to a public housing development managed by a resident management corporation shall not be less than per unit monthly amount of such assistance used by the public housing agency in the previous year, as determined on an individual development basis.

(2) CONTRACT REQUIREMENTS.—Any contract for management of a public housing development entered into by a public housing agency and a resident management corporation shall specify the amount of income expected to be derived from the development itself (from sources such as rents and charges) and the amount of income funds to be provided to the development from the other sources of income of the agency (such as assistance for operating activities under section 1203(a)(2), interest income, administrative fees, and rents).

(f) RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING.—

(1) FINANCIAL ASSISTANCE.—To the extent budget authority is available under this title, the Secretary shall provide financial assistance to resident management corporations or resident councils that obtain, by contract or otherwise, technical assistance for the development of resident management entities, including the formation of such entities, the development of the management capability of newly formed or existing entities, the identification of the social support needs of residents of public housing developments, and the securing of such support. In addition, the Secretary may provide financial assistance to resident management corporations or resident councils for activities sponsored by resident organizations for economic uplift, such as job training, economic development, security, and other self-sufficiency activities beyond those related to the management of public housing. The Secretary may require resident councils or resident management corporations to utilize public housing agencies or other qualified organizations as contract administrators with respect to financial assistance provided under this paragraph.

(2) LIMITATION ON ASSISTANCE.—The financial assistance provided under this subsection with respect to any public housing development may not exceed $100,000.

(3) PROHIBITION.—A resident management corporation or resident council may not, before the award to the corporation or council of a grant amount under this subsection, enter into any contract or other agreement with any entity to provide such entity with amounts from the grant for providing technical assistance or carrying out other activities eligible for assistance with amounts under this subsection. Any such agreement entered into in violation of this paragraph shall be void and unenforceable.

(4) FUNDING.—Of any amounts made available under section 1282(1) for use under the capital fund, the Secretary may use to carry out this subsection $15,000,000 for fiscal year 1998.

(5) LIMITATION REGARDING ASSISTANCE UNDER HOPE GRANT PROGRAM.—The Secretary may not provide financial assistance under this subsection to any resident management corporation or resident council with respect to which assistance for the development or formation of such entity is provided under title III of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(6) TECHNICAL ASSISTANCE AND CLEARINGHOUSE.—The Secretary may use up to 10 percent of the amount made available pursuant to paragraph (4)—

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

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

in connection with activities under this subsection.

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

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

(2) submit to the Congress a report setting forth the findings of the Secretary as a result of the evaluation and assessment and including any recommendations the Secretary determines to be appropriate.

(h) APPLICABILITY.—Any management contract between a public housing agency and a resident management corporation that is entered into after the date of the enactment of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 shall be subject to this section and any regulations issued to carry out this section.

Subtitle D—Homeownership

SEC. 1251. RESIDENT HOMEOWNERSHIP PROGRAMS.

(a) IN GENERAL.—A public housing agency may carry out a homeownership program in accordance with this section and the local housing management plan of the agency to make public housing dwelling units, public housing developments, and other housing projects available for purchase by low-income families. An agency may transfer a unit only pursuant to a homeownership program approved by the Secretary. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the plan regarding a homeownership program pursuant to this section. In the case of the portion of a plan regarding the homeownership program that is submitted separately pursuant to the preceding sentence, the Secretary shall approve or disapprove such portion not later than 60 days after the submission of such portion.

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

(c) ELIGIBLE PURCHASERS.—

(1) LOW-INCOME REQUIREMENT.—Only low-income families assisted by a public housing agency, other low-income families, and entities formed to facilitate such sales by purchasing units for resale to low-income families shall be eligible to purchase housing under a homeownership program under this section.

(2) OTHER REQUIREMENTS.—A public housing agency may establish other requirements or limitations for families to purchase housing under a homeownership program under this section, including requirements or limitations regarding employment or participation in employment counseling or training activities, criminal activity, participation in homeownership counseling programs, evidence of regular income, and other requirements. In the case of purchase by an entity

for resale to low-income families, the entity shall sell the units to low-income families within 5 years from the date of its acquisition of the units. The entity shall use any net proceeds from the resale and from managing the units, as determined in accordance with guidelines of the Secretary, for housing purposes, such as funding resident organizations and reserves for capital replacements.

(d) FINANCING AND ASSISTANCE.—A homeownership program under this section may provide financing for acquisition of housing by families purchasing under the program or by the public housing agency for sale under this program in any manner considered appropriate by the agency (including sale to a resident management corporation).

(e) DOWNPAYMENT REQUIREMENT.—

(1) IN GENERAL.—Each family purchasing housing under a homeownership program under this section shall be required to provide from its own resources a downpayment in connection with any loan for acquisition of the housing, in an amount determined by the public housing agency. Except as provided in paragraph (2), the agency shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase,

(2) DIRECT FAMILY CONTRIBUTION.—In purchasing housing pursuant to this section, each family shall contribute an amount of the downpayment, from resources of the family other than grants, gifts, contributions, or other similar amounts referred to in paragraph (1), that is not less than 1 percent of the purchase price.

(f) OWNERSHIP INTERESTS.—A homeownership program under this section may provide for sale to the purchasing family of any ownership interest that the public housing agency considers appropriate under the program, including ownership in fee simple, a condominium interest, an interest in a limited dividend cooperative, a shared appreciation interest with a public housing agency providing financing.

(g) RESALE.—

(1) AUTHORITY AND LIMITATION.—A homeownership program under this section shall permit the resale of a dwelling unit purchased under the program by an eligible family, but shall provide such limitations on resale as the agency considers appropriate (whether the family purchases directly from the agency or from another entity) for the agency to recapture—

(A) from any economic gain derived from any such resale occurring during the 5-year period beginning upon purchase of the dwelling unit by the eligible family, a portion of the amount of any financial assistance provided under the program by the agency to the eligible family; and

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

(2) CONSIDERATIONS.—The limitations referred to in paragraph (1) may provide for consideration of the aggregate amount of assistance provided under the program to the family, the contribution to equity provided by the purchasing eligible family, the period of time elapsed between purchase under the homeownership program and resale, the reason for resale, any improvements to the property made by the eligible family, any appreciation in the value of the property, and any other factors that the agency considers appropriate.

(h) SALE OF CERTAIN SCATTERED-SITE HOUSING.—A public housing agency that the Secretary has determined to be a high-performing agency may use the proceeds from the disposition of scattered-site public housing under a homeownership program under this section to purchase replacement scattered-site dwelling units, to the extent such use is provided for in the local housing management plan for the agency approved under section 1107. Any such replacement dwelling units shall be considered public housing for purposes of this division.

(i) INAPPLICABILITY OF DISPOSITION REQUIREMENTS.—The provisions of section 1261 shall not apply to disposition of public housing dwelling units under a homeownership program under this section, except that any dwelling units sold under such a program shall be treated as public housing dwelling units for purposes of subsections (e) and (f) of section 1261.

Subtitle E—Disposition, Demolition, and Revitalization of Developments

SEC. 1261. REQUIREMENTS FOR DEMOLITION AND DISPOSITION OF DEVELOPMENTS.

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

(b) LOCAL HOUSING MANAGEMENT PLAN REQUIREMENT.—A public housing agency may take any action to demolish or dispose of a public housing development (or a portion of a development) only if such demolition or disposition complies with the provisions of this section and is in accordance with the local housing management plan for the agency. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the plan covering demolition or disposition pursuant to this section.

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

(1) the development (or portion thereof) is severely distressed or obsolete;

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

(3) the development (or portion thereof) has design or construction deficiencies that make cost-effective rehabilitation infeasible;

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

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

(A) developmental changes in the area surrounding the development adversely affect the health or safety of the residents or the feasible operation of the development by the public housing agency;

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

(C) other factors exist that the agency determines are consistent with the best interests of the residents and the agency and not inconsistent with other provisions of this division;

(6) in the case only of demolition or disposition of a portion of a development, the demolition or disposition will help to ensure the remaining useful life of the remainder of the development; or

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

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

(B) the demolition or disposition is incidental to, or does not interfere with, continued operation of a development.

The evidence required under this subsection shall include, as a condition of demolishing or disposing of a public housing development (or portion of a development) estimated to have a value of $100,000 or more, a statement of the market value of the development (or portion), which has been determined by a party not having any interest in the housing or the public housing agency and pursuant to not less than 2 professional, independent appraisals of the development (or portion).

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

(1) the residents of the development (or portion); and

(2) appropriate local government officials.

(e) COUNSELING.—A public housing agency may demolish or dispose of a public housing development (or a portion of a development) only if the agency provides any necessary counseling for families displaced by such action to facilitate relocation.

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

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

(2) supportive services relating to job training or child care for residents of a development or developments; or

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

(g) RELOCATION.—A public housing agency that demolishes or disposes of a public housing development (or portion of a development thereof) shall ensure that—

(1) each family that is a resident of the development (or portion) that is demolished or disposed of is relocated to other safe, clean, healthy, and affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of the such family into such housing);

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

(3) each resident family to be displaced is paid relocation expenses, and the rent to be paid initially by the resident following relocation does not exceed the amount permitted under section 1225(a).

(h) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGANIZATIONS AND RESIDENT MANAGEMENT CORPORATIONS.—

(1) IN GENERAL.—A public housing agency may not dispose of a public housing development (or portion of a development) unless the agency has, before such disposition, offered to sell the property, as provided in this subsection, to each resident organization and

resident management corporation operating at the development for continued use as low-income housing, and no such organization or corporation purchases the property pursuant to such offer. A resident organization may act, for purposes of this subsection, through an entity formed to facilitate homeownership under subtitle D.

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

(A) before the expiration of the period during which any such organization or corporation may notify the agency of interest in purchasing the property, which shall be the 30-day period beginning on the date that the agency first provides notice of the proposed disposition of the property to such resident organizations and resident management corporations;

(B) if an organization or corporation submits notice of interest in accordance with subparagraph (A), before the expiration of the period during which such organization or corporation may obtain a commitment for financing to purchase the property, which shall be the 60-day period beginning upon the submission to the agency of the notice of interest; or

(C) if, during the period under subparagraph (B), an organization or corporation obtains such financing commitment and makes a bona fide offer to the agency to purchase the property for a price equal to or exceeding the applicable offer price under paragraph (3).

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

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

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

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

(2) the purpose of the demolition or disposition under subsection (c) and why the demolition or disposition complies with the requirements under subsection (c), and includes evidence of the market value of the development (or portion) required under subsection (c);

(3) how the consultations required under subsection (d) will be made;

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

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

(6) that the agency has offered the property for acquisition by resident organizations and resident management corporations in accordance with subsection (h).

(j) SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.—Notwithstanding any other provision of law, a public housing agency may provide for development of public housing dwelling units on the same site or in the same neighborhood as any dwelling units demolished, pursuant to a plan under this section, but only if such development provides for significantly fewer dwelling units.

(k) TREATMENT OF REPLACEMENT UNITS.—

(1) PROVISION OF OTHER HOUSING ASSISTANCE.—In connection with any demolition or disposition of public housing under this section, a public housing agency may provide for other housing assistance for low-income families that is consistent with the low-income housing needs of the community, including—

(A) the provision of choice-based assistance under title XIII; and

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

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

(ii) be made available for occupancy, operated, and managed in the manner required for public housing, and subject to the other requirements applicable to public housing dwelling units.

(2) TREATMENT OF INDIVIDUALS.—For purposes of this subsection, an individual between the ages of 18 and 21, inclusive, shall, at the discretion of the individual, be considered a family.

(l) USE OF NEW DWELLING UNITS.—A public housing agency demolishing or disposing of a public housing development (or portion thereof) under this section shall seek, where practical, to ensure that, if housing units are provided on any property that was previously used for the public housing demolished or disposed of, not less than 25 percent of such dwelling units shall be dwelling units reserved for occupancy during the remaining useful life of the housing by low-income families.

(m) PERMISSIBLE RELOCATION WITHOUT PLAN.—If a public housing agency determines that because of an emergency situation public housing dwelling units are severely uninhabitable, the public housing agency may relocate residents of such dwelling units before the submission of a local housing management plan providing for demolition or disposition of such units.

(n) CONSOLIDATION OF OCCUPANCY WITHIN OR AMONG BUILDINGS.—Nothing in this section may be construed to prevent a public housing agency from consolidating occupancy within or among buildings of a public housing development, or among developments, or with other housing for the purpose of improving living conditions of, or providing more efficient services to, residents.

(o) DE MINIMIS EXCEPTION TO DEMOLITION REQUIREMENTS.—Notwithstanding any other provision of this section, in any 5-year period a public housing agency may demolish not more than the lesser of 5 dwelling units or 5 percent of the total dwelling units owned and operated by the public housing agency, without providing for such demolition in a local housing management plan, but only if the space occupied by the demolished unit is used for meeting the service or other needs of public housing residents or the demolished unit was beyond repair.

SEC. 1262. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND CHOICE-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.

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

(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);

(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;

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

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

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

(c) CONTRIBUTION REQUIREMENT.—The Secretary may not make any grant under this section to any applicant unless the applicant certifies to the Secretary that the applicant will supplement the amount of assistance provided under this section with an amount of funds from sources other than this section equal to not less than 5 percent of the amount provided under this section, including amounts from other Federal sources, any State or local government sources, any private contributions, and the value of any in-kind services or administrative costs provided.

(d) ELIGIBLE ACTIVITIES.—Grants under this section may be used for activities to carry out revitalization programs for severely distressed public housing, including—

(1) architectural and engineering work, including the redesign, reconstruction, or redevelopment of a severely distressed public housing development, including the site on which the development is located;

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

(3) covering the administrative costs of the applicant, which may not exceed such portion of the assistance provided under this section as the Secretary may prescribe;

(4) payment of reasonable legal fees;

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

(6) economic development activities that promote the economic self-sufficiency of residents under the revitalization program;

(7) necessary management improvements;

(8) leveraging other resources, including additional housing resources, retail supportive services, jobs, and other economic development uses on or near the development that will benefit future residents of the site;

(9) replacement housing and housing assistance under title XIII;

(10) transitional security activities; and

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

(e) APPLICATION AND SELECTION.—

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

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

(A) the relationship of the grant to the local housing management plan for the public housing agency and how the grant will result in a revitalized site that will enhance the neighborhood in which the development is located;

(B) the capability and record of the applicant public housing agency, or any alternative management agency for the agency, for managing large-scale redevelopment or modernization projects, meeting construction timetables, and obligating amounts in a timely manner;

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

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

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

The Secretary shall give preference in selection to any public housing agency that has been awarded a planning grant under section 24(c) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

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

(1) shall establish cost limits on eligible activities under this section sufficient to provide for effective revitalization programs; and

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

(g) DEMOLITION AND REPLACEMENT.—Any severely distressed public housing demolished or disposed of pursuant to a revitalization plan and any public housing produced in lieu of such severely distressed housing, shall be subject to the provisions of section 1261.

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

(i) WITHDRAWAL OF FUNDING.—If a grantee under this section does not proceed expeditiously, in the determination of the Secretary, the Secretary shall withdraw any grant amounts under this section that have not been obligated by the public housing agency. The Secretary shall redistribute any withdrawn amounts to one or more public housing agencies eligible for assistance under this section or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the revitalization plan of the original grantee.

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

(1) APPLICANT.—The term ''applicant'' means—

(A) any public housing agency that is not designated as troubled pursuant to section 1533(a);

(B) any public housing agency or private housing management agent selected, or receiver appointed pursuant, to section 1545; and

(C) any public housing agency that is designated as troubled pursuant to section 1533(a) that—

(i) is so designated principally for reasons that will not affect the capacity of the agency to carry out a revitalization program;

(ii) is making substantial progress toward eliminating the deficiencies of the agency; or

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

(2) PRIVATE NONPROFIT CORPORATION.—The term ''private nonprofit organization'' means any private nonprofit organization (including a State or locally chartered nonprofit organization) that—

(A) is incorporated under State or local law;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

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

(D) has among its purposes significant activities related to the provision of decent housing that is affordable to very low-income families.

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

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

(B) is a significant contributing factor to the physical decline of and disinvestment by public and private entities in the surrounding neighborhood;

(C)(i) is occupied predominantly by families who are very low-income families with children, are unemployed, and dependent on various forms of public assistance; and

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

(D) cannot be revitalized through assistance under other programs, such as the public housing block grant program under this title, or the programs under sections 9 and 14 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), because of cost constraints and inadequacy of available amounts; and

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

(4) SUPPORTIVE SERVICES.—The term ''supportive services'' includes all activities that will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing development involved, including literacy training, job training, day care, and economic development activities.

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

(1) the number, type, and cost of public housing units revitalized pursuant to this section;

(2) the status of developments identified as severely distressed public housing;

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

(4) the recommendations of the Secretary for statutory and regulatory improvements to the program established by this section.

(l) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section $500,000,000 for each of fiscal years 1998, 1999, and 2000.

(2) TECHNICAL ASSISTANCE.—Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary may use not more than 0.50 percent for technical assistance. Such assistance may be provided directly or indirectly by grants, contracts, or cooperative agreements, and shall include training, and the cost of necessary travel for participants in such training, by or to officials of the Department of Housing and Urban Development, of public housing agencies, and of residents.

(m) SUNSET.—No assistance may be provided under this section after September 30, 2000.

(n) TREATMENT OF PREVIOUS SELECTIONS.—A public housing agency that has been selected to receive amounts under the notice of funding availability for fiscal year 1996 amounts for the HOPE VI program (provided under the heading ''PUBLIC HOUSING DEMOLITION, SITE REVITALIZATION, AND REPLACEMENT HOUSING GRANTS'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) (enacted as section 101(e) of Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134; 110 Stat. 1321–269)) may apply to the Secretary of Housing and Urban Development for a waiver of the total development cost rehabilitation requirement otherwise applicable under such program, and the Secretary may waive such requirement, but only (1) to the extent that a designated site for use of such amounts does not have dwelling units that are considered to be obsolete under Department of Housing and Urban Development regulations in effect upon the date of the enactment of this Act, and (2) if the Secretary determines that the public housing agency will continue to comply with the purposes of the program notwithstanding such waiver.

SEC. 1263. VOLUNTARY VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—A public housing agency may convert any public housing development (or portion thereof) owned and operated by the agency to a system of choice-based rental housing assistance under title XIII, in accordance with this section.

(b) ASSESSMENT AND PLAN REQUIREMENT.—In converting under this section to a choice-based rental housing assistance system, the public housing agency shall develop a conversion assessment and plan under this subsection, in consultation with the appropriate public officials and with significant participation by the residents of the development (or portion thereof), which assessment and plan shall—

(1) be consistent with and part of the local housing management plan for the agency;

(2) describe the conversion and future use or disposition of the public housing development, including an impact analysis on the affected community;

(3) include a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing choice-based rental housing assistance under title XIII for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing development proposed for conversion for the remaining useful life of the development;

(4) identify the actions, if any, that the public housing agency will take with regard to converting any public housing development or developments (or portions thereof) of the agency to a system of choice-based rental housing assistance under title XIII;

(5) require the public housing agency to—

(A) notify the families residing in the public housing development subject to the conversion, in accordance with any guidelines issued by the Secretary governing such notifications, that—

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

(ii) the families displaced by such action will receive choice-based housing assistance;

(B) provide any necessary counseling for families displaced by such action to facilitate relocation; and

(C) provide any reasonable relocation expenses for families displaced by such action; and

(6) ensure that each family that is a resident of the development is relocated to other safe, clean, and healthy affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of such family into such housing).

(c) STREAMLINED ASSESSMENT AND PLAN.—At the discretion of the Secretary or at the

request of a public housing agency, the Secretary may waive any or all of the requirements of subsection (b) or otherwise require a streamlined assessment with respect to any public housing development or class of public housing developments.

(d) IMPLEMENTATION OF CONVERSION PLAN.—

(1) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

(A) will not be more expensive than continuing to operate the public housing development (or portion thereof) as public housing; and

(B) will principally benefit the residents of the public housing development (or portion thereof) to be converted, the public housing agency, and the community.

(2) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or there is reliable information and data available to the Secretary that contradicts that conversion assessment.

(e) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide choice-based rental housing assistance under title XIII shall be added to the housing assistance payment contract administered by the public housing agency or any entity administering the contract on behalf of the public housing agency.

(f) SAVINGS PROVISION.—This section does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937 (as such section existed before the effective date of the repeal under section 1601(b) of this Act).

Subtitle F—Mixed-Finance Public Housing

SEC. 1271. AUTHORITY.

Notwithstanding sections 1203 and 1262, the Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to provide for the use of grant amounts allocated and provided from the capital fund or from a grant under section 1262, to produce mixed-finance housing developments, or replace or revitalize existing public housing dwelling units with mixed-finance housing developments, but only if the agency submits to the Secretary a plan for such housing that is approved pursuant to section 1273 by the Secretary.

SEC. 1272. MIXED-FINANCE HOUSING DEVELOPMENTS.

(a) IN GENERAL.—For purposes of this subtitle, the term ''mixed-finance housing'' means low-income housing or mixed-income housing (as described in section 1221(c)(2)) for which the financing for production or revitalization is provided, in part, from entities other than the public housing agency.

(b) PRODUCTION.—A mixed-finance housing development shall be produced or revitalized, and owned—

(1) by a public housing agency or by an entity affiliated with a public housing agency;

(2) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, is a managing member, or otherwise participates in the activities of the entity;

(3) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

(4) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

This subsection may not be construed to require production or revitalization, and ownership, by the same entity.

SEC. 1273. MIXED-FINANCE HOUSING PLAN.

The Secretary may approve a plan for production or revitalization of mixed-finance housing under this subtitle only if the Secretary determines that—

(1) the public housing agency has the ability, or has provided for an entity under section 1272(b) that has the ability, to use the amounts provided for use under the plan for such housing, effectively, either directly or through contract management;

(2) the plan provides permanent financing commitments from a sufficient number of sources other than the public housing agency, which may include banks and other conventional lenders, States, units of general local government, State housing finance agencies, secondary market entities, and other financial institutions;

(3) the plan provides for use of amounts provided under section 1271 by the public housing agency for financing the mixed-income housing in the form of grants, loans, advances, or other debt or equity investments, including collateral or credit enhancement of bonds issued by the agency or any State or local governmental agency for production or revitalization of the development; and

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

SEC. 1274. RENT LEVELS FOR HOUSING FINANCED WITH LOW-INCOME HOUSING TAX CREDIT.

With respect to any dwelling unit in a mixed-finance housing development that is a low-income dwelling unit for which amounts from a block grant under this title are used and that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the residents of the unit shall be determined in accordance with this title, but shall not in any case exceed the amounts allowable under such section 42.

SEC. 1275. CARRY-OVER OF ASSISTANCE FOR REPLACED HOUSING.

In the case of a mixed-finance housing development that is replacement housing for public housing demolished or disposed of, or is the result of the revitalization of existing public housing, the share of assistance received from the capital fund and the operating fund by the public housing agency that owned or operated the housing demolished, disposed of, or revitalized shall not be reduced because of such demolition, disposition, or revitalization after the commencement of such demolition, disposition, or revitalization, unless—

(1) upon the expiration of the 18-month period beginning upon the approval of the plan under section 1273 for the mixed-finance housing development, the agency does not have binding commitments for production or revitalization, or a construction contract, for such development;

(2) upon the expiration of the 4-year period beginning upon the approval of the plan, the mixed-finance housing development is not substantially ready for occupancy and is placed under the block grant contract for the agency under section 1201; or

(3) the number of dwelling units in the mixed-finance housing development that are made available for occupancy only by low-income families is substantially less than the number of such dwelling units in the public housing demolished, disposed of, or revitalized.

The Secretary may extend the period under paragraph (1) or (2) for a public housing agency if the Secretary determines that circumstances beyond the control of the agency caused the agency to fail to meet the deadline under such paragraph.

Subtitle G—General Provisions

SEC. 1281. PAYMENT OF NON-FEDERAL SHARE.

Rental or use-value of buildings or facilities paid for, in whole or in part, from production, modernization, or operation costs financed under this title may be used as the non-Federal share required in connection with activities undertaken under Federal grant-in-aid programs which provide social, educational, employment, and other services to the residents in a project assisted under this title.

