

107TH CONGRESS
2^D SESSION

S. 2721

To improve the voucher rental assistance program under the United States Housing Act of 1937, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 11 (legislative day, JULY 10), 2002

Mr. SARBANES (for himself, Mr. REED, Mr. SCHUMER, Mr. CARPER, Ms. STABENOW, Mr. CORZINE, and Mr. AKAKA) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To improve the voucher rental assistance program under the United States Housing Act of 1937, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Housing Voucher Im-