SEC. 1282. AUTHORIZATION OF APPROPRIATIONS FOR BLOCK GRANTS.

There are authorized to be appropriated for grants under this title, the following amounts:

(1) CAPITAL FUND.—For the allocations from the capital fund for grants, $2,500,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

(2) OPERATING FUND.—For the allocations from the operating fund for grants, $2,900,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

SEC. 1283. FUNDING FOR OPERATION SAFE HOME.

Of any amounts made available for fiscal years 1998 and 1999 for carrying out the Community Partnerships Against Crime Act of 1997 (as so designated pursuant to section 1624(a) of this Act), not more than $20,000,000 shall be available in each such fiscal year, for use under the Operation Safe Home program administered by the Office of the Inspector General of the Department of Housing and Urban Development, for law enforcement efforts to combat violent crime on or near the premises of public and federally assisted housing.

SEC. 1284. FUNDING FOR RELOCATION OF VICTIMS OF DOMESTIC VIOLENCE.

Of any amounts made available for fiscal years 1998, 1999, 2000, 2001, and 2002 for choice-based housing assistance under title XIII of this Act, not more than $700,000 shall be available in each such fiscal year for relocating residents of public housing (including providing assistance for costs of relocation and housing assistance under title XIII of this Act) who are residing in public housing, who have been subject to domestic violence, and for whom provision of assistance is likely to reduce or eliminate the threat of subsequent violence to the members of the family. The Secretary shall establish procedures for eligibility and administration of assistance under this section.

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

Subtitle A—Allocation

SEC. 1301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE AMOUNTS.

To the extent that amounts to carry out this title are made available, the Secretary may enter into contracts with public housing agencies for each fiscal year to provide housing assistance under this title.

SEC. 1302. CONTRACTS WITH PHA'S.

(a) CONDITION OF ASSISTANCE.—The Secretary may provide amounts under this title to a public housing agency for a fiscal year only if the Secretary has entered into a contract under this section with the public housing agency, under which the Secretary shall provide such agency with amounts (in the amount of the allocation for the agency determined pursuant to section 1304) for housing assistance under this title for low-income families.

(b) USE FOR HOUSING ASSISTANCE.—A contract under this section shall require a public housing agency to use amounts provided

under this title to provide housing assistance in any manner authorized under this title.

(c) ANNUAL OBLIGATION OF AUTHORITY.—A contract under this title shall provide amounts for housing assistance for 1 fiscal year covered by the contract.

(d) ENFORCEMENT OF HOUSING QUALITY REQUIREMENTS.—Each contract under this section shall require the public housing agency administering assistance provided under the contract—

(1) to ensure compliance, under each housing assistance payments contract entered into pursuant to the contract under this section, with the provisions of the housing assistance payments contract included pursuant to section 1351(c)(4); and

(2) to establish procedures for assisted families to notify the agency of any noncompliance with such provisions.

SEC. 1303. ELIGIBILITY OF PHA'S FOR ASSISTANCE AMOUNTS.

The Secretary may provide amounts available for housing assistance under this title pursuant to the formula established under section 1304(a) to a public housing agency only if—

(1) the agency has submitted a local housing management plan to the Secretary for such fiscal year and applied to the Secretary for such assistance;

(2) the plan has been determined to comply with the requirements under section 1106 and the Secretary has not notified the agency that the plan fails to comply with such requirements;

(3) no member of the board of directors or other governing body of the agency, or the executive director, has been convicted of a felony; and

(4) the agency has not been disqualified for assistance pursuant to title XV.

SEC. 1304. ALLOCATION OF AMOUNTS.

(a) FORMULA ALLOCATION.—

(1) IN GENERAL.—When amounts for assistance under this title are first made available for reservation, after reserving amounts in accordance with subsections (b)(3) and (c), the Secretary shall allocate such amounts, only among public housing agencies meeting the requirements under this title to receive such assistance, on the basis of a formula that is established in accordance with paragraph (2) and based upon appropriate criteria to reflect the needs of different States, areas, and communities, using the most recent data available from the Bureau of the Census of the Department of Commerce and the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any consolidated plan incorporating such strategy) for the applicable jurisdiction. The Secretary may establish a minimum allocation amount, in which case only the public housing agencies that, pursuant to the formula, are provided an amount equal to or greater than the minimum allocation amount, shall receive an allocation.

(2) REGULATIONS.—The formula under this subsection shall be established by regulation issued by the Secretary. Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, any proposed regulation containing such formula shall be issued pursuant to a negotiated rulemaking procedure under subchapter III of chapter 5 of such title and the Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations.

(b) ALLOCATION CONSIDERATIONS.—

(1) LIMITATION ON REALLOCATION FOR ANOTHER STATE.—Any amounts allocated for a State or areas or communities within a State that are not likely to be used within the fiscal year for which the amounts are provided shall not be reallocated for use in another State, unless the Secretary determines that other areas or communities within the same State (that are eligible for amounts under this title) cannot use the amounts within the same fiscal year.

(2) EFFECT OF RECEIPT OF TENANT-BASED ASSISTANCE FOR DISABLED FAMILIES.—The Secretary may not consider the receipt by a public housing agency of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving amounts under this title for the agency or in determining the amount of such assistance to be provided to the agency.

(3) EXEMPTION FROM FORMULA ALLOCATION.—The formula allocation requirements of subsection (a) shall not apply to any assistance under this title that is approved in appropriation Acts for uses that the Secretary determines are incapable of geographic allocation, including amendments of existing housing assistance payments contracts, renewal of such contracts, assistance to families that would otherwise lose assistance due to the decision of the project owner to prepay the project mortgage or not to renew the housing assistance payments contract, assistance to prevent displacement from public or assisted housing or to provide replacement housing in connection with the demolition or disposition of public housing, assistance for relocation from public housing, assistance in connection with protection of crime witnesses, assistance for conversion from leased housing contracts under section 23 of the United States Housing Act of 1937 (as in effect before the enactment of the Housing and Community Development Act of 1974), and assistance in support of the property disposition and portfolio management functions of the Secretary.

(c) RECAPTURE OF AMOUNTS.—

(1) AUTHORITY.—In each fiscal year, from any budget authority made available for assistance under this title or section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that is obligated to a public housing agency but remains unobligated by the agency upon the expiration of the 8-month period beginning upon the initial availability of such amounts for obligation by the agency, the Secretary may deobligate an amount, as determined by the Secretary, not exceeding 50 percent of such unobligated amount.

(2) USE.—The Secretary may reallocate and transfer any amounts deobligated under paragraph (1) only to public housing agencies in areas that the Secretary determines have received less funding than other areas, based on the relative needs of all areas.

SEC. 1305. ADMINISTRATIVE FEES.

(a) FEE FOR ONGOING COSTS OF ADMINISTRATION.—

(1) IN GENERAL.—The Secretary shall establish fees for the costs of administering the choice-based housing assistance program under this title.

(2) FISCAL YEAR 1998.—

(A) CALCULATION.—For fiscal year 1998, the fee for each month for which a dwelling unit is covered by a contract for assistance under this title shall be—

(i) in the case of a public housing agency that, on an annual basis, is administering a program for not more than 600 dwelling units, 7.65 percent of the base amount; and

(ii) in the case of an agency that, on an annual basis, is administering a program for more than 600 dwelling units—

(I) for the first 600 units, 7.65 percent of the base amount; and

(II) for any additional dwelling units under the program, 7.0 percent of the base amount.

(B) BASE AMOUNT.—For purposes of this paragraph, the base amount shall be the higher of—

(i) the fair market rental established under section 8(c) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency, and

(ii) the amount that is the lesser of (I) such fair market rental for fiscal year 1994 or (II) 103.5 percent of the amount determined under clause (i),

adjusted based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary. The Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

(3) SUBSEQUENT FISCAL YEARS.—For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for public housing agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary.

(4) INCREASE.—The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

(b) FEE FOR PRELIMINARY EXPENSES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of $500, for a public housing agency, but only in the first year that the agency administers a choice-based housing assistance program under this title, and only if, immediately before the effective date of this division, the agency was not administering a tenant-based rental assistance program under the United States Housing Act of 1937 (as in effect immediately before such effective date), in connection with its initial increment of assistance received;

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

(3) extraordinary costs approved by the Secretary.

(c) TRANSFER OF FEES IN CASES OF CONCURRENT GEOGRAPHICAL JURISDICTION.—In each fiscal year, if any public housing agency provides tenant-based rental assistance under section 8 of the United States Housing Act of 1937 or housing assistance under this title on behalf of a family who uses such assistance for a dwelling unit that is located within the jurisdiction of such agency but is also within the jurisdiction of another public housing agency, the Secretary shall take such steps as may be necessary to ensure that the public housing agency that provides the services for a family receives all or part of the administrative fee under this section (as appropriate).

SEC. 1306. AUTHORIZATIONS OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated for providing public housing agencies with housing assistance under this title, such sums as may be necessary for each of fiscal years 1998, 1999, 2000, 2001, and 2002 to provide amounts for incremental assistance under this title, for renewal of expiring contracts under section 1302 of this Act and renewal under this title of expiring contracts for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of

this Act), and for replacement needs for public housing under title XII.

(b) ASSISTANCE FOR DISABLED FAMILIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, for choice-based housing assistance under this title to be used in accordance with paragraph (2), $50,000,000 for fiscal year 1998, and such sums as may be necessary for each subsequent fiscal year.

(2) USE.—The Secretary shall provide amounts made available under paragraph (1) to public housing agencies only for use to provide housing assistance under this title for nonelderly disabled families (including such families relocating pursuant to designation of a public housing development under section 1227 or the establishment of occupancy restrictions in accordance with section 658 of the Housing and Community Development Act of 1992 and other nonelderly disabled families who have applied to the agency for housing assistance under this title).

(3) ALLOCATION OF AMOUNTS.—The Secretary shall allocate and provide amounts made available under paragraph (1) to public housing agencies as the Secretary determines appropriate based on the relative levels of need among the authorities for assistance for families described in paragraph (1).

(c) ASSISTANCE FOR WITNESS RELOCATION.—Of the amounts made available for choice-based housing assistance under this title for each fiscal year, the Secretary, in consultation with the Inspector General, shall make available such sums as may be necessary for such housing assistance for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to requests from law enforcement and prosecutive agencies.

SEC. 1307. CONVERSION OF SECTION 8 ASSISTANCE.

(a) IN GENERAL.—Any amounts made available to a public housing agency under a contract for annual contributions for assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that have not been obligated for such assistance by such agency before such effective date shall be used to provide assistance under this title, except to the extent the Secretary determines such use is inconsistent with existing commitments.

(b) EXCEPTION.—Subsection (a) shall not apply to any amounts made available under a contract for housing constructed or substantially rehabilitated pursuant to section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983.

SEC. 1308. RECAPTURE AND REUSE OF ANNUAL CONTRACT PROJECT RESERVES UNDER CHOICE-BASED HOUSING ASSISTANCE AND SECTION 8 TENANT-BASED ASSISTANCE PROGRAMS.

To the extent that the Secretary determines that the amount in the reserve account for annual contributions contracts (for housing assistance under this title or tenant-based assistance under section 8 of the United States Housing Act of 1937) that is under contract with a public housing agency for such assistance is in excess of the amounts needed by the agency, the Secretary shall recapture such excess amount. The Secretary may hold recaptured amounts in reserve until needed to enter into, amend, or renew contracts under this title or to amend or renew contracts under section 8 of such Act for tenant-based assistance with any agency.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

SEC. 1321. ELIGIBLE FAMILIES AND PREFERENCES FOR ASSISTANCE.

(a) LOW-INCOME REQUIREMENT.—Housing assistance under this title may be provided only on behalf of a family that—

(1) at the time that such assistance is initially provided on behalf of the family, is determined by the public housing agency to be a low-income family; or

(2) qualifies to receive such assistance under any other provision of Federal law.

(b) INCOME TARGETING.—Of the families initially assisted under this title by a public housing agency in any year, not less than 40 percent shall be families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families. The Secretary may establish income ceiling higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(c) REVIEWS OF FAMILY INCOMES.—

(1) IN GENERAL.—Reviews of family incomes for purposes of this title shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually.

(2) PROCEDURES.—Each public housing agency administering housing assistance under this title shall establish procedures that are appropriate and necessary to ensure that income data provided to the agency and owners by families applying for or receiving housing assistance from the agency is complete and accurate.

(d) PREFERENCES FOR ASSISTANCE.—

(1) AUTHORITY TO ESTABLISH.—Any public housing agency that receives amounts under this title may establish a system for making housing assistance available on behalf of eligible families that provides preference for such assistance to eligible families having certain characteristics.

(2) CONTENT.—Each system of preferences established pursuant to this subsection shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 1106(e) and under the requirements applicable to the comprehensive housing affordability strategy for the relevant jurisdiction.

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

(e) PORTABILITY OF HOUSING ASSISTANCE.—

(1) NATIONAL PORTABILITY.—An eligible family that is selected to receive or is receiving assistance under this title may rent any eligible dwelling unit in any area where a program is being administered under this title. Notwithstanding the preceding sentence, a public housing agency may require that any family not living within the jurisdiction of the public housing agency at the time the family applies for assistance from the agency shall, during the 12-month period beginning on the date of initial receipt of housing assistance made available on behalf of the family from such agency, lease and occupy an eligible dwelling unit located within the jurisdiction served by the agency. The agency for the jurisdiction into which the family moves shall have the responsibility for administering assistance for the family.

(2) SOURCE OF FUNDING FOR A FAMILY THAT MOVES.—For a family that has moved into the jurisdiction of a public housing agency and that, at the time of the move, has been selected to receive, or is receiving, assistance provided by another agency, the agency for the jurisdiction into which the family has moved may, in its discretion, cover the cost of assisting the family under its contract with the Secretary or through reimbursement from the other agency under that agency's contract.

(3) AUTHORITY TO DENY ASSISTANCE TO CERTAIN FAMILIES WHO MOVE.—A family may not receive housing assistance as provided under this subsection if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

(4) FUNDING ALLOCATIONS.—In providing assistance amounts under this title for public housing agencies for any fiscal year, the Secretary may give consideration to any reduction or increase in the number of resident families under the program of an agency in the preceding fiscal year as a result of this subsection.

(f) CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE.—A public housing agency shall be subject to the restrictions regarding release of information relating to the identity and new residence of any family receiving housing assistance who was a victim of domestic violence that are applicable to shelters pursuant to the Family Violence Prevention and Services Act. The agency shall work with the United States Postal Service to establish procedures consistent with the confidentiality provisions in the Violence Against Women Act of 1994.

SEC. 1322. RESIDENT CONTRIBUTION.

(a) AMOUNT.—

(1) MONTHLY RENT CONTRIBUTION.—An assisted family shall contribute on a monthly basis for the rental of an assisted dwelling unit an amount that the public housing agency determines is appropriate with respect to the family and the unit, but which—

(A) shall not be less than the minimum monthly rental contribution determined under subsection (b); and

(B) shall not exceed the greatest of—

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

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

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

(2) EXCESS RENTAL AMOUNT.—In any case in which the monthly rent charged for a dwelling unit pursuant to the housing assistance payments contract exceeds the applicable payment standard (established under section 1353) for the dwelling unit, the assisted family residing in the unit shall contribute (in addition to the amount of the monthly rent contribution otherwise determined under paragraph (1) for such family) such entire excess rental amount.

(b) MINIMUM MONTHLY RENTAL CONTRIBUTION.—

(1) IN GENERAL.—The public housing agency shall determine the amount of the minimum monthly rental contribution of an assisted family (which rent shall include any amount allowed for utilities), which—

(A) shall be based upon factors including the adjusted income of the family and any other factors that the agency considers appropriate;

(B) shall be not less than $25, nor more than $50; and

(C) may be increased annually by the agency, except that no such annual increase may exceed 10 percent of the amount of the minimum monthly contribution in effect for the preceding year.

(2) HARDSHIP PROVISIONS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), a public housing agency shall grant an exemption in whole or in part from payment of the minimum monthly rental contribution established under this paragraph to any assisted family unable to pay such amount because of financial hardship, which shall include situations in which (i) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (ii) the family would be evicted as a result of imposition of the minimum rent; (iii) the income of the family has decreased because of changed circumstance, including loss of employment; and (iv) a death in the family has occurred; and other situations as may be determined by the agency.

(B) WAITING PERIOD.—If an assisted family requests a hardship exemption under this paragraph and the public housing agency reasonably determines the hardship to be of a temporary nature, an exemption shall not be granted during the 90-day period beginning upon the making of a request for the exemption. An assisted family may not be evicted during such 90-day period for nonpayment of rent. In such a case, if the assisted family thereafter demonstrates that the financial hardship is of a long-term basis, the agency shall retroactively exempt the family from the applicability of the minimum rent requirement for such 90-day period.

(c) TREATMENT OF CHANGES IN RENTAL CONTRIBUTION.—

(1) NOTIFICATION OF CHANGES.—A public housing agency shall promptly notify the owner of an assisted dwelling unit of any change in the resident contribution by the assisted family residing in the unit that takes effect immediately or at a later date.

(2) COLLECTION OF RETROACTIVE CHANGES.—In the case of any change in the rental contribution of an assisted family that affects rental payments previously made, the public housing agency shall collect any additional amounts required to be paid by the family under such change directly from the family and shall refund any excess rental contribution paid by the family directly to the family.

(d) PHASE-IN OF RENT CONTRIBUTION INCREASES.—

(1) IN GENERAL.—Except as provided in paragraph (2), for any family that is receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 upon the initial applicability of the provisions of this title to such family, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon such initial applicability is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

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

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

(2) EXCEPTION.—The minimum rent contribution requirement under subsection (b)(1) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

SEC. 1323. RENTAL INDICATORS.

(a) IN GENERAL.—The Secretary shall establish and issue rental indicators under this section periodically, but not less than annually, for existing rental dwelling units that are eligible dwelling units. The Secretary shall establish and issue the rental indicators by housing market area (as the Secretary shall establish) for various sizes and types of dwelling units.

(b) AMOUNT.—For a market area, the rental indicator established under subsection (a) for a dwelling unit of a particular size and type in the market area shall be a dollar amount that reflects the rental amount for a standard quality rental unit of such size and type in the market area that is an eligible dwelling unit.

(c) EFFECTIVE DATE.—The Secretary shall cause the proposed rental indicators established under subsection (a) for each market area to be published in the Federal Register with reasonable time for public comment, and such rental indicators shall become effective upon the date of publication in final form in the Federal Register.

(d) ANNUAL ADJUSTMENT.—Each rental indicator in effect under this section shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so that the indicators will be current for the year to which they apply, in rents for existing rental dwelling units of various sizes and types in the market area suitable for occupancy by families assisted under this title.

SEC. 1324. LEASE TERMS.

Rental assistance may be provided for an eligible dwelling unit only if the assisted family and the owner of the dwelling unit enter into a lease for the unit that—

(1) provides for a single lease term of 12 months and continued tenancy after such term under a periodic tenancy on a month-to-month basis;

(2) contains terms and conditions specifying that termination of tenancy during the term of a lease shall be subject to the provisions set forth in sections 1642 and 1643; and

(3) is set forth in the standard form, which is used in the local housing market area by the owner and applies generally to any other tenants in the property who are not assisted families, together with any addendum necessary to include the many terms required under this section.

A lease may include any addenda appropriate to set forth the provisions under this title.

SEC. 1325. TERMINATION OF TENANCY.

Each housing assistance payments contract shall provide that the owner shall conduct the termination of tenancy of any tenant of an assisted dwelling unit under the contract in accordance with applicable State or local laws, including providing any notice of termination required under such laws.

SEC. 1326. ELIGIBLE OWNERS.

(a) OWNERSHIP ENTITY.—Rental assistance under this title may be provided for any eligible dwelling unit for which the owner is any public agency, private person or entity (including a cooperative), nonprofit organization, agency of the Federal Government, or public housing agency.

(b) INELIGIBLE OWNERS.—

(1) IN GENERAL.—Notwithstanding subsection (a), a public housing agency—

(A) may not enter into a housing assistance payments contract (or renew an existing contract) covering a dwelling unit that is owned by an owner who is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations;

(B) may prohibit, or authorize the termination or suspension of, payment of housing assistance under a housing assistance payments contract in effect at the time such debarment, suspension, or limited denial of participation takes effect.

If the public housing agency takes action under subparagraph (B), the agency shall take such actions as may be necessary to protect assisted families who are affected by the action, which may include the provision of additional assistance under this title to such families.

(2) PROHIBITION OF SALE OR RENTAL TO RELATED PARTIES.—The Secretary shall establish guidelines to prevent housing assistance payments for a dwelling unit that is owned by any spouse, child, or other party who allows an owner described in paragraph (1) to maintain control of the unit.

SEC. 1327. SELECTION OF DWELLING UNITS.

(a) FAMILY CHOICE.—The determination of the dwelling unit in which an assisted family resides and for which housing assistance is provided under this title shall be made solely by the assisted family, subject to the provisions of this title and any applicable law.

(b) DEED RESTRICTIONS.—Housing assistance may not be used in any manner that abrogates any local deed restriction that applies to any housing consisting of 1 to 4 dwelling units. Nothing in this section may be construed to affect the provisions or applicability of the Fair Housing Act.

SEC. 1328. ELIGIBLE DWELLING UNITS.

(a) IN GENERAL.—A dwelling unit shall be an eligible dwelling unit for purposes of this title only if the public housing agency to provide housing assistance for the dwelling unit determines that the dwelling unit—

(1) is an existing dwelling unit that is not located within a nursing home or the grounds of any penal, reformatory, medical, mental, or similar public or private institution; and

(2) complies—

(A) in the case of a dwelling unit located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(B) in the case of a dwelling unit located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in subparagraph (A), with the housing quality standards established under subsection (c).

Each public housing agency providing housing assistance shall identify, in the local housing management plan for the agency, whether the agency is utilizing the standard under subparagraph (A) or (B) of paragraph (2).

(b) DETERMINATIONS.—

(1) IN GENERAL.—A public housing agency shall make the determinations required under subsection (a) pursuant to an inspection of the dwelling unit conducted before any assistance payment is made for the unit.

(2) EXPEDITIOUS INSPECTION.—Inspections of dwelling units under this subsection shall be made before the expiration of the 15-day period beginning upon a request by the resident or landlord to the public housing agency. The performance of the agency in meeting the 15-day inspection deadline shall be taken into account in assessing the performance of the agency.

(c) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that

ensure that assisted dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 1232(b). The Secretary shall differentiate between major and minor violations of such standards.

(d) ANNUAL INSPECTIONS.—Each public housing agency providing housing assistance shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contracts for the unit to determine whether the unit is maintained in accordance with the requirements under subsection (a)(2). The agency shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 1541.

(e) INSPECTION GUIDELINES.—The Secretary shall establish procedural guidelines and performance standards to facilitate inspections of dwelling units and conform such inspections with practices utilized in the private housing market. Such guidelines and standards shall take into consideration variations in local laws and practices of public housing agencies and shall provide flexibility to authorities appropriate to facilitate efficient provision of assistance under this title.

(f) RULE OF CONSTRUCTION.—This section may not be construed to prevent the provision of housing assistance in connection with supportive services for elderly or disabled families.

SEC. 1329. HOMEOWNERSHIP OPTION.

(a) IN GENERAL.—A public housing agency providing housing assistance under this title may provide homeownership assistance to assist eligible families to purchase a dwelling unit (including purchase under lease-purchase homeownership plans).

(b) REQUIREMENTS.—A public housing agency providing homeownership assistance under this section shall, as a condition of an eligible family receiving such assistance, require the family to—

(1) demonstrate that the family has sufficient income from employment or other sources (other than public assistance), as determined in accordance with requirements established by the agency; and

(2) meet any other initial or continuing requirements established by the public housing agency.

(c) DOWNPAYMENT REQUIREMENT.—

(1) IN GENERAL.—A public housing agency may establish minimum downpayment requirements, if appropriate, in connection with loans made for the purchase of dwelling units for which homeownership assistance is provided under this section. If the agency establishes a minimum downpayment requirement, the agency shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase, subject to the requirements of paragraph (2).

(2) DIRECT FAMILY CONTRIBUTION.—In purchasing housing pursuant to this section subject to a downpayment requirement, each family shall contribute an amount of the downpayment, from resources of the family other than grants, gifts, contributions, or other similar amounts referred to in paragraph (1), that is not less than 1 percent of the purchase price.

(d) INELIGIBILITY UNDER OTHER PROGRAMS.—A family may not receive homeownership assistance pursuant to this section during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, including assistance under the HOME Investment Partnerships Act, the Homeownership and Opportunity Through HOPE Act, title II of the Housing and Community Development Act of 1987, and section 502 of the Housing Act of 1949.

SEC. 1330. ASSISTANCE FOR RENTAL OF MANUFACTURED HOMES.

(a) AUTHORITY.—Nothing in this title may be construed to prevent a public housing agency from providing housing assistance under this title on behalf of a low-income family for the rental of—

(1) a manufactured home that is the principal residence of the family and the real property on which the home is located; or

(2) the real property on which is located a manufactured home, which is owned by the family and is the principal residence of the family.

(b) ASSISTANCE FOR CERTAIN FAMILIES OWNING MANUFACTURED HOMES.—

(1) AUTHORITY.—Notwithstanding section 1351 or any other provision of this title, a public housing agency that receives amounts under a contract under section 1302 may enter into a housing assistance payment contract to make assistance payments under this title to a family that owns a manufactured home, but only as provided in paragraph (2).

(2) LIMITATIONS.—In the case only of a low-income family that owns a manufactured home, rents the real property on which it is located, and to whom housing assistance under this title has been made available for the rental of such property, the public housing agency making such assistance available shall enter into a contract to make housing assistance payments under this title directly to the family (rather than to the owner of such real property) if—

(A) the owner of the real property refuses to enter into a contract to receive housing assistance payments pursuant to section 1351(a);

(B) the family was residing in such manufactured home on such real property at the time such housing assistance was initially made available on behalf of the family;

(C) the family provides such assurances to the agency, as the Secretary may require, to ensure that amounts from the housing assistance payments are used for rental of the real property; and

(D) the rental of the real property otherwise complies with the requirements for assistance under this title.

A contract pursuant to this subsection shall be subject to the provisions of section 1351 and any other provisions applicable to housing assistance payments contracts under this title, except that the Secretary may provide such exceptions as the Secretary considers appropriate to facilitate the provision of assistance under this subsection.

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

SEC. 1351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.

(a) IN GENERAL.—Each public housing agency that receives amounts under a contract under section 1302 may enter into housing assistance payments contracts with owners of existing dwelling units to make housing assistance payments to such owners in accordance with this title.

(b) PHA ACTING AS OWNER.—A public housing agency may enter into a housing assistance payments contract to make housing assistance payments under this title to itself (or any agency or instrumentality thereof) as the owner of dwelling units (other than public housing), and the agency shall be subject to the same requirements that are applicable to other owners, except that the determinations under sections 1328(a) and 1354(b) shall be made by a competent party not affiliated with the agency, and the agency shall be responsible for any expenses of such determinations.

(c) PROVISIONS.—Each housing assistance payments contract shall—

(1) have a term of not more than 12 months;

(2) require that the assisted dwelling unit may be rented only pursuant to a lease that complies with the requirements of section 1324;

(3) comply with the requirements of sections 1325, 1642, and 1643 (relating to termination of tenancy);

(4) require the owner to maintain the dwelling unit in accordance with the applicable standards under section 1328(a)(2); and

(5) provide that the screening and selection of eligible families for assisted dwelling units shall be the function of the owner.

SEC. 1352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.

(a) UNITS HAVING GROSS RENT EXCEEDING PAYMENT STANDARD.—In the case of a dwelling unit bearing a gross rent that exceeds the payment standard established under section 1353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the amount of the monthly assistance payment shall be the amount by which such payment standard exceeds the amount of the resident contribution determined in accordance with section 1322(a)(1).

(b) SHOPPING INCENTIVE FOR UNITS HAVING GROSS RENT NOT EXCEEDING PAYMENT STANDARD.—In the case of an assisted family renting an eligible dwelling unit bearing a gross rent that does not exceed the payment standard established under section 1353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the following requirements shall apply:

(1) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—The amount of the monthly assistance payment for housing assistance under this title on behalf of the assisted family shall be the amount by which the gross rent for the dwelling unit exceeds the amount of the resident contribution.

(2) ESCROW OF SHOPPING INCENTIVE SAVINGS.—An amount equal to 50 percent of the difference between payment standard and the gross rent for the dwelling unit shall be placed in an interest bearing escrow account on behalf of such family on a monthly basis by the public housing agency. Amounts in the escrow account shall be made available to the assisted family on an annual basis.

(3) DEFICIT REDUCTION.—The public housing agency making housing assistance payments on behalf of such assisted family in a fiscal year shall reserve from amounts made available to the agency for assistance payments for such fiscal year an amount equal to the amount described in paragraph (2). At the end of each fiscal year, the Secretary shall recapture any such amounts reserved by public housing agencies and such amounts shall be covered into the General Fund of the Treasury of the United States.

For purposes of this section, in the case of a family receiving homeownership assistance under section 1329, the term ''gross rent'' shall mean the homeownership costs to the family as determined in accordance with guidelines of the Secretary.

SEC. 1353. PAYMENT STANDARDS.

(a) ESTABLISHMENT.—Each public housing agency providing housing assistance under this title shall establish payment standards

under this section for various areas, and sizes and types of dwelling units, for use in determining the amount of monthly housing assistance payment to be provided on behalf of assisted families.

(b) USE OF RENTAL INDICATORS.—The payment standard for each size and type of housing for each market area shall be an amount that is not less than 80 percent, and not greater than 120 percent, of the rental indicator established under section 1323 for such size and type for such area.

(c) REVIEW.—If the Secretary determines, at any time, that a significant percentage of the assisted families who are assisted by a public housing agency and are occupying dwelling units of a particular size are paying more than 30 percent of their adjusted incomes for rent, the Secretary shall review the payment standard established by the agency for such size dwellings. If, pursuant to the review, the Secretary determines that such payment standard is not appropriate to serve the needs of the low-income population of the jurisdiction served by the agency (taking into consideration rental costs in the area), as identified in the approved community improvement plan of the agency, the Secretary may require the public housing agency to modify the payment standard.

SEC. 1354. REASONABLE RENTS.

(a) ESTABLISHMENT.—The rent charged for a dwelling unit for which rental assistance is provided under this title shall be established pursuant to negotiation and agreement between the assisted family and the owner of the dwelling unit.

(b) REASONABLENESS.—

(1) DETERMINATION.—A public housing agency providing rental assistance under this title for a dwelling unit shall, before commencing assistance payments for a unit (with respect to initial contract rents and any rent revisions), determine whether the rent charged for the unit exceeds the rents charged for comparable units in the applicable private unassisted market.

(2) UNREASONABLE RENTS.—If the agency determines that the rent charged for a dwelling unit exceeds such comparable rents, the agency shall—

(A) inform the assisted family renting the unit that such rent exceeds the rents for comparable unassisted units in the market; and

(B) refuse to provide housing assistance payments for such unit.

SEC. 1355. PROHIBITION OF ASSISTANCE FOR VACANT RENTAL UNITS.

If an assisted family vacates a dwelling unit for which rental assistance is provided under a housing assistance payments contract before the expiration of the term of the lease for the unit, rental assistance pursuant to such contract may not be provided for the unit after the month during which the unit was vacated.

Subtitle D—General and Miscellaneous Provisions

SEC. 1371. DEFINITIONS.

For purposes of this title:

(1) ASSISTED DWELLING UNIT.—The term ''assisted dwelling unit'' means a dwelling unit in which an assisted family resides and for which housing assistance payments are made under this title.

(2) ASSISTED FAMILY.—The term ''assisted family'' means an eligible family on whose behalf housing assistance payments are made under this title or who has been selected and approved for housing assistance.

(3) CHOICE-BASED.—The term ''choice-based'' means, with respect to housing assistance, that the assistance is not attached to a dwelling unit but can be used for any eligible dwelling unit selected by the eligible family.

(4) ELIGIBLE DWELLING UNIT.—The term ''eligible dwelling unit'' means a dwelling unit that complies with the requirements under section 1328 for consideration as an eligible dwelling unit.

(5) ELIGIBLE FAMILY.—The term ''eligible family'' means a family that meets the requirements under section 1321(a) for assistance under this title.

(6) HOMEOWNERSHIP ASSISTANCE.—The term ''homeownership assistance'' means housing assistance provided under section 1329 for the ownership of a dwelling unit.

(7) HOUSING ASSISTANCE.—The term ''housing assistance'' means choice-based assistance provided under this title on behalf of low-income families for the rental or ownership of an eligible dwelling unit.

(8) HOUSING ASSISTANCE PAYMENTS CONTRACT.—The term ''housing assistance payments contract'' means a contract under section 1351 between a public housing agency (or the Secretary) and an owner to make housing assistance payments under this title to the owner on behalf of an assisted family.

(9) PUBLIC HOUSING AGENCY.—The terms ''public housing agency'' and ''agency'' have the meaning given such terms in section 1103, except that the terms include—

(A) a consortia of public housing agencies that the Secretary determines has the capacity and capability to administer a program for housing assistance under this title in an efficient manner;

(B) any other entity that, upon the effective date of this division, was administering any program for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), pursuant to a contract with the Secretary or a public housing agency; and

(C) with respect to any area in which no public housing agency has been organized or where the Secretary determines that a public housing agency is unwilling or unable to implement this title, or is not performing effectively—

(i) the Secretary or another entity that by contract agrees to receive assistance amounts under this title and enter into housing assistance payments contracts with owners and perform the other functions of public housing agency under this title; or

(ii) notwithstanding any provision of State or local law, a public housing agency for another area that contracts with the Secretary to administer a program for housing assistance under this title, without regard to any otherwise applicable limitations on its area of operation.

(10) OWNER.—The term ''owner'' means the person or entity having the legal right to lease or sublease dwelling units. Such term includes any principals, general partners, primary shareholders, and other similar participants in any entity owning a multifamily housing project, as well as the entity itself.

(11) RENT.—The terms ''rent'' and ''rental'' include, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

(12) RENTAL ASSISTANCE.—The term ''rental assistance'' means housing assistance provided under this title for the rental of a dwelling unit.

SEC. 1372. RENTAL ASSISTANCE FRAUD RECOVERIES.

(a) AUTHORITY TO RETAIN RECOVERED AMOUNTS.—The Secretary shall permit public housing agencies administering housing assistance under this title to retain, out of amounts obtained by the authorities from tenants that are due as a result of fraud and abuse, an amount (determined in accordance with regulations issued by the Secretary) equal to the greater of—

(1) 50 percent of the amount actually collected; or

(2) the actual, reasonable, and necessary expenses related to the collection, including costs of investigation, legal fees, and collection agency fees.

(b) USE.—Amounts retained by an agency shall be made available for use in support of the affected program or project, in accordance with regulations issued by the Secretary. If the Secretary is the principal party initiating or sustaining an action to recover amounts from families or owners, the provisions of this section shall not apply.

(c) RECOVERY.—Amounts may be recovered under this section—

(1) by an agency through a lawsuit (including settlement of the lawsuit) brought by the agency or through court-ordered restitution pursuant to a criminal proceeding resulting from an agency's investigation where the agency seeks prosecution of a family or where an agency seeks prosecution of an owner;

(2) through administrative repayment agreements with a family or owner entered into as a result of an administrative grievance procedure conducted by an impartial decisionmaker in accordance with section 1110; or

(3) through an agreement between the parties.

SEC. 1373. STUDY REGARDING GEOGRAPHIC CONCENTRATION OF ASSISTED FAMILIES.

(a) IN GENERAL.—The Secretary shall conduct a study of the geographic areas in the State of Illinois served by the Housing Authority of Cook County and the Chicago Housing Authority and submit to the Congress a report and a specific proposal, which addresses and resolves the issues of—

(1) the adverse impact on local communities due to geographic concentration of assisted households under the tenant-based housing programs under section 8 of the United States Housing Act of 1937 (as in effect upon the enactment of this Act) and under this title; and

(2) facilitating the deconcentration of such assisted households by providing broader housing choices to such households.

The study shall be completed, and the report shall be submitted, not later than 90 days after the date of the enactment of this Act.

(b) CONCENTRATION.—For purposes of this section, the term ''concentration'' means, with respect to any area within a census tract, that—

(1) 15 percent or more of the households residing within such area have incomes which do not exceed the poverty level; or

(2) 15 percent or more of the total affordable housing stock located within such area is assisted housing.

(c) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

SEC. 1374. STUDY REGARDING RENTAL ASSISTANCE.

The Secretary shall conduct a nationwide study of the choice-based housing assistance program under this title and the tenant-based rental assistance program under section 8 of the United States Housing Act of 1937 (as in effect pursuant to sections 1601(c) and 1602(b)). The study shall, for various localities—

(1) determine who are the providers of the housing in which families assisted under such programs reside;

(2) describe and analyze the physical and demographic characteristics of the housing in which such assistance is used, including, for housing in which at least one such assisted family resides, the total number of

units in the housing and the number of units in the housing for which such assistance is provided;

(3) determine the total number of units for which such assistance is provided;

(4) describe the durations that families remain on waiting lists before being provided such housing assistance; and

(5) assess the extent and quality of participation of housing owners in such assistance programs in relation to the local housing market, including comparing—

(A) the quality of the housing assisted to the housing generally available in the same market; and

(B) the extent to which housing is available to be occupied using such assistance to the extent to which housing is generally available in the same market.

The Secretary shall submit a report describing the results of the study to the Congress not later than the expiration of the 2-year period beginning on the date of the enactment of this Act.

TITLE XIV—HOME RULE FLEXIBLE GRANT OPTION

SEC. 1401. PURPOSE.

The purpose of this title is to give local governments and municipalities the flexibility to design creative approaches for providing and administering Federal housing assistance based on the particular needs of the communities that—

(1) give incentives to low-income families with children where the head of household is working, seeking work, or preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient;

(2) reduce cost and achieve greater cost-effectiveness in Federal housing assistance expenditures;

(3) increase housing choices for low-income families; and

(4) reduce excessive geographic concentration of assisted families.

SEC. 1402. FLEXIBLE GRANT PROGRAM.

(a) AUTHORITY AND USE.—The Secretary shall carry out a program under which a jurisdiction may, upon the application of the jurisdiction and the review and approval of the Secretary, receive, combine, and enter into performance-based contracts for the use of amounts of covered housing assistance in a period consisting of not less than 1 nor more than 5 fiscal years in the manner determined appropriate by the participating jurisdiction—

(1) to provide housing assistance and services for low-income families in a manner that facilitates the transition of such families to work;

(2) to reduce homelessness;

(3) to increase homeownership among low-income families; and

(4) for other housing purposes for low-income families determined by the participating jurisdiction.

(b) INAPPLICABILITY OF CATEGORICAL PROGRAM REQUIREMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and section 1405, the provisions of this division regarding use of amounts made available under each of the programs included as covered housing assistance and the program requirements applicable to each such program shall not apply to amounts received by a jurisdiction pursuant to this title.

(2) APPLICABILITY OF CERTAIN LAWS.—This title may not be construed to exempt assistance under this division from, or make inapplicable any provision of this division or of any other law that requires that assistance under this division be provided in compliance with—

(A) title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.);

(B) the Fair Housing Act (42 U.S.C. 3601 et seq.);

(C) section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

(D) title IX of the Education Amendments of 1972 (86 Stat. 373 et seq.);

(E) the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.);

(F) the Americans with Disabilities Act of 1990; or

(G) the National Environmental Policy Act of 1969 and other provisions of law that further protection of the environment (as specified in regulations that shall be issued by the Secretary).

(c) EFFECT ON PROGRAM ALLOCATIONS FOR COVERED HOUSING ASSISTANCE.—The amount of assistance received pursuant to this title by a participating jurisdiction shall not be decreased, because of participation in the program under this title, from the sum of the amounts that otherwise would be made available for or within the participating jurisdiction under the programs included as covered housing assistance.

SEC. 1403. COVERED HOUSING ASSISTANCE.

For purposes of this title, the term ''covered housing assistance'' means—

(1) operating assistance provided under section 9 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act);

(2) modernization assistance provided under section 14 of such Act;

(3) assistance provided under section 8 of such Act for the certificate and voucher programs;

(4) assistance for public housing provided under title XII of this Act; and

(5) choice-based rental assistance provided under title XIII of this Act.

Such term does not include any amounts obligated for assistance under existing contracts for project-based assistance under section 8 of the United States Housing Act of 1937 or section 1601(f) of this Act.

SEC. 1404. PROGRAM REQUIREMENTS.

(a) ELIGIBLE FAMILIES.—Each family on behalf of whom assistance is provided for rental or homeownership of a dwelling unit using amounts made available pursuant to this title shall be a low-income family. Each dwelling unit assisted using amounts made available pursuant to this title shall be available for occupancy only by families that are low-income families at the time of their initial occupancy of the unit.

(b) COMPLIANCE WITH ASSISTANCE PLAN.—A participating jurisdiction shall provide assistance using amounts received pursuant to this title in the manner set forth in the plan of the jurisdiction approved by the Secretary under section 1406(a)(2).

(c) RENT POLICY.—A participating jurisdiction shall ensure that the rental contributions charged to families assisted with amounts received pursuant to this title—

(1) do not exceed the amount that would be chargeable under title XII to such families were such families residing in public housing assisted under such title; or

(2) are established, pursuant to approval by the Secretary of a proposed rent structure included in the application under section 1406, at levels that are reasonable and designed to eliminate any disincentives for members of the family to obtain employment and attain economic self-sufficiency.

(d) HOUSING QUALITY STANDARDS.—

(1) COMPLIANCE.—A participating jurisdiction shall ensure that housing assisted with amounts received pursuant to this title is maintained in a condition that complies—

(A) in the case of housing located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(B) in the case of housing located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in paragraph (1), with the housing quality standards established under paragraph (2).

(2) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this paragraph that ensure that dwelling units assisted under this title are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under sections 1232(b) and 1328(c). The Secretary shall differentiate between major and minor violations of such standards.

(e) NUMBER OF FAMILIES ASSISTED.—A participating jurisdiction shall ensure that, in providing assistance with amounts received pursuant to this title in each fiscal year, not less than substantially the same total number of eligible low-income families are assisted as would have been assisted had the amounts of covered housing assistance not been combined for use under this title.

(f) CONSISTENCY WITH WELFARE PROGRAM.—A participating jurisdiction shall ensure that assistance provided with amounts received pursuant to this title is provided in a manner that is consistent with the welfare, public assistance, or other economic self-sufficiency programs operating in the jurisdiction by facilitating the transition of assisted families to work, which may include requiring compliance with the requirements under such welfare, public assistance, or self-sufficiency programs as a condition of receiving housing assistance with amounts provided under this title.

(g) TREATMENT OF CURRENTLY ASSISTED FAMILIES.—

(1) CONTINUATION OF ASSISTANCE.—A participating jurisdiction shall ensure that each family that was receiving housing assistance or residing in an assisted dwelling unit pursuant to any of the programs included as covered housing assistance immediately before the jurisdiction initially provides assistance pursuant to this title shall be offered assistance or an assisted dwelling unit under the program of the jurisdiction under this title.

(2) PHASE-IN OF RENT CONTRIBUTION INCREASES.—For any family that was receiving housing assistance pursuant to any of the programs included as covered housing assistance immediately before the jurisdiction initially provides assistance pursuant to this title, if the monthly contribution for rental of a dwelling unit assisted under this title to be paid by the family upon initial applicability of this title is greater than the amount paid by the family immediately before such applicability, any such resulting increase in rent contribution shall be—

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

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

(h) AMOUNT OF ASSISTANCE.—In providing housing assistance using amounts received pursuant to this title, the amount of assistance provided by a participating jurisdiction on behalf of each assisted low-income family shall be sufficient so that if the family used such assistance to rent a dwelling unit having a rent equal to the 40th percentile of

rents for standard quality rental units of the same size and type in the same market area, the contribution toward rental paid by the family would be affordable (as such term is defined by the jurisdiction) to the family.

(i) PORTABILITY.—A participating jurisdiction shall ensure that financial assistance for housing provided with amounts received pursuant to this title may be used by a family moving from an assisted dwelling unit located within the jurisdiction to obtain a dwelling unit located outside of the jurisdiction.

(j) PREFERENCES.—In providing housing assistance using amounts received pursuant to this title, a participating jurisdiction may establish a system for making housing assistance available that provides preference for assistance to families having certain characteristics. A system of preferences established pursuant to this subsection shall be based on local housing needs and priorities, as determined by the jurisdiction using generally accepted data sources.

(k) COMMUNITY WORK REQUIREMENT.—

(1) APPLICABILITY OF REQUIREMENTS FOR PHA'S.—Except as provided in paragraph (2), participating jurisdictions, families assisted with amounts received pursuant to this title, and dwelling units assisted with amounts received pursuant to this title, shall be subject to the provisions of section 1105 to the same extent that such provisions apply with respect to public housing agencies, families residing in public housing dwelling units and families assisted under title XIII, and public housing dwelling units and dwelling units assisted under title XIII.

(2) LOCAL COMMUNITY SERVICE ALTERNATIVE.—Paragraph (1) shall not apply to a participating jurisdiction that, pursuant to approval by the Secretary of a proposal included in the application under section 1406, is carrying out a local program that is designed to foster community service by families assisted with amounts received pursuant to this title.

(l) INCOME TARGETING.—In providing housing assistance using amounts received pursuant to this title in any fiscal year, a participating jurisdiction shall ensure that the number of families having incomes that do not exceed 30 percent of the area median income that are initially assisted under this title during such fiscal year is not less than substantially the same number of families having such incomes that would be initially assisted in such jurisdiction during such fiscal year under titles XII and XIII pursuant to sections 1222(c) and 1321(b)).

SEC. 1405. APPLICABILITY OF CERTAIN PROVISIONS.

(a) PUBLIC HOUSING DEMOLITION AND DISPOSITION REQUIREMENTS.—section 1261 shall continue to apply to public housing notwithstanding any use of the housing under this title.

(b) LABOR STANDARDS.—section 1112 shall apply to housing assisted with amounts provided pursuant to this title, other than housing assisted solely due to occupancy by families receiving tenant-based assistance.

SEC. 1406. APPLICATION.

(a) IN GENERAL.—The Secretary shall provide for jurisdictions to submit applications to receive and use covered housing assistance amounts as authorized in this title for periods of not less than 1 and not more than 5 fiscal years. An application—

(1) shall be submitted only after the jurisdiction provides for citizen participation through a public hearing and, if appropriate, other means;

(2) shall include a plan developed by the jurisdiction for the provision of housing assistance with amounts received pursuant to this title that takes into consideration comments from the public hearing and any other public comments on the proposed program, and comments from current and prospective residents who would be affected, and that includes criteria for meeting each of the requirements under section 1404 and this title;

(3) shall describe how the plan for use of amounts will assist in meeting the goals set forth in section 1401;

(4) shall propose standards for measuring performance in using assistance provided pursuant to this title based on the performance standards under subsection (b)(2);

(5) shall propose the length of the period for which the jurisdiction is applying for assistance under this title;

(6) may include a request assistance for training and technical assistance to assist with design of the program and to participate in a detailed evaluation;

(7) shall—

(A) in the case of the application of any jurisdiction within whose boundaries are areas subject to any other unit of general local government, include the signed consent of the appropriate executive official of such unit to the application; and

(B) in the case of the application of a consortia of units of general local government (as provided under section 1409(1)(B)), include the signed consent of the appropriate executive officials of each unit included in the consortia;

(8) shall include information sufficient, in the determination of the Secretary—

(A) to demonstrate that the jurisdiction has or will have management and administrative capacity sufficient to carry out the plan under paragraph (2);

(B) to demonstrate that carrying out the plan will not result in excessive duplication of administrative efforts and costs, particularly with respect to activities performed by public housing agencies operating within the boundaries of the jurisdiction;

(C) to describe the function and activities to be carried out by such public housing agencies affected by the plan; and

(D) to demonstrate that the amounts received by the jurisdiction will be maintained separate from other funds available to the jurisdiction and will be used only to carry out the plan; and

(9) shall include information describing how the jurisdiction will make decisions regarding asset management of housing for low-income families under programs for covered housing assistance or assisted with grant amounts under this title.

A plan required under paragraph (2) to be included in the application may be contained in a memorandum of agreement or other document executed by a jurisdiction and public housing agency, if such document is submitted together with the application.

(b) REVIEW, APPROVAL, AND PERFORMANCE STANDARDS.—

(1) REVIEW.—The Secretary shall review applications for assistance pursuant to this title and shall approve or disapprove such applications within 60 days after their submission. The Secretary shall provide affected public housing agencies an opportunity to review an application submitted under this subsection and to provide written comments on the application, which shall be a period of not less than 30 days ending before the Secretary approves or disapproves the application. If the Secretary determines that the application complies with the requirements of this title, the Secretary shall offer to enter into an agreement with jurisdiction providing for assistance pursuant to this title and incorporating a requirement that the jurisdiction achieve a particular level of performance in each of the areas for which performance standards are established under paragraph (2). If the Secretary determines that an application does not comply with the requirements of this title, the Secretary shall notify the jurisdiction submitting the application of the reasons for such disapproval and actions that may be taken to make the application approvable. Upon approving or disapproving an application under this paragraph, the Secretary shall make such determination publicly available in writing together with a written statement of the reasons for such determination.

(2) PERFORMANCE STANDARDS.—The Secretary shall establish standards for measuring performance of jurisdictions in the following areas:

(A) Success in moving dependent low-income families to economic self-sufficiency.

(B) Success in reducing the numbers of long-term homeless families.

(C) Decrease in the per-family cost of providing assistance.

(D) Reduction of excessive geographic concentration of assisted families.

(E) Any other performance goals that the Secretary may prescribe.

(3) APPROVAL.—If the Secretary and a jurisdiction that the Secretary determines has submitted an application meeting the requirements of this title enter into an agreement referred to in paragraph (1), the Secretary shall approve the application and provide covered housing assistance for the jurisdiction in the manner authorized under this title. The Secretary may not approve any application for assistance pursuant to this title unless the Secretary and jurisdiction enter into an agreement referred to in paragraph (1). The Secretary shall establish requirements for the approval of applications under this section submitted by public housing agencies designated under section 1533(a) as troubled, which may include additional or different criteria determined by the Secretary to be more appropriate for such agencies.

(c) STATUS OF PHA'S.—Nothing in this section or title may be construed to require any change in the legal status of any public housing agency or in any legal relationship between a jurisdiction and a public housing agency as a condition of participation in the program under this title.

SEC. 1407. TRAINING.

The Secretary, in consultation with representatives of public and assisted housing interests, shall provide training and technical assistance relating to providing assistance under this title and conduct detailed evaluations of up to 30 jurisdictions for the purpose of identifying replicable program models that are successful at carrying out the purposes of this title.

SEC. 1408. ACCOUNTABILITY.

(a) PERFORMANCE GOALS.—The Secretary shall monitor the performance of participating jurisdictions in providing assistance pursuant to this title based on the performance standards contained in the agreements entered into pursuant to section 1406(b)(1).

(b) KEEPING RECORDS.—Each participating jurisdiction shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the amounts and the disposition of amounts provided pursuant to this title, to ensure compliance with the requirements of this title and to measure performance against the performance goals under subsection (a).

(c) REPORTS.—Each participating jurisdiction agency shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. The reports shall—

(1) document the use of funds made available under this title;

(2) provide such information as the Secretary may request to assist the Secretary in assessing the program under this title; and

(3) describe and analyze the effect of assisted activities in addressing the purposes of this title.

(d) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this title.

(e) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this title.

SEC. 1409. DEFINITIONS.

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

(1) JURISDICTION.—The term ''jurisdiction'' means—

(A) a unit of general local government (as such term is defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act) that has boundaries, for purposes of carrying out this title, that—

(i) wholly contain the area within which a public housing agency is authorized to operate; and

(ii) do not contain any areas contained within the boundaries of any other participating jurisdiction; and

(B) a consortia of such units of general local government, organized for purposes of this title.

(2) PARTICIPATING JURISDICTION.—The term ''participating jurisdiction'' means, with respect to a period for which such approval is made, a jurisdiction that has been approved under section 1406(b)(3) to receive assistance pursuant to this title for such fiscal year.

TITLE XV—ACCOUNTABILITY AND OVERSIGHT OF PUBLIC HOUSING AGENCIES

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

SEC. 1501. IN GENERAL.

The Secretary of Housing and Urban Development shall provide under section 1505 for a study to be conducted to determine the effectiveness of various alternative methods of evaluating the performance of public housing agencies and other providers of federally assisted housing.

SEC. 1502. PURPOSES.

The purposes of the study under this subtitle shall be—

(1) to identify and examine various methods of evaluating and improving the performance of public housing agencies in administering public housing and tenant-based rental assistance programs and of other providers of federally assisted housing, which are alternatives to oversight by the Department of Housing and Urban Development; and

(2) to identify specific monitoring and oversight activities currently conducted by the Department of Housing and Urban Development that are insufficient or ineffective in accurately and efficiently assessing the performance of public housing agencies and other providers of federally assisted housing, and to evaluate whether such activities should be eliminated, modified, or transferred to other entities (including government and private entities) to increase accuracy and effectiveness and improve monitoring.

SEC. 1503. EVALUATION OF VARIOUS PERFORMANCE EVALUATION SYSTEMS.

To carry out the purpose under section 1502(1), the study under this subtitle shall identify, and analyze and assess the costs and benefits of, the following methods of regulating and evaluating the performance of public housing agencies and other providers of federally assisted housing:

(1) CURRENT SYSTEM.—The system pursuant to the United States Housing Act of 1937 (as in effect upon the enactment of this Act), including the methods and requirements under such system for reporting, auditing, reviewing, sanctioning, and monitoring of such agencies and housing providers and the public housing management assessment program pursuant to subtitle C of this title (and section 6(j) of the United States Housing Act of 1937 (as in effect upon the enactment of this Act)).

(2) ACCREDITATION MODELS.—Various models that are based upon accreditation of such agencies and housing providers, subject to the following requirements:

(A) The study shall identify and analyze various models used in other industries and professions for accreditation and determine the extent of their applicability to the programs for public housing and federally assisted housing.

(B) If any accreditation models are determined to be applicable to the public and federally assisted housing programs, the study shall identify appropriate goals, objectives, and procedures for an accreditation program for such agencies housing providers.

(C) The study shall evaluate the effectiveness of establishing an independent accreditation and evaluation entity to assist, supplement, or replace the role of the Department of Housing and Urban Development in assessing and monitoring the performance of such agencies and housing providers.

(D) The study shall identify the necessary and appropriate roles and responsibilities of various entities that would be involved in an accreditation program, including the Department of Housing and Urban Development, the Inspector General of the Department, an accreditation entity, independent auditors and examiners, local entities, and public housing agencies.

(E) The study shall determine the costs involved in developing and maintaining such an independent accreditation program.

(F) The study shall analyze the need for technical assistance to assist public housing agencies in improving performance and identify the most effective methods to provide such assistance.

(3) PERFORMANCE BASED MODELS.—Various performance-based models, including systems that establish performance goals or targets, assess the compliance with such goals or targets, and provide for incentives or sanctions based on performance relative to such goals or targets.

(4) LOCAL REVIEW AND MONITORING MODELS.—Various models providing for local, resident, and community review and monitoring of such agencies and housing providers, including systems for review and monitoring by local and State governmental bodies and agencies.

(5) PRIVATE MODELS.—Various models using private contractors for review and monitoring of such agencies and housing providers.

(6) OTHER MODELS.—Various models of any other systems that may be more effective and efficient in regulating and evaluating such agencies and housing providers.

SEC. 1504. CONSULTATION.

The entity that, pursuant to section 1505, carries out the study under this subtitle shall, in carrying out the study, consult with individuals and organization experienced in managing public housing, private real estate managers, representatives from State and local governments, residents of public housing, families and individuals receiving choice- or tenant-based assistance, the Secretary of Housing and Urban Development, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States.

SEC. 1505. CONTRACT TO CONDUCT STUDY.

(a) IN GENERAL.—Subject to subsection (b), the Secretary shall enter into a contract with a public or nonprofit private entity to conduct the study under this subtitle, using amounts made available pursuant to section 1507.

(b) NATIONAL ACADEMY OF PUBLIC ADMINISTRATION.—The Secretary shall request the National Academy of Public Administration to enter into the contract under subsection (a) to conduct the study under this subtitle. If such Academy declines to conduct the study, the Secretary shall carry out such subsection through other public or nonprofit private entities.

SEC. 1506. REPORT.

(a) INTERIM REPORT.—The Secretary shall ensure that not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the entity conducting the study under this subtitle submits to the Congress an interim report describing the actions taken to carry out the study, the actions to be taken to complete the study, and any findings and recommendations available at the time.

(b) FINAL REPORT.—The Secretary shall ensure that—

(1) not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the study required under this subtitle is completed and a report describing the findings and recommendations as a result of the study is submitted to the Congress; and

(2) before submitting the report under this subsection to the Congress, the report is submitted to the Secretary and national organizations for public housing agencies at such time to provide the Secretary and such agencies an opportunity to review the report and provide written comments on the report, which shall be included together with the report upon submission to the Congress under paragraph (1).

SEC. 1507. FUNDING.

Of any amounts made available under title V of the Housing and Urban Development Act of 1970 for policy development and research for fiscal year 1998, $500,000 shall be available to carry out this subtitle.

SEC. 1508. EFFECTIVE DATE.

This subtitle shall take effect on the date of the enactment of this Act.

Subtitle B—Housing Evaluation and Accreditation Board

SEC. 1521. ESTABLISHMENT.

(a) IN GENERAL.—There is established an independent agency in the executive branch of the Government to be known as the Housing Foundation and Accreditation Board (in this title referred to as the ''Board'').

(b) REQUIREMENT FOR CONGRESSIONAL REVIEW OF STUDY.—Notwithstanding any other provision of this division, sections 1523, 1524, and 1525 shall not take effect and the Board shall not have any authority to take any action under such sections (or otherwise) unless there is enacted a law specifically providing for the repeal of this subsection. This subsection may not be construed to prevent the appointment of the Board under section 1522.

(c) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

SEC. 1522. MEMBERSHIP.

(a) IN GENERAL.—The Board shall be composed of 12 members appointed by the President not later than 180 days after the date of the final report regarding the study required under subtitle A is submitted to the Congress pursuant to section 1506(b), as follows:

(1) 4 members shall be appointed from among 10 individuals recommended by the Secretary of Housing and Urban Development.

(2) 4 members shall be appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(3) 4 members appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking and Financial Services of the House of Representatives.

(b) QUALIFICATIONS.—

(1) REQUIRED REPRESENTATION.—The Board shall at all times have the following members:

(A) 2 members who are residents of public housing or dwelling units assisted under title XIII of this Act or the provisions of section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(B) At least 2, but not more than 4 members who are executive directors of public housing agencies.

(C) 1 member who is a member of the Institute of Real Estate Managers.

(D) 1 member who is the owner of a multifamily housing project assisted under a program administered by the Secretary of Housing and Urban Development.

(2) REQUIRED EXPERIENCE.—The Board shall at all times have as members individuals with the following experience:

(A) At least 1 individual who has extensive experience in the residential real estate finance business.

(B) At least 1 individual who has extensive experience in operating a nonprofit organization that provides affordable housing.

(C) At least 1 individual who has extensive experience in construction of multifamily housing.

(D) At least 1 individual who has extensive experience in the management of a community development corporation.

(E) At least 1 individual who has extensive experience in auditing participants in government programs.

A single member of the board with the appropriate experience may satisfy the requirements of more than 1 subparagraph of this paragraph. A single member of the board with the appropriate qualifications and experience may satisfy the requirements of a subparagraph of paragraph (1) and a subparagraph of this paragraph.

(c) POLITICAL AFFILIATION.—Not more than 6 members of the Board may be of the same political party.

(d) TERMS.—

(1) IN GENERAL.—Each member of the Board shall be appointed for a term of 4 years, except as provided in paragraphs (2) and (3).

(2) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

(A) 3 shall be appointed for terms of 1 year;

(B) 3 shall be appointed for terms of 2 years;

(C) 3 shall be appointed for terms of 3 years; and

(D) 3 shall be appointed for terms of 4 years.

(3) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(e) CHAIRPERSON.—The Board shall elect a chairperson from among members of the Board.

(f) QUORUM.—A majority of the members of the Board shall constitute a quorum for the transaction of business.

(g) VOTING.—Each member of the Board shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Board.

(h) PROHIBITION ON ADDITIONAL PAY.—Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board.

SEC. 1523. FUNCTIONS.

The purpose of this subtitle is to establish the Board as a nonpolitical entity to carry out, not later than the expiration of the 12-month period beginning upon the appointment under section 1522 of all of the initial members of the Board (or such other date as may be provided by law), the following functions:

(1) ESTABLISHMENT OF PERFORMANCE BENCHMARKS.—The Board shall establish standards and guidelines for use by the Board in measuring the performance and efficiency of public housing agencies and other owners and providers of federally assisted housing in carrying out operational and financial functions. The standards and guidelines shall be designed to replace the public housing management assessment program under section 6(j) of the United States Housing Act of 1937 (as in effect before the enactment of this Act) and improve the evaluation of the performance of housing providers relative to such program. In establishing such standards and guidelines, the Board shall consult with the Secretary, the Inspector General of the Department of Housing and Urban Development, and such other persons and entities as the Board considers appropriate.

(2) ESTABLISHMENT OF ACCREDITATION PROCEDURE AND ACCREDITATION.—The Board shall—

(A) establish a procedure for the Board to accredit public housing agencies to receive block grants under title XII for the operation, maintenance, and production of public housing and amounts for housing assistance under title XIII, based on the performance of agencies, as measured by the performance benchmarks established under paragraph (1) and any audits and reviews of agencies; and

(B) commence the review and accreditation of public housing agencies under the procedures established under subparagraph (A).

In carrying out the functions under this section, the Board shall take into consideration the findings and recommendations contained in the report issued under section 1506(b).

SEC. 1524. POWERS.

(a) HEARINGS.—The Board may, for the purpose of carrying out this subtitle, hold such hearings and sit and act at such times and places as the Board determines appropriate.

(b) RULES AND REGULATIONS.—The Board may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Board may secure directly from any department or agency of the Federal Government such information as the Board may require for carrying out its functions, including public housing agency plans submitted to the Secretary by public housing agencies under title XI. Upon request of the Board, any such department or agency shall furnish such information.

(2) GENERAL SERVICES ADMINISTRATION.—The Administrator of General Services shall provide to the Board, on a reimbursable basis, such administrative support services as the Board may request.

(3) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Upon the request of the chairperson of the Board, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary, detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Board in carrying out its functions under this subtitle.

(4) HUD INSPECTOR GENERAL.—The Inspector General of the Department of Housing and Urban Development shall serve the Board as a principal adviser with respect to all aspects of audits of public housing agencies. The Inspector General may advise the Board with respect to other activities and functions of the Board.

(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) CONTRACTING.—The Board may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts with private firms, institutions, and individuals for the purpose of conducting evaluations of public housing agencies, audits of public housing agencies, and research and surveys necessary to enable the Board to discharge its functions under this subtitle.

(f) STAFF.—

(1) EXECUTIVE DIRECTOR.—The Board shall appoint an executive director of the Board, who shall be compensated at a rate fixed by the Board, but which shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) OTHER PERSONNEL.—In addition to the executive director, the Board may appoint and fix the compensation of such personnel as the Board considers necessary, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(g) ACCESS TO DOCUMENTS.—The Board shall have access for the purposes of carrying out its functions under this subtitle to any books, documents, papers, and records of a public housing agency to which the Secretary has access under this division.

SEC. 1525. FEES.

(a) ACCREDITATION FEES.—The Board may establish and charge reasonable fees for the accreditation of public housing agencies as the Board considers necessary to cover the costs of the operations of the Board relating to its functions under section 1523.

(b) FUND.—Any fees collected under this section shall be deposited in an operations fund for the Board, which is hereby established in the Treasury of the United States. Amounts in such fund shall be available, to the extent provided in appropriation Acts, for the expenses of the Board in carrying out its functions under this subtitle.

SEC. 1526. GAO AUDIT.

The activities and transactions of the Board shall be subject to audit by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the General Accounting Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of the Board that are necessary to facilitate an audit.

Subtitle C—Interim Applicability of Public Housing Management Assessment Program

SEC. 1531. INTERIM APPLICABILITY.

This subtitle shall be effective only during the period that begins on the effective date

of this division and ends upon the date of the effectiveness of the standards and procedures required under section 1523.

SEC. 1532. MANAGEMENT ASSESSMENT INDICATORS.

(a) ESTABLISHMENT.—The Secretary shall develop and publish in the Federal Register indicators to assess the management performance of public housing agencies and other entities managing public housing (including resident management corporations, independent managers pursuant to section 1236, and management entities pursuant to subtitle D). The indicators shall be established by rule under section 553 of title 5, United States Code. Such indicators shall enable the Secretary to evaluate the performance of public housing agencies and such other managers of public housing in all major areas of management operations.

(b) CONTENT.—The management assessment indicators shall include the following indicators:

(1) The number and percentage of vacancies within an agency's or manager's inventory, including the progress that an agency or manager has made within the previous 3 years to reduce such vacancies.

(2) The amount and percentage of funds obligated to the public housing agency or manager from the capital fund or under section 14 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), which remain unexpended after 3 years.

(3) The percentage of rents uncollected.

(4) The energy consumption (with appropriate adjustments to reflect different regions and unit sizes).

(5) The average period of time that an agency or manager requires to repair and turn-around vacant dwelling units.

(6) The proportion of maintenance work orders outstanding, including any progress that an agency or manager has made during the preceding 3 years to reduce the period of time required to complete maintenance work orders.

(7) The percentage of dwelling units that an agency or manager fails to inspect to ascertain maintenance or modernization needs within such period of time as the Secretary deems appropriate (with appropriate adjustments, if any, for large and small agencies or managers).

(8) The extent to which the rent policies of any public housing agency establishing rental amounts in accordance with section 1225(b) comply with the requirement under section 1225(c).

(9) Whether the agency is providing acceptable basic housing conditions, as determined by the Secretary.

(10) Whether the agency has conducted and regularly updated an assessment to identify any pest control problems in the public housing owned or operated by the agency and the extent to which the agency is effective in carrying out a strategy to eradicate or control such problems, which assessment and strategy shall be included in the local housing management plan for the agency under section 1106.

(11) Any other factors as the Secretary deems appropriate.

(c) CONSIDERATIONS IN EVALUATION.—The Secretary shall—

(1) administer the system of evaluating public housing agencies and managers flexibly to ensure that agencies and managers are not penalized as result of circumstances beyond their control;

(2) reflect in the weights assigned to the various management assessment indicators the differences in the difficulty of managing individual developments that result from their physical condition and their neighborhood environment; and

(3) determine a public housing agency's or manager's status as ''troubled with respect to modernization'' under section 1533(b) based upon factors solely related to its ability to carry out modernization activities.

SEC. 1533. DESIGNATION OF PHA'S.

(a) TROUBLED PHA'S.—The Secretary shall, under the rulemaking procedures under section 553 of title 5, United States Code, establish procedures for designating troubled public housing agencies and managers, which procedures shall include identification of serious and substantial failure to perform as measured by (1) the performance indicators specified under section 1532 and such other factors as the Secretary may deem to be appropriate; or (2) such other evaluation system as is determined by the Secretary to assess the condition of the public housing agency or other entity managing public housing, which system may be in addition to or in lieu of the performance indicators established under section 1532. Such procedures shall provide that an agency that does not provide acceptable basic housing conditions shall be designated a troubled public housing agency.

(b) AGENCIES TROUBLED WITH RESPECT TO CAPITAL ACTIVITIES.—The Secretary shall designate, by rule under section 553 of title 5, United States Code, agencies and managers that are troubled with respect to capital activities.

(c) AGENCIES AT RISK OF BECOMING TROUBLED.—The Secretary shall designate, by rule under section 553 of title 5, United States Code, agencies and managers that are at risk of becoming troubled.

(d) EXEMPLARY AGENCIES.—The Secretary may also, in consultation with national organizations representing public housing agencies and managers and public officials (as the Secretary determines appropriate), identify and commend public housing agencies and managers that meet the performance standards established under section 1532 in an exemplary manner.

(e) APPEAL OF DESIGNATION.—The Secretary shall establish procedures for public housing agencies and managers to appeal designation as a troubled agency or manager (including designation as a troubled agency or manager for purposes of capital activities), to petition for removal of such designation, and to appeal any refusal to remove such designation.

SEC. 1534. ON-SITE INSPECTION OF TROUBLED PHA'S.

(a) IN GENERAL.—Upon designating a public housing agency or manager as troubled pursuant to section 1533 and determining that an assessment under this section will not duplicate any other review previously conducted or required to be conducted of the agency or manager, the Secretary shall provide for an on-site, independent assessment of the management of the agency or manager.

(b) CONTENT.—To the extent the Secretary deems appropriate (taking into consideration an agency's or manager's performance under the indicators specified under section 1532, the assessment team shall also consider issues relating to the agency's or manager's resident population and physical inventory, including the extent to which—

(1) the public housing agency plan for the agency or manager adequately and appropriately addresses the rehabilitation needs of the public housing inventory;

(2) residents of the agency or manager are involved in and informed of significant management decisions; and

(3) any developments in the agency's or manager's inventory are severely distressed (as such term is defined under section 1262.

(c) INDEPENDENT ASSESSMENT TEAM.—An independent assessment under this section shall be carried out by a team of knowledgeable individuals selected by the Secretary (referred to in this title as the ''assessment team'') with expertise in public housing and real estate management. In conducting an assessment, the assessment team shall consult with the residents and with public and private entities in the jurisdiction in which the public housing is located. The assessment team shall provide to the Secretary and the public housing agency or manager a written report, which shall contain, at a minimum, recommendations for such management improvements as are necessary to eliminate or substantially remedy existing deficiencies.

SEC. 1535. ADMINISTRATION.

(a) PHA'S.—The Secretary shall carry out this subtitle with respect to public housing agencies substantially in the same manner as the public housing management assessment system under section 6(j) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) was required to be carried out with respect to public housing agencies. The Secretary may comply with the requirements under this subtitle by using any regulations issued to carry out such system and issuing any additional regulations necessary to make such system comply with the requirements under this subtitle.

(b) OTHER MANAGERS.—The Secretary shall establish specific standards and procedures for carrying out this subtitle with respect to managers of public housing that are not public housing agencies. Such standards and procedures shall take in consideration special circumstances relating to entities hired, directed, or appointed to manage public housing.

Subtitle D—Accountability and Oversight Standards and Procedures

SEC. 1541. AUDITS.

(a) BY SECRETARY AND COMPTROLLER GENERAL.—Each block grant contract under section 1201 and each contract for housing assistance amounts under section 1302 shall provide that the Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency (or other entity) entering into such contract that are pertinent to this division and to its operations with respect to financial assistance under this division.

(b) BY PHA.—

(1) REQUIREMENT.—Each public housing agency that owns or operates 250 or more public housing dwelling units and receives assistance under this division shall have an audit made in accordance with chapter 75 of title 31, United States Code. The Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States shall have access to all books, documents, papers, or other records that are pertinent to the activities carried out under this division in order to make audit examinations, excerpts, and transcripts.

(2) WITHHOLDING OF AMOUNTS.—The Secretary may, in the sole discretion of the Secretary, arrange for, and pay the costs of, an audit required under paragraph (1). In such circumstances, the Secretary may withhold, from assistance otherwise payable to the agency under this division, amounts sufficient to pay for the reasonable costs of conducting an acceptable audit, including, when appropriate, the reasonable costs of accounting services necessary to place the agency's books and records in auditable condition.

SEC. 1542. PERFORMANCE AGREEMENTS FOR AUTHORITIES AT RISK OF BECOMING TROUBLED.

(a) IN GENERAL.—Upon designation of a public housing agency as at risk of becoming troubled under section 1533(c), the Secretary shall seek to enter into an agreement with the agency providing for improvement of the elements of the agency that have been identified. An agreement under this section shall contain such terms and conditions as the Secretary determines are appropriate for addressing the elements identified, which may include an on-site, independent assessment of the management of the agency.

(b) POWERS OF SECRETARY.—If the Secretary determines that such action is necessary to prevent the public housing agency from becoming a troubled agency, the Secretary may—

(1) solicit competitive proposals from other public housing agencies and private housing management agents (which may be selected by existing tenants through administrative procedures established by the Secretary), for any case in which such agents may be needed for managing all, or part, of the housing or functions administered by the agency; or

(2) solicit competitive proposals from other public housing agencies and private entities with experience in construction management, for any case in which such authorities or firms may be needed to oversee implementation of assistance made available for capital improvement for public housing of the agency.

SEC. 1543. PERFORMANCE AGREEMENTS AND CDBG SANCTIONS FOR TROUBLED PHA'S.

(a) IN GENERAL.—Upon designation of a public housing agency as a troubled agency under section 1533(a) and after reviewing the report submitted pursuant to section 1534(c) and consulting with the assessment team for the agency under section 1534, the Secretary shall seek to enter into an agreement with the agency providing for improving the management performance of the agency.

(b) CONTENTS.—An agreement under this section between the Secretary and a public housing agency shall set forth—

(1) targets for improving performance, as measured by the guidelines and standards established under section 1532 and other requirements within a specified period of time, which shall include targets to be met upon the expiration of the 12-month period beginning upon entering into the agreement;

(2) strategies for meeting such targets;

(3) sanctions for failure to implement such strategies; and

(4) to the extent the Secretary deems appropriate, a plan for enhancing resident involvement in the management of the public housing agency.

(c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The Secretary and the public housing agency shall, to the maximum extent practicable, seek the assistance of local public and private entities in carrying out an agreement under this section.

(d) DEFAULT UNDER PERFORMANCE AGREEMENT.—Upon the expiration of the 12-month period beginning upon entering into an agreement under this section with a public housing agency, the Secretary shall review the performance of the agency in relation to the performance targets and strategies under the agreement. If the Secretary determines that the agency has failed to comply with the performance targets established for such period, the Secretary shall take the action authorized under subsection (b)(2) or (b)(5) of section 1545.

(e) CDBG SANCTION AGAINST LOCAL GOVERNMENT CONTRIBUTING TO TROUBLED STATUS OF PHA.—If the Secretary determines that the actions or inaction of any unit of general local government within which any portion of the jurisdiction of a public housing agency is located has substantially contributed to the conditions resulting in the agency being designated under section 1533(a) as a troubled agency, the Secretary may redirect or withhold, from such unit of general local government any amounts allocated for such unit under section 106 of the Housing and Community Development Act of 1974.

SEC. 1544. OPTION TO DEMAND CONVEYANCE OF TITLE TO OR POSSESSION OF PUBLIC HOUSING.

(a) AUTHORITY FOR CONVEYANCE.—A contract under section 1201 for block grants under title XII (including contracts which amend or supersede contracts previously made (including contracts for contributions)) may provide that upon the occurrence of a substantial default with respect to the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated, at the option of the Secretary, to—

(1) convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this division; or

(2) deliver to the Secretary possession of the development, as then constituted, to which such contract relates.

(b) OBLIGATION TO RECONVEY.—Any block grant contract under title XII containing the provisions authorized in subsection (a) shall also provide that the Secretary shall be obligated to reconvey or redeliver possession of the development, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract, and as soon as practicable after—

(1) the Secretary is satisfied that all defaults with respect to the development have been cured, and that the development will, in order to fulfill the purposes of this division, thereafter be operated in accordance with the terms of such contract; or

(2) the termination of the obligation to make annual block grants to the agency, unless there are any obligations or covenants of the agency to the Secretary which are then in default.

Any prior conveyances and reconveyances or deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the development to the Secretary pursuant to subsection (a) upon the subsequent occurrence of a substantial default.

(c) CONTINUED GRANTS FOR REPAYMENT OF BONDS AND NOTES UNDER 1937 ACT.—If—

(1) a contract for block grants under title XII for an agency includes provisions that expressly state that the provisions are included pursuant to this subsection, and

(2) the portion of the block grant payable for debt service requirements pursuant to the contract has been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, then—

(A) the Secretary shall (notwithstanding any other provisions of this division), continue to make the block grant payments for the agency so long as any of such obligations remain outstanding; and

(B) the Secretary may covenant in such a contract that in any event such block grant amounts shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the development for the purpose at the time such block grant payments are made, will suffice for the payment of all installments of principal and interest on the obligations for which the amounts provided for in the contract shall have been pledged as security that fall due within the next succeeding 12 months.

In no case shall such block grant amounts be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

SEC. 1545. REMOVAL OF INEFFECTIVE PHA'S.

(a) CONDITIONS OF REMOVAL.—The actions specified in subsection (b) may be taken only upon—

(1) the occurrence of events or conditions that constitute a substantial default by a public housing agency with respect to (A) the covenants or conditions to which the public housing agency is subject, or (B) an agreement entered into under section 1543; or

(2) submission to the Secretary of a petition by the residents of the public housing owned or operated by a public housing agency that is designated as troubled pursuant to section 1533(a).

(b) REMOVAL ACTIONS.—Notwithstanding any other provision of law or of any block grant contract under title XII or any grant agreement under title XIII, in accordance with subsection (a), the Secretary may—

(1) solicit competitive proposals from other public housing agencies and private housing management agents (which, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary) and, if appropriate, provide for such agents to manage all, or part, of the housing administered by the public housing agency or all or part of the other functions of the agency;

(2) take possession of the public housing agency, including any developments or functions of the agency under any section of this division;

(3) solicit competitive proposals from other public housing agencies and private entities with experience in construction management and, if appropriate, provide for such authorities or firms to oversee implementation of assistance made available for capital improvements for public housing;

(4) require the agency to make other arrangements acceptable to the Secretary and in the best interests of the public housing residents and assisted families under title XIII for managing all, or part of, the public housing administered by the agency or the functions of the agency; or

(5) petition for the appointment of a receiver for the public housing agency to any district court of the United States or to any court of the State in which any portion of the jurisdiction of the public housing agency is located, that is authorized to appoint a receiver for the purposes and having the powers prescribed in this section.

(c) EMERGENCY ASSISTANCE.—The Secretary may make available to receivers and other entities selected or appointed pursuant to this section such assistance as is fair and reasonable to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety and welfare of public housing residents or assisted families under title XIII.

(d) POWERS OF SECRETARY.—If the Secretary takes possession of an agency, or any developments or functions of an agency, pursuant to subsection (b)(2), the Secretary—

(1) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification, but only after efforts to renegotiate such contracts have failed and the Secretary has made a written determination regarding such abrogation, which shall be available to

the public upon request, identify such contracts, and explain the determination that such contracts may be abrogated;

(2) may demolish and dispose of assets of the agency in accordance with section 1261;

(3) where determined appropriate by the Secretary, may require the establishment of one or more new public housing agencies;

(4) may consolidate the agency into other well-managed public housing agencies with the consent of such well-managed authorities;

(5) shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impede correction of the substantial default or improvement of the classification, but only if the Secretary has made a written determination regarding such inapplicability, which shall be available to the public upon request, identify such inapplicable laws, and explain the determination that such laws impede such correction; and

(6) shall have such additional authority as a district court of the United States has the authority to confer under like circumstances upon a receiver to achieve the purposes of the receivership.

The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the Secretary's responsibility under this paragraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers of the Secretary under this subsection. Regardless of any delegation under this subsection, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to paragraph (3) unless the Secretary first approves such establishment. For purposes of this subsection, the term ''public housing agency'' includes any developments or functions of a public housing agency under any section of this title.

(e) RECEIVERSHIP.—

(1) REQUIRED APPOINTMENT.—In any proceeding under subsection (b)(5), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of the public housing agency in a manner consistent with this division and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another public housing agency, a private management corporation, the Secretary, or any other appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

(2) POWERS OF RECEIVER.—If a receiver is appointed for a public housing agency pursuant to subsection (b)(5), in addition to the powers accorded by the court appointing the receiver, the receiver—

(A) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification, but only after bona fide efforts to renegotiate such contracts have failed and the receiver has made a written determination regarding such abrogation, which shall be available to the public upon request, identify such contracts, and explain the determination that such contracts may be abrogated;

(B) may demolish and dispose of assets of the agency in accordance with section 1261;

(C) where determined appropriate by the Secretary, may require the establishment of one or more new public housing agencies, to the extent permitted by State and local law; and

(D) except as provided in subparagraph (C), shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impede correction of the substantial default or improvement of the classification, but only if the receiver has made a written determination regarding such inapplicability, which shall be available to the public upon request, identify such inapplicable laws, and explain the determination that such laws impede such correction.

For purposes of this paragraph, the term ''public housing agency'' includes any developments or functions of a public housing agency under any section of this title.

(3) TERMINATION.—The appointment of a receiver pursuant to this subsection may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the public housing agency will be able to make the same amount of progress in correcting the management of the housing as the receiver.

(f) LIABILITY.—If the Secretary takes possession of an agency pursuant to subsection (b)(2) or a receiver is appointed pursuant to subsection (b)(5) for a public housing agency, the Secretary or the receiver shall be deemed to be acting in the capacity of the public housing agency (and not in the official capacity as Secretary or other official) and any liability incurred shall be a liability of the public housing agency.

(g) EFFECTIVENESS.—The provisions of this section shall apply with respect to actions taken before, on, or after the effective date of this division and shall apply to any receivers appointed for a public housing agency before the effective date of this division.

SEC. 1546. MANDATORY TAKEOVER OF CHRONICALLY TROUBLED PHA'S.

(a) REMOVAL OF AGENCY.—Notwithstanding any other provision of this division, not later than the expiration of the 180-day period beginning on the effective date of this division, the Secretary shall take one of the following actions with respect to each chronically troubled public housing agency:

(1) CONTRACTING FOR MANAGEMENT.—Solicit competitive proposals for the management of the agency pursuant to section 1545(b)(1) and replace the management of the agency pursuant to selection of such a proposal.

(2) TAKEOVER.—Take possession of the agency pursuant to section 1545(b)(2).

(3) PETITION FOR RECEIVER.—Petition for the appointment of a receiver for the agency pursuant to section 1545(b)(5).

(b) DEFINITION.—For purposes of this section, the term ''chronically troubled public housing agency'' means a public housing agency that, as of the effective date of this division, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) as a troubled public housing agency and has been so designated continuously for the 3-year period ending upon the effective date of this division; except that such term does not include any agency that owns or operates less than 1250 public housing dwelling units and that the Secretary determines can, with a reasonable amount of effort, make such improvements or remedies as may be necessary to remove its designation as troubled within 12 months.

SEC. 1547. TREATMENT OF TROUBLED PHA'S.

(a) EFFECT OF TROUBLED STATUS ON CHAS.—The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under section 105 of the Cranston-Gonzalez National Affordable Housing Act unless such plan includes a description of the manner in which the State or unit will assist such troubled agency in improving its operations to remove such designation.

(b) DEFINITION.—For purposes of this section, the term ''troubled public housing agency'' means a public housing agency that—

(1) upon the effective date of this division, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) as a troubled public housing agency; and

(2) is not a chronically troubled public housing agency, as such term is defined in section 1546(b) of this Act.

SEC. 1548. MAINTENANCE OF RECORDS.

Each public housing agency shall keep such records as may be reasonably necessary to disclose the amount and the disposition by the agency of the proceeds of assistance received pursuant to this division and to ensure compliance with the requirements of this division.

SEC. 1549. ANNUAL REPORTS REGARDING TROUBLED PHA'S.

The Secretary shall submit a report to the Congress annually, as a part of the report of the Secretary under section 8 of the Department of Housing and Urban Development Act, that—

(1) identifies the public housing agencies that are designated under section 1533 as troubled or at-risk of becoming troubled and the reasons for such designation; and

(2) describes any actions that have been taken in accordance with sections 1542, 1543, 1544, and 1545.

SEC. 1550. APPLICABILITY TO RESIDENT MANAGEMENT CORPORATIONS.

The Secretary shall apply the provisions of this subtitle to resident management corporations in the same manner as applied to public housing agencies.

SEC. 1551. ADVISORY COUNCIL FOR HOUSING AUTHORITY OF NEW ORLEANS.

(a) ESTABLISHMENT.—The Secretary and the Housing Authority of New Orleans (in this section referred to as the ''Housing Authority'') shall, pursuant to the cooperative endeavor agreement in effect between the Secretary and the Housing Authority, establish an advisory council for the Housing Authority of New Orleans (in this section referred to as the ''advisory council'') that complies with the requirements of this section.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The advisory council shall be appointed by the Secretary, not later than 90 days after the date of the enactment of this Act, and shall be composed of the following members:

(A) The Inspector General of the Department of Housing and Urban Development (or the Inspector General's designee).

(B) Not more than 7 other members, who shall be selected for appointment based on their experience in successfully reforming troubled public housing agencies or in providing affordable housing in coordination with State and local governments, the private sector, affordable housing residents, or local nonprofit organizations.

(2) PROHIBITION ON ADDITIONAL PAY.—Members of the advisory council shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board using amounts from the Headquarters Reserve fund pursuant to section 1111(b)(4).

(c) FUNCTIONS.—The advisory council shall—

(1) establish standards and guidelines for assessing the performance of the Housing Authority in carrying out operational, asset management, and financial functions for purposes of the reports and finding under subsections (d) and (e), respectively;

(2) provide advice, expertise, and recommendations to the Housing Authority regarding the management, operation, repair, redevelopment, revitalization, demolition, and disposition of public housing developments of the Housing Authority;

(3) report to the Congress under subsection (d) regarding any progress of the Housing Authority in improving the performance of its functions; and

(4) make a final finding to the Congress under subsection (e) regarding the future of the Housing Authority.

(d) QUARTERLY REPORTS.—The advisory council shall report to the Congress and the Secretary not less than every 3 months regarding the performance of the Housing Authority and any progress of the authority in improving its performance and carrying out its functions.

(e) FINAL FINDING.—Upon the expiration of the 18-month period that begins upon the appointment under subsection (b)(1) of all members of the advisory council, the council shall make and submit to the Congress and the Secretary a finding of whether the Housing Authority has substantially improved its performance, the performance of its functions, and the overall condition of the Authority such that the Authority should be allowed to continue to operate as the manager of the public housing of the Authority. In making the finding under this subsection, the advisory council shall consider whether the Housing Authority has made sufficient progress in the demolition and revitalization of the Desire Homes development, the revitalization of the St. Thomas Homes development, the appropriate allocation of operating subsidy amounts, and the appropriate expending of modernization amounts.

(f) RECEIVERSHIP.—If the advisory council finds under subsection (e) that the Housing Authority has not substantially improved its performance such that the Authority should be allowed to continue to operate as the manager of the public housing of the Authority, the Secretary shall (notwithstanding section 1545(a)) petition under section 1545(b) for the appointment of a receiver for the Housing Authority, which receivership shall be subject to the provisions of section 1545.

(g) EXEMPTION.—The provisions of section 1546 shall not apply to the Housing Authority.

TITLE XVI—REPEALS AND RELATED AMENDMENTS

Subtitle A—Repeals, Effective Date, and Savings Provisions

SEC. 1601. EFFECTIVE DATE AND REPEAL OF UNITED STATES HOUSING ACT OF 1937.

(a) EFFECTIVE DATE.—

(1) IN GENERAL.—This division and the amendments made by this division shall take effect on October 1, 1999, except as otherwise provided in this section.

(2) SPECIFIC EFFECTIVE DATES.—Any provision of this division that specifically provides for the effective date of such provision shall take effect in accordance with the terms of the provision.

(b) REPEAL OF UNITED STATES HOUSING ACT OF 1937.—Effective upon the effective date under subsection (a)(1), the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is repealed, subject to the conditions under subsection (c).

(c) SAVINGS PROVISIONS.—

(1) OBLIGATIONS UNDER 1937 ACT.—Any obligation of the Secretary made under authority of the United States Housing Act of 1937 shall continue to be governed by the provisions of such Act, except that—

(A) notwithstanding the repeal of such Act, the Secretary may make a new obligation under such Act upon finding that such obligation is required—

(i) to protect the financial interests of the United States or the Department of Housing and Urban Development; or

(ii) for the amendment, extension, or renewal of existing obligations; and

(B) notwithstanding the repeal of such Act, the Secretary may, in accordance with subsection (d), issue regulations and other guidance and directives as if such Act were in effect if the Secretary finds that such action is necessary to facilitate the administration of obligations under such Act.

(2) TRANSITION OF FUNDING.—Amounts appropriated under the United States Housing Act of 1937 shall, upon repeal of such Act, remain available for obligation under such Act in accordance with the terms under which amounts were made available.

(3) CROSS REFERENCES.—The provisions of the United States Housing Act of 1937 shall remain in effect for purposes of the validity of any reference to a provision of such Act in any statute (other than such Act) until such reference is modified by law or repealed.

(d) PUBLICATION AND EFFECTIVE DATE OF SAVINGS PROVISIONS.—

(1) SUBMISSION TO CONGRESS.—The Secretary shall submit to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a copy of any proposed regulation, guidance, or directive under subsection (c)(1)(B).

(2) OPPORTUNITY TO REVIEW.—Such a regulation, guidance, or directive may not be published for comment or for final effectiveness before or during the 15-calendar day period beginning on the day after the date on which such regulation, guidance, or directive was submitted to the Congress.

(3) EFFECTIVE DATE.—No regulation, guideline, or directive may become effective until after the expiration of the 30-calendar day period beginning on the day after the day on which such rule or regulation is published as final.

(4) WAIVER.—The provisions of paragraphs (2) and (3) may be waived upon the written request of the Secretary, if agreed to by the Chairmen and Ranking Minority Members of both Committees.

(e) MODIFICATIONS.—Notwithstanding any provision of this division or any annual contributions contract or other agreement entered into by the Secretary and a public housing agency pursuant to the provisions of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), the Secretary and the agency may by mutual consent amend, supersede, or modify any such agreement as appropriate to provide for assistance under this division, except that the Secretary and the agency may not consent to any such amendment, supersession, or modification that substantially alters any outstanding obligations requiring continued maintenance of the low-income character of any public housing development and any such amendment, supersession, or modification shall not be given effect.

(f) SECTION 8 PROJECT-BASED ASSISTANCE.—

(1) IN GENERAL.—The provisions of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) shall remain in effect after the effectiveness of the repeal under subsection (b) with respect to all section 8 project-based assistance, pursuant to existing and future contracts, except as otherwise provided by this section.

(2) TENANT SELECTION PREFERENCES.—An owner of housing assisted with section 8 project-based assistance shall give preference, in the selection of tenants for units of such projects that become available, according to any system of local preferences established pursuant to section 1223 by the public housing agency having jurisdiction for the area in which such projects are located.

(3) 1-YEAR NOTIFICATION.—Paragraphs (9) and (10) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) shall not be applicable to section 8 project-based assistance.

(4) LEASE TERMS.—Leases for dwelling units assisted with section 8 project-based assistance shall comply with the provisions of paragraphs (1) and (3) of section 1324 of this Act and shall not be subject to the provisions of 8(d)(1)(B) of the United States Housing Act of 1937.

(5) TERMINATION OF TENANCY.—Any termination of tenancy of a resident of a dwelling unit assisted with section 8 project-based assistance shall comply with the provisions of section 1324(2) and section 1325 of this Act and shall not be subject to the provisions of section 8(d)(1)(B) of the United States Housing Act of 1937.

(6) TREATMENT OF COMMON AREAS.—The Secretary may not provide any assistance amounts pursuant to an existing contract for section 8 project-based assistance for a housing project and may not enter into a new or renewal contract for such assistance for a project unless the owner of the project provides consent, to such local law enforcement agencies as the Secretary determines appropriate, for law enforcement officers of such agencies to enter common areas of the project at any time and without advance notice upon a determination of probable cause by such officers that criminal activity is taking place in such areas.

(7) DEFINITION.—For purposes of this subsection, the term ''section 8 project-based assistance'' means assistance under any of the following programs:

(A) The new construction or substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983).

(B) The property disposition program under section 8(b) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(C) The loan management set-aside program under subsections (b) and (v) of section 8 of such Act.

(D) The project-based certificate program under section 8(d)(2) of such Act.

(E) The moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1991).

(F) The low-income housing preservation program under Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the provisions of the Emergency Low Income Housing Preservation Act of 1987 (as in effect before November 28, 1990).

(G) Section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965 or section 236(f)(2) of the National Housing Act.

(g) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

SEC. 1602. OTHER REPEALS.

(a) IN GENERAL.—The following provisions of law are hereby repealed:

(1) ASSISTED HOUSING ALLOCATION.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439).

(2) PUBLIC HOUSING RENT WAIVERS FOR POLICE.—Section 519 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437a–1).

(3) TREATMENT OF CERTIFICATE AND VOUCHER HOLDERS.—Subsection (c) of section 183 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(4) EXCESSIVE RENT BURDEN DATA.—Subsection (b) of section 550 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(5) MOVING TO OPPORTUNITY FOR FAIR HOUSING.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(6) REPORT REGARDING FAIR HOUSING OBJECTIVES.—Section 153 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(7) SPECIAL PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.—Section 209 of the Housing and Community Development Act of 1974 (42 U.S.C. 1438).

(8) ACCESS TO PHA BOOKS.—Section 816 of the Housing Act of 1954 (42 U.S.C. 1435).

(9) MISCELLANEOUS PROVISIONS.—Subsections (b)(1) and (d) of section 326 of the Housing and Community Development Amendments of 1981 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

(10) PAYMENT FOR DEVELOPMENT MANAGERS.—Section 329A of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437j–1).

(11) PROCUREMENT OF INSURANCE BY PHA'S.—In the item relating to ''ADMINISTRATIVE PROVISIONS'' under the heading ''MANAGEMENT AND ADMINISTRATION'' in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991, the penultimate undesignated paragraph of such item (Public Law 101–507; 104 Stat. 1369).

(12) PUBLIC HOUSING CHILDHOOD DEVELOPMENT.—Section 222 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note).

(13) INDIAN HOUSING CHILDHOOD DEVELOPMENT.—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note).

(14) PUBLIC HOUSING COMPREHENSIVE TRANSITION DEMONSTRATION.—Section 126 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(15) PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

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

(17) PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(18) OMAHA HOMEOWNERSHIP DEMONSTRATION.—Section 132 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 3712).

(19) PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

(20) FROST-LELAND PROVISIONS.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100–202; 101 Stat. 1329–213); except that, notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of such appropriations Act (as such section existed immediately before the date of enactment of this Act) shall be eligible for demolition—

(A) under section 14 of the United States Housing Act of 1937 (as such section existed upon the enactment of this Act); and

(B) under section 9 of the United States Housing Act of 1937.

(21) MULTIFAMILY FINANCING.—The penultimate sentence of section 302(b)(2) of the National Housing Act (12 U.S.C. 1717(b)(2)) and the penultimate sentence of section 305(a)(2) of the Emergency Home Finance Act of 1970 (12 U.S.C. 1454(a)(2)).

(22) CONFLICTS OF INTEREST.—Subsection (c) of section 326 of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437f note).

(23) CONVERSION OF PUBLIC HOUSING.—Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) (enacted as section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104–134; 110 Stat. 1321–279)).

(b) SAVINGS PROVISION.—Except to the extent otherwise provided in this division—

(1) the repeals made by subsection (a) shall not affect any legally binding obligations entered into before the effective date of this division; and

(2) any funds or activities subject to a provision of law repealed by subsection (a) shall continue to be governed by the provision as in effect immediately before such repeal.

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

SEC. 1621. ALLOCATION OF ELDERLY HOUSING AMOUNTS.

Section 202(l) of the Housing Act of 1959 (12 U.S.C. 1701q(l)) is amended by adding at the end the following new paragraph:

''(4) CONSIDERATION IN ALLOCATING ASSISTANCE.—Assistance under this section shall be allocated in a manner that ensures that the awards of the assistance are made for projects of sufficient size to accommodate facilities for supportive services appropriate to the needs of frail elderly residents.''.

SEC. 1622. PET OWNERSHIP.

Section 227 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701r–1) is amended to read as follows:

''SEC. 227. PET OWNERSHIP IN FEDERALLY ASSISTED RENTAL HOUSING.

''(a) RIGHT OF OWNERSHIP.—A resident of a dwelling unit in federally assisted rental housing may own common household pets or have common household pets present in the dwelling unit of such resident, subject to the reasonable requirements of the owner of the federally assisted rental housing and providing that the resident maintains the animals responsibly and in compliance with applicable local and State public health, animal control, and anticruelty laws. Such reasonable requirements may include requiring payment of a nominal fee and pet deposit by residents owning or having pets present, to cover the operating costs to the project relating to the presence of pets and to establish an escrow account for additional such costs not otherwise covered, respectively. Notwithstanding section 1225(d) of the Housing Opportunity and Responsibility Act of 1997, a public housing agency may not grant any exemption under such section from payment, in whole or in part, of any fee or deposit required pursuant to the preceding sentence.

''(b) PROHIBITION AGAINST DISCRIMINATION.—No owner of federally assisted rental housing may restrict or discriminate against any person in connection with admission to, or continued occupancy of, such housing by reason of the ownership of common household pets by, or the presence of such pets in the dwelling unit of, such person.

''(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) FEDERALLY ASSISTED RENTAL HOUSING.—The term 'federally assisted rental housing' means any multifamily rental housing project that is—

''(A) public housing (as such term is defined in section 1103 of the Housing Opportunity and Responsibility Act of 1997);

''(B) assisted with project-based assistance pursuant to section 1601(f) of the Housing Opportunity and Responsibility Act of 1997 or under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of the Housing Opportunity and Responsibility Act of 1997);

''(C) assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

''(D) assisted under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act);

''(E) assisted under title V of the Housing Act of 1949; or

''(F) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act.

''(2) OWNER.—The term 'owner' means, with respect to federally assisted rental housing, the entity or private person, including a cooperative or public housing agency, that has the legal right to lease or sublease dwelling units in such housing (including a manager of such housing having such right).

''(d) REGULATIONS.—This section shall take effect upon the date of the effectiveness of regulations issued by the Secretary to carry out this section. Such regulations shall be issued not later than the expiration of the 1-year period beginning on the date of the enactment of the Housing Opportunity and Responsibility Act of 1997 and after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).''.

SEC. 1623. REVIEW OF DRUG ELIMINATION PROGRAM CONTRACTS.

(a) REQUIREMENT.—The Secretary of Housing and Urban Development shall investigate all security contracts awarded by grantees under the Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) that are public housing agencies that own or operate more than 4,500 public housing dwelling units—

(1) to determine whether the contractors under such contracts have complied with all laws and regulations regarding prohibition of discrimination in hiring practices;

(2) to determine whether such contracts were awarded in accordance with the applicable laws and regulations regarding the award of such contracts;

(3) to determine how many such contracts were awarded under emergency contracting procedures;

(4) to evaluate the effectiveness of the contracts; and

(5) to provide a full accounting of all expenses under the contracts.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the investigation required under subsection (a) and submit a report to the Congress regarding the findings under the investigation. With respect to each such contract, the report shall (1) state whether the contract was made and is operating, or was not made or is not operating, in full compliance with applicable laws and regulations, and (2) for each contract that the

Secretary determines is in such compliance issue a personal certification of such compliance by the Secretary of Housing and Urban Development.

(c) ACTIONS.—For each contract that is described in the report under subsection (b) as not made or not operating in full compliance with applicable laws and regulations, the Secretary of Housing and Urban Development shall promptly take any actions available under law or regulation that are necessary—

(1) to bring such contract into compliance; or

(2) to terminate the contract.

(d) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

SEC. 1624. AMENDMENTS TO PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990.

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

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

"SEC. 5121. SHORT TITLE.

''This chapter may be cited as the 'Community Partnerships Against Crime Act of 1997'.

"SEC. 5122. PURPOSES.

''The purposes of this chapter are to—

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

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

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

"SEC. 5123. AUTHORITY TO MAKE GRANTS.

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

(b) ELIGIBLE ACTIVITIES.—

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

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

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

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

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

(D) in paragraph (6)—

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

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

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

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

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

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

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

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

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

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

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

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

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

"SEC. 5125. GRANT PROCEDURES.

''(a) PHA'S WITH 250 OR MORE UNITS.—

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

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

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

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

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

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

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

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

Notwithstanding subparagraphs (A) and (B), the Secretary may make a grant under this chapter to a public housing agency that owns or operates 250 or more public housing dwelling units only if the agency includes in the application for the grant information that demonstrates, to the satisfaction of the Secretary, that the agency has a need for the grant amounts based on generally recognized crime statistics showing that (I) the crime rate for the public housing developments of the agency (or the immediate neighborhoods in which such developments are located) is higher than the crime rate for the jurisdiction in which the agency operates, (II) the crime rate for the developments (or such neighborhoods) is increasing over a period of sufficient duration to indicate a general trend, or (III) the operation of the program under this chapter substantially contributes to the reduction of crime.

''(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall be developed with the participation of residents and appropriate law enforcement officials. The plan shall describe, for the public housing agency submitting the plan—

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

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

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

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

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

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

''(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency—

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

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

''(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection.

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

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

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

considered to have been approved for purposes of this section.

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

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

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

''(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

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

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

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

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

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

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing Opportunity and Responsibility Act of 1997.

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

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

''(B) relevant differences between the problem of crime in public housing administered by such authorities and the problem of crime in federally assisted low-income housing.''.

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

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

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

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

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

''(3) PUBLIC HOUSING AGENCY.—The term 'public housing agency' has the meaning given the term in section 1103 of the Housing Opportunity and Responsibility Act of 1997.''.

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking ''Cranston-Gonzalez National Affordable Housing Act'' and inserting ''Housing Opportunity and Responsibility Act of 1997''.

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

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

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

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

''SEC. 5130. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this chapter $290,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

''(b) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year—

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

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

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

''(c) RETENTION OF PROCEEDS OF ASSET FORFEITURES BY INSPECTOR GENERAL.—Notwithstanding section 3302 of title 31, United States Code, or any other provision of law affecting the crediting of collections, the proceeds of forfeiture proceedings and funds transferred to the Office of Inspector General of the Department of Housing and Urban Development, as a participating agency, from the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as an equitable share from the forfeiture of property in investigations in which the Office of Inspector General participates, shall be deposited to the credit of the Office of Inspector General for Operation Safe Home activities authorized under the Inspector General Act of 1978, as amended, to remain available until expended.''.

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

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

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

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

''Sec. 5122. Purposes.'';

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

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

and

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

''Sec. 5130. Funding.''.

(i) TREATMENT OF NOFA.—The cap limiting assistance under the Notice of Funding Availability issued by the Department of Housing and Urban Development in the Federal Register of April 8, 1996, shall not apply to a public housing agency within an area designated as a high intensity drug trafficking area under section 1005(c) of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).

(j) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle C—Limitations Relating to Occupancy in Federally Assisted Housing

SEC. 1641. SCREENING OF APPLICANTS.

(a) INELIGIBILITY BECAUSE OF EVICTION.—Any household or member of a household evicted from federally assisted housing (as such term is defined in section 1645) shall not be eligible for federally assisted housing—

(1) in the case of eviction by reason of drug-related criminal activity, for a period of not less than 3 years that begins on the date of such eviction, unless the evicted member of the household successfully completes a rehabilitation program; and

(2) in the case of an eviction for other serious violations of the terms or conditions of the lease, for a reasonable period of time, as determined by the public housing agency or owner of the federally assisted housing, as applicable.

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

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL USERS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, or both, as determined by the Secretary, shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(A) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(B) with respect to whom the public housing agency or owner determines that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, would interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(2) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1)(B), to deny admission to the program or to federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member—

(A) has successfully completed an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(B) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(C) is participating in an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

(c) INELIGIBILITY OF SEXUALLY VIOLENT PREDATORS FOR ADMISSION TO PUBLIC HOUSING.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency shall prohibit admission to public housing for any household that includes any individual who is a sexually violent predator.

(2) SEXUALLY VIOLENT PREDATOR.—For purposes of this subsection, the term ''sexually violent predator'' means an individual who—

(A) is a sexually violent predator (as such term is defined in section 170101(a)(3) of such Act); and

(B) is subject to a registration requirement under section 170101(a)(1)(B) or 170102(c) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)(1)(B), 14072(c)), as provided under section 170101(b)(6)(B) or 170102(d)(2), respectively, of such Act.

(d) AUTHORITY TO DENY ADMISSION TO CRIMINAL OFFENDERS.—Except as provided in subsections (a), (b), and (c) and in addition to any other authority to screen applicants, in selecting among applicants for admission to the program or to federally assisted housing, if the public housing agency or owner of such housing (as applicable) determines that an applicant or any member of the applicant's household is or was, during a reasonable time preceding the date when the applicant household would otherwise be selected for admission, engaged in any criminal activity (including drug-related criminal activity), the public housing agency or owner may—

(1) deny such applicant admission to the program or to federally assisted housing;

(2) consider the applicant (for purposes of any waiting list) as not having applied for the program or such housing; and

(3) after the expiration of the reasonable period beginning upon such activity, require the applicant, as a condition of admission to the program or to federally assisted housing, to submit to the public housing agency or owner evidence sufficient (as the Secretary shall by regulation provide) to ensure that the individual or individuals in the applicant's household who engaged in criminal activity for which denial was made under paragraph (1) have not engaged in any criminal activity during such reasonable period.

(e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL RECORDS.—A public housing agency and an owner of federally assisted housing may require, as a condition of providing admission to the program or admission to or occupancy in federally assisted housing, that each adult member of the household provide a signed, written authorization for the public housing agency to obtain the records described in section 1644(a) regarding such member of the household from the National Crime Information Center, police departments, other law enforcement agencies, and State registration agencies referred to in such section. In the case of an owner of federally assisted housing that is not a public housing agency, the owner shall request the public housing agency having jurisdiction over the area within which the housing is located to obtain the records pursuant to section 1644.

(f) ADMISSION BASED ON DISABILITY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for purposes of determining eligibility for admission to federally assisted housing, a person shall not be considered to have a disability or a handicap solely because of the prior or current illegal use of a controlled substance (as defined in section 102 of the Controlled Substances Act) or solely by reason of the prior or current use of alcohol.

(2) CONTINUED OCCUPANCY.—This subsection may not be construed to prohibit the continued occupancy of any person who is a resident in assisted housing on the effective date of this division.

SEC. 1642. TERMINATION OF TENANCY AND ASSISTANCE FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.

Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing (as applicable), shall establish standards or lease provisions for continued assistance or occupancy in federally assisted housing that allow the agency or owner (as applicable) to terminate the tenancy or assistance for any household with a member—

(1) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(2) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

SEC. 1643. LEASE REQUIREMENTS.

In addition to any other applicable lease requirements, each lease for a dwelling unit in federally assisted housing shall provide that—

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

(2) grounds for termination of tenancy shall include any criminal or other activity, engaged in by the tenant, any member of the tenant's household, any guest, or any other person under the control of the household, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenant or employees of the owner or other manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or

(C) with respect only to activity engaged in by the tenant or any member of the tenant's household, is criminal activity on or off the premises.

SEC. 1644. AVAILABILITY OF CRIMINAL RECORDS FOR TENANT SCREENING AND EVICTION.

(a) IN GENERAL.—

(1) CRIMINAL CONVICTION INFORMATION.—Notwithstanding any other provision of law other than paragraphs (3) and (4), upon the request of a public housing agency, the National Crime Information Center, a police department, and any other law enforcement agency shall provide to the public housing agency information regarding the criminal conviction records of an adult applicant for, or tenants of, federally assisted housing for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such Center, department, or agency a written authorization, signed by such applicant, for the release of such information to the public housing agency or other owner of the federally assisted housing.

(2) INFORMATION REGARDING CRIMES AGAINST CHILDREN AND SEXUALLY VIOLENT PREDATORS.—Notwithstanding any other provision of law other than paragraphs (3) and (4), upon the request of a public housing agency, the Federal Bureau of Investigation, a State law enforcement agency designated as a registration agency under a State registration program under subtitle A of title XVII of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071), and any local law enforcement agency authorized by the State agency shall provide to a public housing agency the information collected under the national database established pursuant to section 170102 of such Act or such State registration program, as applicable, regarding an adult applicant for, or tenant of, federally assisted housing for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such State registration agency or other local law enforcement agency a written authorization, signed by such applicant, for the release of such information to the public housing agency or other owner of the federally assisted housing.

(3) DELAYED EFFECTIVE DATE FOR OWNERS OTHER THAN PHA'S.—The provisions of paragraphs (1) and (2) authorizing obtaining information for owners of federally assisted housing other than public housing agencies shall not take effect before—

(A) the expiration of the 1-year period beginning on the date of enactment of this Act; and

(B) the Secretary and the Attorney General of the United States have determined that access to such information is feasible for such owners and have provided for the terms of release of such information to owners.

(4) EXCEPTION.—The information provided under paragraphs (1), (2), and (3) shall include information regarding any criminal conviction of a juvenile only to the extent that the release of such information is authorized under the law of the applicable State, tribe, or locality.

(b) CONFIDENTIALITY.—A public housing agency or owner receiving information under this section may use such information only for the purposes provided in this section and such information may not be disclosed to any person who is not an officer, employee, or authorized representative of the agency or owner and who has a job-related need to have access to the information in connection with admission of applicants, eviction of tenants, or termination of assistance. For judicial eviction proceedings, disclosures may be made to the extent necessary. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided under this section to a public housing agency or owner is used, and confidentiality of such information is maintained, as required under this section.

(c) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken with regard to assistance for federally assisted housing on the basis of a criminal record (including on the basis that an individual is a sexually violent predator, pursuant to section 1641(c)), the public housing agency or owner shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

(d) FEE.—A public housing agency may be charged a reasonable fee for information provided under subsection (a). A public housing agency may require an owner of federally assisted housing (that is not a public housing agency) to pay such fee for any information that the agency acquires for the owner pursuant to section 1641(e) and subsection (a) of this section.

(e) RECORDS MANAGEMENT.—Each public housing agency and owner of federally assisted housing that receives criminal record information pursuant to this section shall establish and implement a system of records management that ensures that any criminal record received by the agency or owner is—

(1) maintained confidentially;

(2) not misused or improperly disseminated; and

(3) destroyed in a timely fashion, once the purpose for which the record was requested has been accomplished.

(f) PENALTY.—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or tenant of, federally assisted housing pursuant to

the authority under this section under false pretenses, or any person who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than $5,000. The term ''person'' as used in this subsection shall include an officer, employee, or authorized representative of any public housing agency or owner.

(g) CIVIL ACTION.—Any applicant for, or tenant of, federally assisted housing affected by (1) a negligent or knowing disclosure of information referred to in this section about such person by an officer, employee, or authorized representative of any public housing agency or owner of federally assisted housing, which disclosure is not authorized by this section, or (2) any other negligent or knowing action that is inconsistent with this section, may bring a civil action for damages and such other relief as may be appropriate against any public housing agency or owner responsible for such unauthorized action. The district court of the United States in the district in which the affected applicant or tenant resides, in which such unauthorized action occurred, or in which the officer, employee, or representative alleged to be responsible for any such unauthorized action resides, shall have jurisdiction in such matters. Appropriate relief that may be ordered by such district courts shall include reasonable attorney's fees and other litigation costs.

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

SEC. 1645. DEFINITIONS.

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

(1) FEDERALLY ASSISTED HOUSING.—The term ''federally assisted housing'' means a dwelling unit—

(A) in public housing (as such term is defined in section 1102);

(B) assisted with choice-based housing assistance under title XIII;

(C) in housing that is provided project-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) or pursuant to section 1601(f) of this Act, including new construction and substantial rehabilitation projects;

(D) in housing that is assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

(E) in housing that is assisted under section 202 of the Housing Act of 1959, as such section existed before the enactment of the Cranston-Gonzalez National Affordable Housing Act;

(F) in housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(G) in housing financed by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(H) in housing insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act;

(I) in housing assisted under section 515 of the Housing Act of 1949.

(2) OWNER.—The term ''owner'' means, with respect to federally assisted housing, the entity or private person (including a cooperative or public housing agency) that has the legal right to lease or sublease dwelling units in such housing.

TITLE XVII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS

SEC. 1701. RURAL HOUSING ASSISTANCE.

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by inserting before the period the following: '', and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this title until the receipt of data from the decennial census in the year 2000''.

SEC. 1702. TREATMENT OF OCCUPANCY STANDARDS.

The Secretary of Housing and Urban Development shall not directly or indirectly establish a national occupancy standard.

SEC. 1703. IMPLEMENTATION OF PLAN.

(a) IMPLEMENTATION.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the Secretary shall implement the Ida Barbour Revitalization Plan of the City of Portsmouth, Virginia, in a manner consistent with existing limitations under law.

(2) WAIVERS.—In carrying out paragraph (1), the Secretary shall consider and make any waivers to existing regulations and other requirements consistent with the plan described in paragraph (1) to enable timely implementation of such plan, except that generally applicable regulations and other requirements governing the award of funding under programs for which assistance is applied for in connection with such plan shall apply.

(b) REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act and annually thereafter through the year 2000, the city described in subsection (a)(1) shall submit a report to the Secretary on progress in implementing the plan described in that subsection.

(2) CONTENTS.—Each report submitted under this subsection shall include—

(A) quantifiable measures revealing the increase in homeowners, employment, tax base, voucher allocation, leverage ratio of funds, impact on and compliance with the consolidated plan of the city;

(B) identification of regulatory and statutory obstacles that—

(i) have caused or are causing unnecessary delays in the successful implementation of the consolidated plan; or

(ii) are contributing to unnecessary costs associated with the revitalization; and

(C) any other information that the Secretary considers to be appropriate.

SEC. 1704. INCOME ELIGIBILITY FOR HOME AND CDBG PROGRAMS.

(a) HOME INVESTMENT PARTNERSHIPS.—The Cranston-Gonzalez National Affordable Housing Act is amended as follows:

(1) DEFINITIONS.—In section 104(10) (42 U.S.C. 12704(10))—

(A) by striking ''income ceilings higher or lower'' and inserting ''an income ceiling higher'';

(B) by striking ''variations are'' and inserting ''variation is''; and

(C) by striking ''high or''.

(2) INCOME TARGETING.—In section 214(1)(A) (42 U.S.C. 12744(1)(A))—

(A) by striking ''income ceilings higher or lower'' and inserting ''an income ceiling higher'';

(B) by striking ''variations are'' and inserting ''variation is''; and

(C) by striking ''high or''.

(3) RENT LIMITS.—In section 215(a)(1)(A) (42 U.S.C. 12745(a)(1)(A))—

(A) by striking ''income ceilings higher or lower'' and inserting ''an income ceiling higher'';

(B) by striking ''variations are'' and inserting ''variation is''; and

(C) by striking ''high or''.

(b) CDBG.—Section 102(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(20)) is amended by striking subparagraph (B) and inserting the following new subparagraph:

''(B) The Secretary may—

''(i) with respect to any reference in subparagraph (A) to 50 percent of the median income of the area involved, establish percentages of median income for any area that are higher or lower than 50 percent if the Secretary finds such variations to be necessary because of unusually high or low family incomes in such area; and

''(ii) with respect to any reference in subparagraph (A) to 80 percent of the median income of the area involved, establish a percentage of median income for any area that is higher than 80 percent if the Secretary finds such variation to be necessary because of unusually low family incomes in such area.''.

SEC. 1705. PROHIBITION OF USE OF CDBG GRANTS FOR EMPLOYMENT RELOCATION ACTIVITIES.

Section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305) is amended by adding at the end the following new subsection:

''(h) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amount from a grant under section 106 made in fiscal year 1997 or any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.''.

SEC. 1706. REGIONAL COOPERATION UNDER CDBG ECONOMIC DEVELOPMENT INITIATIVE.

Section 108(q)(4) (42 U.S.C. 5308(q)(4)) of the Housing and Community Development Act of 1974 is amended—

(1) by striking ''and'' after the semicolon in subparagraph (C);

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

(3) by inserting after subparagraph (C) the following:

''(D) when applicable as determined by the Secretary, the extent of regional cooperation demonstrated by the proposed plan; and''.

SEC. 1707. USE OF AMERICAN PRODUCTS.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this division should be American made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this division, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 1708. CONSULTATION WITH AFFECTED AREAS IN SETTLEMENT OF LITIGATION.

In negotiating any settlement of, or consent decree for, any litigation regarding public housing or rental assistance (under title XIII of this Act or the United States Housing Act of 1937, as in effect before the effective date of the repeal under section 1601(b) of this Act) that involves the Secretary and any public housing agency or any unit of general local government, the Secretary shall consult with any units of general local

government and public housing agencies having jurisdictions that are adjacent to the jurisdiction of the public housing agency involved.

SEC. 1709. TREATMENT OF PHA REPAYMENT AGREEMENT.

(a) LIMITATION ON SECRETARY.—During the 2-year period beginning on the date of the enactment of this Act, if the Housing Authority of the City of Las Vegas, Nevada, is otherwise in compliance with the Repayment Lien Agreement and Repayment Plan approved by the Secretary on February 12, 1997, the Secretary of Housing and Urban Development shall not take any action that has the effect of reducing the inventory of senior citizen housing owned by such housing authority that does not receive assistance from the Department of Housing and Urban Development.

(b) ALTERNATIVE REPAYMENT OPTIONS.—During the period referred to in subsection (a), the Secretary shall assist the housing authority referred to in such subsection to identify alternative repayment options to the plan referred to in such subsection and to execute an amended repayment plan that will not adversely affect the housing referred to in such subsection.

(c) RULE OF CONSTRUCTION.—This section may not be construed to alter—

(1) any lien held by the Secretary pursuant to the agreement referred to in subsection (a); or

(2) the obligation of the housing authority referred to in subsection (a) to close all remaining items contained in the Inspector General audits numbered 89 SF 1004 (issued January 20, 1989), 93 SF 1801 (issued October 30, 1993), and 96 SF 1002 (issued February 23, 1996).

SEC. 1710. USE OF ASSISTED HOUSING BY ALIENS.

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b)(2), by striking ''Secretary of Housing and Urban Development'' and inserting ''applicable Secretary'';

(2) in subsection (c)(1)(B), by moving clauses (ii) and (iii) 2 ems to the left;

(3) in subsection (d)—

(A) in paragraph (1)(A)—

(i) by striking ''Secretary of Housing and Urban Development'' and inserting ''applicable Secretary''; and

(ii) by striking ''the Secretary'' and inserting ''the applicable Secretary'';

(B) in paragraph (2), in the matter following subparagraph (B)—

(i) by inserting ''applicable'' before ''Secretary''; and

(ii) by moving such matter (as so amended by clause (i)) 2 ems to the right;

(C) in paragraph (4)(B)(ii), by inserting ''applicable'' before ''Secretary'';

(D) in paragraph (5), by striking ''the Secretary'' and inserting ''the applicable Secretary''; and

(E) in paragraph (6), by inserting ''applicable'' before ''Secretary'';

(4) in subsection (h) (as added by section 576 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104–208))—

(A) in paragraph (1)—

(i) by striking ''Except in the case of an election under paragraph (2)(A), no'' and inserting ''No'';

(ii) by striking ''this section'' and inserting ''subsection (d)''; and

(iii) by inserting ''applicable'' before ''Secretary''; and

(B) in paragraph (2)—

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

''(A) may, notwithstanding paragraph (1) of this subsection, elect not to affirmatively establish and verify eligibility before providing financial assistance''; and

(ii) in subparagraph (B), by striking ''in complying with this section'' and inserting ''in carrying out subsection (d)''; and

(5) by redesignating subsection (h) (as amended by paragraph (4)) as subsection (i).

SEC. 1711. PROTECTION OF SENIOR HOMEOWNERS UNDER REVERSE MORTGAGE PROGRAM.

(a) DISCLOSURE REQUIREMENTS; PROHIBITION OF FUNDING OF UNNECESSARY OR EXCESSIVE COSTS.—Section 255(d) of the National Housing Act (12 U.S.C. 1715z–20(d)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B), by striking ''and'' at the end;

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

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

''(C) has received full disclosure of all costs to the mortgagor for obtaining the mortgage, including any costs of estate planning, financial advice, or other related services; and'';

(2) in paragraph (9)(F), by striking ''and'';

(3) in paragraph (10), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(11) have been made with such restrictions as the Secretary determines to be appropriate to ensure that the mortgagor does not fund any unnecessary or excessive costs for obtaining the mortgage, including any costs of estate planning, financial advice, or other related services; such restrictions shall include a requirement that the mortgagee ask the mortgagor about any fees that the mortgagor has incurred in connection with obtaining the mortgage and a requirement that the mortgagee be responsible for ensuring that the disclosures required by subsection (d)(2)(C) are made.''.

(b) IMPLEMENTATION.—

(1) NOTICE.—The Secretary of Housing and Urban Development shall, by interim notice, implement the amendments made by subsection (a) in an expeditious manner, as determined by the Secretary. Such notice shall not be effective after the date of the effectiveness of the final regulations issued under paragraph (2) of this subsection.

(2) REGULATIONS.—The Secretary shall, not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, issue final regulations to implement the amendments made by subsection (a). Such regulations shall be issued only after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2) and (b)(B) of such section).

SEC. 1712. CONVERSION OF SECTION 8 TENANT-BASED ASSISTANCE TO PROJECT-BASED ASSISTANCE IN THE BOROUGH OF TAMAQUA.

For the Tamaqua Highrise project in the Borough of Tamaqua, Pennsylvania, the Secretary of Housing and Urban Development may require the public housing agency to convert the tenant-based assistance under section 8 of the United States Housing Act of 1937 to project-based rental assistance under section 8(d)(2) of such Act, notwithstanding the requirement for rehabilitation or the percentage limitations under section 8(d)(2). The tenant-based assistance covered by the preceding sentance shall be the assistance for families who are residing in the project on the date of enactment of this Act and who initially received their assistance in connection with the conversion of the section 23 leased housing contract for the project to tenant-based assistance under section 8 of such Act. The Secretary may not take action under this section before the expiration of the 30-day period beginning upon the submission of a report to the Congress regarding the proposed action under this section.

SEC. 1713. HOUSING COUNSELING.

(a) EXTENSION OF EMERGENCY HOMEOWNERSHIP COUNSELING.—Section 106(c)(9) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9)) is amended by striking ''September 30, 1994'' and inserting ''September 30, 1999''.

(b) EXTENSION OF PREPURCHASE AND FORECLOSURE PREVENTION COUNSELING DEMONSTRATION.—Section 106(d)(13) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(d)(12)) is amended by striking ''fiscal year 1994'' and inserting ''fiscal year 1999''.

(c) NOTIFICATION OF DELINQUENCY ON VETERANS HOME LOANS.—

Subparagraph (C) of section 106(c)(5) of the Housing and Urban Development Act of 1968 is amended to read as follows:

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

SEC. 1714. TRANSFER OF SURPLUS REAL PROPERTY FOR PROVIDING HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES.

(a) IN GENERAL.—Notwithstanding any other provision of law (including the Federal Property and Administrative Services Act of 1949), the property known as 252 Seventh Avenue in New York County, New York is authorized to be conveyed in its existing condition under a public benefit discount to a non-profit organization that has among its purposes providing housing for low-income individuals or families provided, that such property is determined by the Administrator of General Services to be surplus to the needs of the Government and provided it is determined by the Secretary of Housing and Urban Development that such property will be used by such non-profit organization to provide housing for low- and moderate-income families or individuals.

(b)(1) PUBLIC BENEFIT DISCOUNT.—The amount of the public benefit discount available under this section shall be 75 percent of the estimated fair market value of the property, except that the Secretary may discount by a greater percentage if the Secretary, in consultation with the Administrator, determines that a higher percentage is justified due to any benefit which will accrue to the United States from the use of such property for the public purpose of providing low- and moderate-income housing.

(2) REVERTER.—The Administrator shall require that the property be used for at least 30 years for the public purpose for which it was originally conveyed, or such longer period of time as the Administrator feels necessary, to protect the Federal interest and to promote the public purpose. If this condition is not met, the property shall revert to the United States.

(3) DETERMINATION OF FAIR MARKET VALUE.—The Administrator shall determine estimated fair market value in accordance with Federal appraisal standards and procedures.

(4) DEPOSIT OF PROCEEDS.—The Administrator of General Services shall deposit any proceeds received under this subsection in the special account established pursuant to section 204(h)(2) of the Federal Property and Administrative Services Act of 1949.

(5) ADDITIONAL TERMS AND CONDITIONS.—The Administrator may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Administrator considers appropriate to protect the interests of the United States and to accomplish a public purpose.

SEC. 1715. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date of the enactment of this Act.

Page 90, line 18 strike '', and $70,000,000 is appropriated to the National Science Foundation, 'Research and related activities'.'' and insert ''.''

Page 61, line 13, strike the colon and all that follows through ''expenses'' on line 20.

The CHAIRMAN. Pursuant to House Resolution 501, the gentleman from New York (Mr. LAZIO) and a Member opposed each will control 20 minutes.

The Chair recognizes the gentleman from New York (Mr. LAZIO).

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise for purposes of offering an amendment to the VA, HUD and Independent Agencies appropriations bill. This amendment would add H.R. 2, the Housing Opportunity and Responsibility Act, which was passed by this Congress last year on May 14, 1997, by a vote of 293 to 132 to the bill, with one minor modification to address any possible scoring concerns.

Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services, who I have enormous respect for and who is largely responsible for us having gotten to the point we are right now.

Mr. LEACH. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, let me stress at this point that I think, while awkward, this is particularly appropriate to add this bill to this bill. Let me thank the distinguished gentleman from New York, who has led the housing movement in the House so ably.

But in making this suggestion, let me make some clarification. The distinguished ranking member of the committee, the gentleman from New York, made some critical comments on process during prior debate on the rule, and, to some degree, as chairman of the committee, let me suggest that the gentleman is absolutely correct.

The regular order should have been a Committee on Banking and Financial Services conference. For various reasons, this proved difficult to institute. On the other hand, the present situation is not quite the procedural umbrage that is hinted at, in that the bill before us, unlike most authorizing parts of appropriations bills, has passed the House, in fact by a large margin, and a conference can be expected of authorizers in the context of an appropriations conference. What we are thus simply doing is attaching legislation that has previously been agreed to by the House to facilitate movement on that critical subject.

In this regard, public housing reform is clearly an important national interest and national objective. Both those of liberal and conservative perspectives have concluded that there are serious problems in our present system that demand resolution. This is precisely what the Committee on Banking and Financial Services has done in a straightforward way in a bill that exceeds, and let me stress, based on the statement of the last Member, exceeds the administration's request in funding levels for housing. Indeed, the bill substantially exceeds the administration's request for senior and disabled housing.

To the extent that politics is the art of the possible, the reason we are proceeding in this fashion is simply to use a vehicle that has the greatest chance of achieving consensus and support, both from the other body as well as, hopefully, from the administration.

Included in this bill is authorization on an appropriation pushed by the minority, an increase in FHA mortgage insurance limits as advocated by the administration. The Committee on Banking and Financial Services is willing, in the context of public housing reform, to consider this change, even though it represents a modest increase in the governmentalization of credit in the United States.

Finally, let me say that it has been represented to this Member that in the background there are the concerns of some that, if adopted, these reforms might be perceived as a success of this Congress, and, therefore, opposed because some would oppose any institutional successes.

I have spent the vast majority of my time in Congress in the minority. I never paid heed to those who wanted to subvert good policy for political reasons. I hope in the end the minority in this body and in the administration will make a judgment based on the national interests and not whether it will be perceived as something Congress can take credit for.

The fact is, good governance implies that, more often than not, administrations have initiatives that deserve serious consideration by the Congress and, if meritorious, accepted; likewise, that initiatives put forward by the Congress in a divided government deserve serious consideration by the Executive Branch, and, if meritorious, accepted.

Finally, let me stress again that if this amendment is adopted it would be the intention of the leadership to designate sub-conferees from the authorizing committee of jurisdictions from both sides of the aisle to resolve outstanding issues of public housing. I am optimistic and hopeful that such can be done in short order and that this Congress will do what is best for the American people and pass permanent public housing reform.

The CHAIRMAN. Does any Member seek control of the time in opposition?

Mr. KENNEDY of Massachusetts. Mr. Chairman, I rise in opposition.

The CHAIRMAN. The gentleman from Massachusetts (Mr. KENNEDY) is recognized for 20 minutes.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2½ minutes to my good friend, the gentleman from New York (Mr. LAFALCE), the ranking member of the Committee on Banking and Financial Services.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Chairman, why are we here today? The House already passed H.R. 2. The Senate passed their public housing bill. We passed ours in May, they passed theirs in September, and yet neither body has appointed conferees.

There is no reason to attach this bill to an appropriations bill. Let us go to the table. Let us go to conference. Why are we not going to conference in the regular order? Why are there not conference committees?

Because the Members on the majority side are afraid that the minority on the House side will join forces with both the majority and minority on the Senate side and overwhelmingly approve a bill that is not to their personal, individual tastes. That is the reason and the only reason. So now they try to use legislative extortion, attach it to something they really need, attach it to the FHA, attach it to the appropriations process. That is what they are attempting to do here. Let nobody be fooled by it.

Let us now go to substance. I refer to a statement put out by the Department of Housing and Urban Development yesterday, and I will insert this, with a list of all those vulnerable people in America that will be adversely affected by this on a state-by-state basis.

According to HUD, this particular amendment would raise the income levels of people eligible for public housing. It would give greater priority to people making as much as $40,000 to be admitted to public housing, allowing them to gain housing before low income families. Since no new public housing is being built and existing waiting lists are years long, these lower income families will have no option whatsoever.

I have always believed we should have a preferential option for the poor. What this amendment does is eliminate any option. A total, according to HUD, of 3 million low income people would be denied access to public and federally assisted housing, including 1.8 million seniors and children.

I want to quote Secretary of Housing Andrew Cuomo. He said,

> The inclusion of this repugnant public housing bill in the HUD appropriations bill violates the good faith and cooperative efforts we have been working toward and is tantamount to legislative extortion.

That is why, if this amendment passes, there will be a veto of this bill.

Mr. Chairman, I include the following news release from the Department of Housing and Urban Development for the RECORD.

AMERICA'S MOST VULNERABLE LIST: 1.8 MILLION POOR SENIORS AND CHILDREN LOCKED OUT OF NATION'S HOUSING

WASHINGTON.—Today, the House is considering an amendment to legislation (H.R. 4194) that would raise the income levels of people eligible for public housing. This bill would give greater priority to people making as much as $40,000 to be admitted to public

housing, allowing them to gain housing before lower income families. Since no new public housing is being built and existing waiting lists are years long, these lower income families will have no option whatsoever. A total of 3 million low-income people would be denied access to public and federally-assisted housing, including 1.8 million seniors and children.

In response to this bill, Housing Secretary Andrew Cuomo said:

''It is inexcusable that we would take the few units of affordable housing this Congress has allowed to remain and remove it from the grasp of the most vulnerable Americans. This means no housing for America's most vulnerable. In an apparent effort to ''mix income'' in public housing the House bill would make 1.8 million seniors and children virtually homeless. For them, the House bill would be the equivalent of a housing death sentence: no housing for life.

''The Administration's position is an intelligent balance which would allow mixed income in public housing and provide for the most vulnerable with Section 8 vouchers for every lower-income family displaced from the waiting list.

''The inclusion of this repugnant public housing bill in the HUD appropriations bill violates the good faith and cooperative efforts we have been working towards and is tantamount to legislative extortion.''

AMERICA'S MOST VULNERABLE [1] LIST

	Total households	Elderly individuals	Children
Alaska	2,000	1,000	2,000
Alabama	28,000	11,000	27,000
Arkansas	17,000	7,000	15,000
Arizona	11,000	5,000	11,000
California	135,000	65,000	113,000
Colorado	17,000	7,000	14,000
Connecticut	26,000	13,000	20,000
District of Columbia	10,000	4,000	4,000
Delaware	4,000	1,000	3,000
Florida	58,000	29,000	51,000
Georgia	41,000	15,000	40,000
Hawaii	7,000	3,000	6,000
Iowa	13,000	7,000	9,000
Idaho	4,000	1,000	3,000
Illinois	67,000	35,000	51,000
Indiana	31,000	14,000	26,000
Kansas	11,000	6,000	7,000
Kentucky	26,000	10,000	22,000
Louisiana	28,000	9,000	29,000
Massachusetts	53,000	29,000	36,000
Maryland	31,000	14,000	26,000
Maine	8,000	2,000	5,000
Michigan	45,000	24,000	31,000
Minnesota	29,000	17,000	18,000
Missouri	31,000	14,000	26,000
Mississippi	16,000	6,000	17,000
Montana	4,000	2,000	3,000
North Carolina	39,000	14,000	37,000
North Dakota	4,000	2,000	3,000
Nebraska	9,000	5,000	7,000
New Hampshire	6,000	4,000	3,000
New Jersey	50,000	32,000	33,000
New Mexico	8,000	2,000	8,000
Nevada	5,000	2,000	5,000
New York	164,000	83,000	99,000
Ohio	68,000	29,000	56,000
Oklahoma	17,000	6,000	16,000
Oregon	14,000	6,000	11,000
Pennsylvania	68,000	38,000	49,000
Rhode Island	11,000	8,000	6,000
South Carolina	19,000	6,000	20,000
South Dakota	4,000	2,000	3,000
Tennessee	34,000	14,000	29,000
Texas	79,000	28,000	84,000
Utah	5,000	2,000	4,000
Virginia	32,000	12,000	30,000
Vermont	3,000	2,000	2,000
Washington	21,000	10,000	15,000
Wisconsin	24,000	15,000	15,000
West Virginia	11,000	4,000	9,000
Wyoming	2,000	1,000	1,000
Total	1,450,000	679,000	1,160,000

[1] Extremely low income Households who could be skipped under H.R. 2

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. STOKES), the ranking member of the subcommittee.

Mr. STOKES. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to this amendment.

First, I do not understand what legitimate purpose can possibly be served by adding this measure to the VA-HUD appropriations bill. The same bill has already been passed by the House and a companion bill has been passed by the Senate. Obviously, what needs to happen next is serious, good-faith negotiations leading to a conference report that will pass the House and Senate and be signed into law by the President.

Bringing this bill up for a vote again in the House does nothing to further this process. Absent serious negotiations and compromises, this measure is not going to become law, no matter how many times it is passed by the House.

□ 1200

Both the House and Senate passed their versions of the bill over a year ago, yet conferees have not even been appointed. I think the Banking Committee majority would do far better to get a real conference process underway, rather than offering this amendment.

I want to leave the details of this detail and the substance of this proposal to my colleagues on the authorizing committee since our appropriations subcommittee has never held any hearings on this legislation. However, let me mention the most serious concern I had about this version of the housing authorization bill when it passed the House last year, a concern which has only grown stronger over time. In short, the measure goes much too far in allowing scarce housing funds to be diverted away from people who are most in need of assistance.

For example, the Lazio bill requires only 35 percent of newly vacant housing units to go to families with incomes below 30 percent of area medium income, a level as roughly equal to the poverty line in many areas and a level earned by many families that are working at minimum wages. I understand these targeting rules could divert up to 270,000 Federal housing subsidies per year away from poor families. With so many unmet needs for housing, we need to ensure that a substantial part of our scarce housing assistance dollars go to those with the greatest need, and I urge defeat of this amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, we have largely stated our case earlier in debate on the rule which passed. This is a bill that has been fully vetted over 3 years. This is a bill that has twice seen consideration, not just in committee, but on the floor of the House.

Just last May, as I mentioned earlier, this bill passed with over 293 Members of the House voting in favor of it, including one-third of the Democratic conference. Mr. Chairman, 71 Democrats supported making these essential changes to a failed public housing system.

I do not understand, Mr. Chairman, for many folks that did not create this system of failure, why they feel the need to defend it. Who can be against individual choice, empowerment, more local control? But to urge defeat of this amendment is to do just that.

This is a bill that stands for the individual, stands for individual choice, allows individuals who receive rental vouchers to achieve homeownership, which we say is the American dream. Let us stand for it. Let us not be hypocritical. We say we are for local control; we say the communities and neighborhoods should be able to control their own destiny. Let us do it. This bill does it.

We say we are for safer streets, for healthier housing, for better education. Let us give poor people the tools to achieve those things by giving them vouchers, by allowing them to achieve homeownership, by allowing them to build up equity in a home, by permitting them to start businesses.

On the other side we have an argument for the defense of the status quo, for the defense of a system that concentrates poverty, that drives out the working poor, that undermines schools, that drives out the businesses that keep working folks in areas.

Under the system that is supported by the administration and by the Kennedy amendment, for example, in terms of vouchers, in the overwhelming majority of areas throughout the country, over 80 percent of the areas, and I will get into this later, for a mother and father who both have work and have minimum wage jobs, they have no chance of getting a voucher. Now, what is the statement that we provide here? What statement are we making?

We are saying that if one works, one loses. If one gets married, one loses. If one takes the chance of taking an entry-level position and moving into the culture of work and socializing in that direction, one loses; one will not get access to a rental voucher. But if one does not work, one will get the help.

We are saying with this bill, give communities more control. We are not saying how many poor people they can have. They can have, if a community desires, this bill allows absolute flexibility for local communities to target all of its resources on the very poor. But we are also saying, do not shut out folks who are trying to move up the economic ladder. Do not shut out folks who are getting an entry-level position. Do not tell folks they have to get a divorce to qualify for a voucher. Do not tell folks that if they get a rental unit through HUD, that because of the so-called Brooke amendment, that the minute that they work overtime or get married, or get a better job, or go to work, that their rent goes up by another 30 percent. That is the disincentive that we have built into the system that punishes work and punishes families.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, there are some pretty good aspects of being an United States Congressman, one of which is that every once in a while one gets to bring an amendment on the House floor, and one actually gets to win it. I want to congratulate the chairman of the housing committee, Mr. LAZIO, on the fact that he has won this amendment, and he won it pretty big. That is terrific.

But one would think at some point one would want to be able to go beyond winning an amendment to actually being able to enact law, and one would think that at some point, the pride that one would have in being the chairman of a committee would drive one towards trying to find a way to actually see what one has tried to accomplish become law.

This is not an attempt to create law; this is an attempt to have a press conference. That is all this is about. This is not going before the House and Senate and calling for a conference to create compromise with the administration about new direction for housing policy. We have not had a new housing bill in this Congress since 1992, because people are not willing to compromise.

Now, there is a very simple, easy process. What happens is, the House passes a bill, the Senate passes a bill, and we go to conference. The House passed a bill 9 months ago. The Senate passed a bill 10 months ago. We have yet to go to conference, because the Republicans have been fighting amongst themselves.

Finally, 2 or 3 weeks ago my staff gets a call and says, we would like you to come and discuss the housing bill. We go to the discussion, not a conference, to the discussion. We begin good faith negotiations. Secretary Cuomo from HUD participates in these negotiations. And yet, lo and behold, yesterday morning I get a call from the Committee on Rules saying that, oh, no, we are not going to go with the compromise that we are all trying to work out in these back-room negotiations, not a conference, but we are going to go back to the original House bill, which we are going to attach without any hearings in the appropriations process, as the gentleman from Ohio, Mr. STOKES has pointed out, and we are going to attach the initial House-passed bill to the appropriations bill and try to jam it down the throat of the administration, try to jam it down the throat of the American people, in a way that is completely abusive to the basic fundamental process of how things work around here.

I cannot believe the chairman of the Subcommittee on VA, HUD and Independent Agencies of the Committee on Appropriations, the gentleman from California (Mr. LEWIS), would allow such a process to fully take place and to circumvent the basic fundamental rules of the road about how legislation gets passed, and I doubt very much that he will allow that to occur in the end.

I would hope that we will reach compromise. I do not think that it is right that we say to the poorest people, and yet, maybe a lot of this country is not eligible for these public housing programs. Do we know why? Because we do not put enough money into public housing programs.

So we are forced with decisions, decisions about whether or not to take care of the very, very poor, the people who are on the edge of homelessness, or whether or not to take care of people who earn $30,000 or $40,000 a year. I will tell my colleagues something. If one earns $30,000 or $40,000 a year, there are all sorts of banks, Fannie Mae and Freddie Mac that can get one into homeownership. If we are going to provide direct tax subsidies to the poor people of this country, let us at least try to target those subsidies to the people that need them the most. Is that such an outrageous proposal or outrageous moral thought that we are going to try to make sure that the poorest of the poor are served? That is the Democratic position.

So maybe somebody says, well, listen, I think a few more less-poor people ought to be served. That is a compromise. We are willing to work that out. That is not the worst idea in the world, but let us go to a conference and try to come up with a compromise. Let us not try to say, so, listen, we are totally, morally right, everybody else is wrong, and we are going to find a way to jam it down your throat. That is what this is.

Let us defeat this Leach amendment and stand up for the poor of this country.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. BOEHNER), the distinguished conference chairman.

(Mr. BOEHNER asked and was given permission to revise and extend his remarks.)

Mr. BOEHNER. Mr. Chairman, 2 years ago, Congress delivered real welfare reform legislation for the first time in our Nation's history. Today those reforms are moving people from welfare to work in unprecedented numbers, reducing caseloads by 75 percent in some States. In my own county in Ohio, Butler County, we have reduced taxpayer costs for welfare 50 percent in 1 year alone. Today we are set to build on that success by taking the next step in welfare reform by passing legislation that transforms public housing from a way of life into a better life for low-income American families.

The amendment offered by the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAZIO) truly represents a new era in Federal housing policy. America's Federal housing framework has been essentially unchanged since 1937, when Washington adopted the United States Housing Act, the basis for all Federal housing programs.

The structure has remained relatively unchanged and in place for more than two generations. Unfortunately, it is not one of those things that gets better with age. It is time we acted responsibly to bring our Nation's housing laws into the 21st century.

The amendment before us would replace our Nation's Depression-era housing laws with a new structure that empowers people, not government. It expands homeownership opportunities and gives residents a say in planning and management decisions that affect their quality of life.

It reflects our strong belief that families deserve the opportunity to become homeowners and to make more decisions about where they live and, more importantly even, how they live.

Current Federal housing policy results in warehousing of poor people. Decades of well-intentioned but flawed Washington policies have built a cold Federal wall between working Americans and our lowest-income Americans. It is, frankly, a national outrage.

The measure that we have before us today helps put an end to this practice by providing broad flexibility. I urge my colleagues to vote in favor of this amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to my good friend, the gentlewoman from California (Ms. WATERS).

(Ms. WATERS asked and was given permission to revise and extend her remarks.)

Ms. WATERS. Mr. Chairman, I must rise today and voice my very strong opposition to this amendment. It is outrageous that this authorizing bill would be considered as part of this appropriations bill.

Democrats and Republicans in both the House and the Senate have been working to come to agreement on public housing legislation. To use this last-minute maneuver to undercut this process is the worst form of lawmaking.

As a member of the Committee on Banking and Financial Services that considered this legislation, I know the significance of this bill for millions of low-income persons that live in public housing across this country. The amendment includes provisions that will undermine the basic mission of public housing, the provision of decent, safe and affordable housing for those who would not otherwise be able to secure it.

The income-targeting provision will mean that 709,000 poor families over the next 10 years will not have access to public housing and the Section 8 certificate program. In an effort to diversify the income mix of public housing, we cannot allow a wholesale abdication of our responsibility to the poor. Provisions that would turn over control of the Federal public housing dollars to local municipalities would jeopardize the welfare of poor families.

The requirement that residents of poor public housing work as a condition of residency is another of the punitive provisions of this legislation. Why do we feel that we can impose this requirement on poor people when we do

not impose the same kind of requirement on other beneficiaries of Federal support?

For these reasons, I urge a no vote on this amendment.

Let me just say, I am really surprised that my chairman, the gentleman from Iowa (Mr. LEACH), would support this. He has a reputation for being fair. He has a reputation for respecting the legislative process. This is legislating on an appropriation. I would ask my colleagues to vote against this amendment

The CHAIRMAN. The Chair would advise the gentleman from New York (Mr. LAZIO) and the gentleman from Massachusetts (Mr. KENNEDY) that each side has 9 minutes remaining.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Louisiana (Mr. BAKER), a member of the Committee on Banking and Financial Services.

(Mr. BAKER asked and was given permission to revise and extend his remarks.)

□ 1215

Mr. BAKER. Mr. Chairman, this debate has been rather unclear, unfortunately. I think one must first look at the condition of public housing in this Nation today to understand what we are really about with this amendment.

Unfortunately, many of our public housing facilities are crime-ridden, filled with single moms with kids, without role models of dads going to work. What we know for a certainty is what we have is simply not working.

Should we come here and take taxpayer money and pour more and more and more into proven failure, or should we try perhaps to do something slightly different?

What Mr. LAZIO is proposing with this amendment is really very simple, to encourage people to go get a job and work, so if dad is working and mom wants to get the second job in the family or dad wants to take two jobs, not to tell mom or dad, if you go out and earn more, we are going to take more in rent. If mom goes to work, she has to have child care. She has to have transportation. She has to pay the increase in rent under the current rules. When she sits down and does the math, she has got to be crazy to go out and work 40 hours a week for a net of $25 or $50 dollar gain.

We are encouraging people not to try with the current system. The end result is not just taking away a person's ability to earn money. We are taking away their hope, their hope that life for their kids and their family can be better tomorrow if they simply try harder.

I do believe that if we give this one option a chance, we will be giving more than taxpayers a good return for their investment. We will be giving the working poor of this country an opportunity move up the ladder and not be warehoused like they have been for the past 40 years in deteriorating conditions with no opportunity to improve their lot in life.

This is serious legislation which desperately needs to be adopted.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 10 seconds to respond to the gentleman from Louisiana to point out that, in the compromise we were working out, almost every provision that he just articulated had been accepted by the minority provision.

Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I rise in opposition to this. This is wrong on process.

The reason that we are taking this particular tack is that this bill cannot make it on its merits through the entire process. So what we are trying to do is, what is going on here is we have a must-pass funding bill, and we are trying to superimpose this particular policy change.

This is no small policy change. What this really represents to me is, it represents our Nation giving up on trying to help house the poor. That is what this really represents. We are dumping this back on the local governments. That is what is going on. We are giving up. That is what is going on here. That is why everyone is so concerned about it, because the local governments, when we talk about the problems with public housing, are where the problems are.

I come from the number one public housing authority in the Nation, St. Paul, Minnesota. We stole Minneapolis's director. Otherwise, they might have it. Public housing works in my area. Our housing is not without problems, but where we have problems, they usually occur in some of the private multifamily housing.

One of the big problems, we just have too big buildings in most instances. We did the wrong thing. We did not provide the resources. We are providing less and less. Is it any wonder that there is a problem? This is wrong in terms of, in other words, taking the low income people, we have more of them, as we know. We have got this great disparity going on in terms of the best times of our economy. Many people have a lot more income and a lot have a lot less income, even though both parents or single parent families are all working. It tries to put the veneer of welfare reform over this. They are part of welfare reform.

A part of welfare reform is to fund the vouchers amendment that the gentleman from Ohio (Mr. STOKES) and the gentleman from Massachusetts (Mr. KENNEDY) offered. That is welfare reform. We do not need a duplicate welfare system superimposed on the one that we passed. I voted for it. I wanted it to work. Let us fund it. Let us quit creating more promises.

All this is is a paper promise in term of welfare reform. That is what is wrong with this place. We get one good idea going, then we have to have three things similar and nothing gets funded.

Let us fund it. Let us vote up the Kennedy-Stokes amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), a member of the Committee on Banking and Financial Services.

Mrs. KELLY. Mr. Chairman, I rise today to call on all of my colleagues from both sides of the aisle to join me in strong support for the Leach-Lazio amendment to add H.R. 2, the Housing Opportunity and Responsibility Act of 1997, to the VA-HUD appropriations bill.

I would like to thank the gentleman from New York (Mr. LAZIO) and all of the members of the House Committee on Banking and Financial Services for their hard work on H.R. 2, which we passed with a bipartisan vote last year. H.R. 2 is a piece of well-thought-out, comprehensive legislation that will make a real difference in public housing in America.

We have based this legislation on simple goals that will move our public housing programs in a strong new direction to empower the residents. The goals are, one, personal responsibility that extends to a mutual obligation between the provider and the recipient. One of the ways we accomplish this is through 8 hours a month work requirements for residents, exempting the elderly, the disabled, the employed, those who are in school or are receiving training, and those who are already involved in a welfare program.

Two, retention of protections for residents. One way this is accomplished is through the exclusion of income for the first few months of a new job and the income of minors from the determination of a resident's income level.

Another thing I would hope this bill would accomplish is improving thoughtful consideration of others for those who live in public housing. For instance, I have heard that some of the residents in one public housing building in my district butchered a cow in their bathtub. No one should have to live with neighbors who care so little for their other neighbors that they would do this, let alone the poor cow.

Number three, removal of disincentives to work and empowerment of the individual and family tenant through choices that I believe will lead them to economic independence. One of the ways we do this is by giving residents a choice between a flat rent or a percentage of their income.

I would like to emphasize that everyone has the same shared objective: clean, safe, affordable housing that empowers the have-nots in our society to become people who can realize their own American dream.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Chairman, I obviously object to the

process that is being followed, but there is something that is behind that process that I object to that I want to call our attention to.

We had a debate about it on this floor. This bill allows housing authorities to evict tenants for failure to perform community service. That is unprecedented. Think of it, we give veterans benefits. We give all kinds of benefits, even welfare benefits. We provide to people, we might require them to work but at least we pay them.

This is a provision that says, we are going to evict you from public housing unless you perform free community service, no guidelines for it, no question about whether you are an employee. What happens if you get hurt out there doing this stuff? Nothing about guidelines under this provision. We debated this ad infinitum. Here it comes back again on an appropriations bill. Put it on an appropriations bill, maybe we can sneak it through and it will be all right.

This is unprecedented. It should not be in an appropriations bill. There ought to be discussions about it back and forth between the committees of jurisdiction in the House and Senate, and we ought to refine it. We ought not just put a provision out there that has no guidelines about it. This is unforgivable. It is out of the process. We should not allow it to happen in this body. Processwise or contentwise, it is unforgivable. We should vote against this amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentlewoman in from New York (Ms. VELÁZQUEZ), who probably has more public housing in her district than any other Member of Congress.

Ms. VELÁZQUEZ. Mr. Chairman, I rise in opposition to this amendment, and I just would like to say that the process in which this legislation has been brought to the floor is a sham and you should be ashamed of yourselves.

At a time when America's economy is the strongest in generations, it is disturbing that some in this Chamber continue the war on the poor. Yet, once again, we are being asked to vote on an attack on our national commitment to public housing and our neediest families.

America has the distinction of being one of the wealthiest countries in the world. Yet just last month HUD reported that more than 5 million poor families living in the worst housing are not being helped. Instead of helping these families become self-sufficient, the Lazio amendment pushes them deeper into poverty. I urge anyone with compassion to vote no. If we are going to reform public housing, it must be fair and reasonable. Safe, affordable housing must remain available to those in need.

We must provide real economic opportunities, not community service, so that public housing can help families become self-sufficient.

My colleagues, public housing has been a right, not just a privilege, for 60 years. Vote no on this legislation.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Delaware (Mr. CASTLE), former governor, member of the Committee on Banking and Financial Services, chairman of the Subcommittee on Domestic and International Monetary Policy.

Mr. CASTLE. Mr. Chairman, I do rise in support of this amendment and of this program in general. I have given a lot of thought to this. I would like to discuss sort of the indomitability of the human spirit. I will be the first to say, who knows who is right or wrong in this argument? It has been called the war on the poor. I look at it as an opportunity for the poor, and I do go back to the welfare reform legislation.

A lot of the same arguments were made when we discussed welfare reform, that this was going to be a disaster for the poor. It was going to be a failure. I am not here today to say it is an absolute success, but clearly the welfare rolls are down. More importantly is what I have seen personally. What I have seen personally in Delaware are people who have been afforded an opportunity that they never had before.

I have been to the classes, I have seen the individuals who are now working, who have a sense of taking care of themselves and their families, and it has worked extraordinarily well.

I have done the same thing in housing. I have been in Wilmington, Delaware, in our public housing, and I have been in Rehoboth Beach. We do have public housing there in Delaware, and I have seen what they have done there. Indeed, they have a community service program, exactly the same as we are talking about in this particular piece of legislation, and it has worked. People are helping each other.

I have seen in Dover, Delaware, the recognition that we have one of the best housing authorities in the country; and they have encouraged people to become involved with their community and do many of the things that we are talking about here.

I do not think it is a wholesale selling out of people in poverty. I think, indeed, it is affording them an opportunity to live in a better housing situation. Who can really defend the housing circumstance we have today which, by the way, goes back to 1937 in terms of what has happened, and not say that we need change?

We came together some time ago, about two-thirds of us voted for legislation to make housing better in America. Indeed, it has not gone forward the way I would like to see it go forward. We can question the process. We always seem to question the process. But the bottom line is, it seems to me that today is an opportunity to give this legislation, which I think is so well founded, an opportunity to move forward.

My judgment is, we should do this. I think it is in our best interest, and I encourage all Members to support it.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. JACKSON).

(Mr. JACKSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. JACKSON of Illinois. Mr. Chairman, I rise in opposition to this amendment.

The chairman argues that no one can be against local flexibility and control. The reason for the 1937 housing law was because local communities were not addressing the scope of the housing dilemma in this country.

H.R. 2 is a very unique bill. Franklin Delano Roosevelt, in 1937, looked at housing law and treated it as a human right. H.R. 2 treats housing as a privilege in exchange for community work.

□ 1230

The problem with this bill is it treats poor people differently than others. There is no mandate of community work for homeowners who have a mortgage tax deduction, who receive farm subsidies, food stamps, Social Security, Medicare, Medicaid, LIHEAP, corporate welfare, Fannie Mae, or loan guarantees. No, not since the Civil War have we imposed upon a group of Americans that in exchange for their Federal benefit they must volunteer without compensation.

What is the government doing making a law about volunteerism? The government of the United States is under no obligation to force its citizens, in exchange for their Federal benefits, to volunteer. Mandating volunteerism is an oxymoron, and we should vote against this bill because it is simply wrong.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentlewoman from Michigan (Ms. CAROLYN KILPATRICK), a new and very active member of the committee.

(Ms. KILPATRICK asked and was given permission to revise and extend her remarks.)

Ms. KILPATRICK. Mr. Chairman, I thank the ranking member for yielding to me, and I wish to say to him that we appreciate his leadership in the committee and we are going to miss him.

What will we do with regard to public housing in this country; shelter for the poorest? It is unfortunate that this Congress is taking a step backwards. Not a single line in this amendment will provide funding for new housing for the poorest of Americans. There is not a single line in this legislation that will provide for demolition of unsafe housing in this legislation. What it will do, though, is to put more than 3 million people, the poorest of Americans, into the streets and into homelessness.

Someone mentioned earlier, is it really working? Should we have a new program? Yes, we should have a new program. But what has happened with public housing is under the 12 years of

a Republican Presidency in this country there was a disinvestment in public housing. And over the last 10 years in this country over 600 tons of drugs have come into America and, at the same time, our people have not been employed.

Can we fix it? Yes, we can. Vote ''no'' on this amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. GILCHREST).

Mr. GILCHREST. Mr. Chairman, I thank the gentleman for yielding me this time.

There are some good public housing projects that work well and there are some bad public housing projects that work terrible. What is the difference under the present regime? It is good management. It is not the people that live there that cause the problems of crime or drugs or rundown buildings. It is 100 percent of the responsibility of the management.

If we have good management, we will have a good public housing project. If there is poor management, there will be rundown buildings, crime-ridden streets and people that live in despair and hopelessness. Accountability goes a long way, almost the whole way, in providing service, housing, safe housing, for people.

What is the mystery of human initiative? Responsibility and dignity. The amendment the gentleman from New York (Mr. LAZIO) offers us today provides a better opportunity and better quality housing than anything we have done up to this point. I urge my colleagues to vote for the amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida (Mrs. CARRIE MEEK).

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Mr. Chairman, I am happy to say I was one of the Members of the House that voted against H.R. 2 when it came up last year. Now it is back again and it is time for us to give it a very timely demise this time.

There are many reasons why we should. Number one, it deletes the amount of assistance that can be given to public housing. Now, many of my colleagues do not really understand what public housing is all about, but I live in those communities, I serve those constituents, and when one job is offered in that community, 500 people line up for that one job hoping that they get that one job that will get them into housing. That does not happen. Most of them are poor.

The poor people need housing. They need it. They need help from the Federal Government. They do not need a block grant that comes down. They do not need local housing authorities that have been demeaned in such a way that we have taken away their power. So it weakens local government.

We do not need this amendment. We do not need it on this good VA–HUD bill, and I urge my colleagues to vote against H.R. 2.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Mr. Chairman, here we are again, same old wine, new bottle; same lemon, new twist; same target, new weapon; same poor people of America being attacked again, taking away opportunities for the very poor to their demise.

What people really want and need in public housing are jobs and the opportunity to work. If we give them jobs, they do not need to volunteer. Five thousand families in Chicago working; 108 new businesses; $52 million generated last year; 2,000 in a program. Give them jobs. They do not need to volunteer.

Same wrong premise, same conclusion, we need to teach people in public housing the value of work. Wrong premise, wrong conclusion. Let's further attack the poor. For some irrational and incoherent reason there seems to be serious preoccupation with fostering attacks upon the poor, the disadvantaged, the unemployed, the disavowed and the disconnected.

Those citizens who receive a form of public subsidy and live in public housing are continually being harassed. Sounds logical, sounds rational, sounds corrective; but in actuality it is discriminatory, oppressive and regressive. It is tantamount to slavery or at the very lease, involuntary servitude.

Let's look at what is being proposed, let's take a hard look at what we are being asked to do. Of all the subsidies which are given out in this country, farmers, developers, manufacturers, private colleges and universities, other institutionally based activities and corporations, ranches—big business programs, we are being asked to single out public housing recipients and say that you must, if you live in public housing, volunteer some services as recognition of the public largesse of which you have become the beneficiary. If this is the case, then those who receive the 150 billion dollars in corporate welfare should be providing some serious volunteer services. H.R. 2 demands public service from public housing residents. But let's also demand public services from those receiving corporate welfare. We've been down this road before, I voted against the Housing Opportunity and Responsibility Act then and I shall vote against it now. H.R. 2 targets an inadequate number of housing units for people with the least financial means and unfairly imposes duties on public housing residents that other Americans do not have to perform. I believe that we should not endeavor to create zones and pockets of poverty within our society and that public housing sites should consist of residents who have diverse and mixed income levels. However, we must not set our target income level quotas in a manner that does not sufficiently accommodate the needs of those who can least afford housing in the private market.

Moreover, in light of cuts in welfare benefits and social security payments to beneficiaries, it is imperative that the rent payments required of public housing residents be reduced in a manner that reflects this loss of income.

H.R. 2 requires that public housing residents, who are not on welfare or working must perform eight hours of community service. While I believe in community service, I do not believe that residents should be evicted, as this provision would permit, for failing to perform a job for which they are uncompensated, volunteerism simply cannot be compelled. Moreover, no other individuals or groups must volunteer because they receive a subsidy from the government. Current law targets 75–85% of housing units for those with income at 50% of median, while H.R. 2 targets only 35% of units for those at 30% of median income, with the remainder being allocable to those making no more than 80% of median income. This will push a lot of low-income families into homelessness.

In Chicago, there is a viable work program for residents of the Chicago housing authority.

1. Approximately 5000 families participate in the Resident Employment Program.
2. There are approximately 108 resident owned businesses.
3. Resident owned business grossed approximately $52 million in business last year.
4. Resident owned businesses employ approximately 2000 people and resident owned businesses include:
   1. Custodial Services
   2. Landscaping Services
   3. Childcare Services
   4. Laundry Services
   5. Extermination Services

People in public housing need and want jobs. When we provide the opportunities, they will do the work.

Mr. LAZIO of New York. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Chairman, in my capacity as chairman of the Subcommittee on Human Resources of the Committee on Government Reform and Oversight I oversee HUD, and I believe strongly in what the Lazio amendment does. It removes us from a caretaking society to a caring society where we give people back control of their lives.

Welfare reform must work. It is going to work if we provide better job training, better child care, transportation to work, and better housing. This bill will give us better housing because it will give people control of their own housing conditions.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, once again, let us just get back to the basics about what this bill is about and what it is not about. This bill is not about the substance of what is contained in H.R. 2. This bill is about the fact that there was a compromise situation between the House, the Senate, and the administration that was on the table and being negotiated. Rather than allowing that process to take place, there was a jump that was taken, a jump by the chairman of the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services, who jumped into the Committee on Rules and created a situation which forced the chairman of the Committee on Appropriations to accept

this bill, which he does not like, he does not support; which I do not like, I do not support; and which the gentleman from Ohio (Mr. STOKES) does not like and does not support.

There are provisions that are good in this bill, make no mistake about it. But there are provisions that are bad. It needs compromise. If we are not going to turn our back on the poorest of the poor, then we have got to find a way of creating a ramp which does not turn our back and create homelessness. This bill will create homelessness. It is not just about opportunity, it is about the abusive process that the chairman of the committee brought upon us. We should vote against the Lazio amendment.

Mr. LAZIO of New York. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let us get the job done. All we have heard are arguments about process and rules. Let us get the job done. That argument about process does not help one person save themselves. It does not help one family. It does not help one community.

We have debated this bill for 3 years. We have twice passed this on the floor of the House, the last time with 71 independent-minded, reform-minded Democrats voting for this. This is the exact same bill that has come before the House earlier.

This is the bill that prizes individual choice over Washington mandates. It values local community control over more Washington mandates. It celebrates individual empowerment by rewarding work and not punishing families. It helps to build local leadership by building capacity through control over communities and control over individuals. It rewards work by removing the system that punishes work. It rewards work by ensuring that people who take minimum wage jobs are not shut out of vouchers, which is the administration's position. It eliminates rules that are antifamily and replaces them with pro-family rules and rules that are pro work.

This is a debate over accountability, responsibility, hope and opportunity; about building for the future versus defending the status quo. Vote for this amendment. Vote for the future of America. Help our poor working Americans.

Mrs. ROUKEMA. Mr. Chairman, I rise in strong support of the Leach-Lazio amendment adding H.R. 2, the Housing Opportunity and Responsibility Act to the VA/HUD appropriations bill. Reforming our public housing system is long overdue. Our public housing programs have been a failure. For years I served as the Ranking Minority Member on the Banking Housing Subcommittee. While we made repeated attempts to address the waste, fraud and abuse inherent in our public housing system, this is the first time we have had a comprehensive plan offering effective solutions. This provision is the same legislation passed by this House by a significant margin earlier this year.

H.R. 2 will give public housing families the tools they need to help themselves achieve decent housing at a affordable price, in safer neighborhoods, with significant resident management and local control.

We have made great strides in reforming our welfare system in an effort to give people the hand up they need rather than a hand out. But the job of reforming our welfare system will not be complete until we make fundamental changes to and reform of our public housing system.

H.R. 2 is based on several simple principles: A shared objective to provide clean, safe, affordable housing for our lower-income families in America; personal responsibility; protection for the residents of public housing; removal of disincentives to work; and empowerment of the individual and family tenant by offering them choices.

H.R. 2 represents a bold step forward, and Chairman LEACH and Subcommittee Chairman LAZIO are to be commended for their steadfast commitment to seeing that these reforms become a reality. I urge my colleagues to support this amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York (Mr. LAZIO).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. LAZIO. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 501, further proceedings on the amendment offered by the gentleman from New York (Mr. LAZIO) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 501, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendments numbered 18 offered by the gentleman from Ohio (Mr. STOKES) and amendment No. 12 offered by the gentleman from New York (Mr. LAZIO).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENTS NUMBERED 18 OFFERED BY MR. STOKES

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendments offered by the gentleman from Ohio (Mr. STOKES) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendments.

The Clerk redesignated the amendments.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 201, noes 215, not voting 18, as follows:

[Roll No 295]

AYES—201

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Boswell
Boucher
Boyd
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
English
Ensign
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Fox
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gilman
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McHugh
McIntyre
McKinney
Meehan
Meek (FL)
Meeks (NY)
Menendez
Miller (CA)
Minge
Mink
Mollohan
Moran (VA)
Morella
Nadler
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Price (NC)
Quinn
Rahall
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith (NJ)
Smith, Adam
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOES—215

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Brady (TX)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Deal
DeLay
Dickey
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Everett
Ewing
Fawell
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton

Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
Lucas
Manzullo
McCollum
McCrery
McDade
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Murtha
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Paul
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Radanovich
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Stupak
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—18

Barton
Doolittle
Filner
Ford
Gonzalez
Harman
Hill
John
Kennelly
Lewis (GA)
McNulty
Millender-McDonald
Moakley
Ortiz
Parker
Roybal-Allard
Snyder
Tanner

□ 1301

Messrs. PACKARD, WELLER and SHAYS changed their vote from ''aye'' to ''no.''

Mr. QUINN changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 12 OFFERED BY MR. LAZIO OF NEW YORK

The CHAIRMAN pro tempore (Mr. LAHOOD). The pending business is the demand for a recorded vote on the amendment offered by the gentleman from New York (Mr. LAZIO) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 230, noes 181, not voting 23, as follows:

[Roll No. 296]

AYES—230

Aderholt
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Brady (TX)
Bryant
Bunning
Burr
Burton
Buyer
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Crane
Crapo
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doggett
Dreier
Duncan
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Luther
Manzullo
McCollum
McCrery
McDade
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Miller (FL)
Moran (KS)
Morella
Myrick
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stenholm
Strickland
Stump
Sununu
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—181

Abercrombie
Ackerman
Allen
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Boswell
Boucher
Boyd
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cramer
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lipinski
Lofgren
Lowey
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McHugh
McKinney
Meehan
Meek (FL)
Meeks (NY)
Menendez
Miller (CA)
Minge
Mink
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Nethercutt
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Slaughter
Smith, Adam
Spratt
Stabenow
Stark
Stokes
Stupak
Tauscher
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velazquez
Vento
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOT VOTING—23

Barton
Callahan
Doolittle
Dunn
Filner
Ford
Gonzalez
Harman
Hill
Jefferson
John
Kennelly
Lewis (GA)
Livingston
McNulty
Mica
Millender-McDonald
Moakley
Ortiz
Parker
Roybal-Allard
Snyder
Tanner

□ 1308

Mr. MCINTYRE and Mr. SPRATT changed their vote from ''aye'' to ''no.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. MICA. Mr. Chairman, on rollcall No. 296, the Leach and Lazio amendment to H.R. 4194, I was unavoidly detained. Had I been present, I would have voted "Yes."

The CHAIRMAN. The committee will rise informally.

The SPEAKER pro tempore (Mr. PEASE) assumed the chair.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Edwin Thomas, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1999

The Committee resumed its sitting.

(By unanimous consent, Mr. BONIOR was allowed to speak out of order.)

LEGISLATIVE PROGRAM

Mr. BONIOR. Mr. Chairman, I have asked to speak out of turn for the purposes of engaging the gentleman from Texas (Mr. ARMEY), the distinguished majority leader, in a colloquy for the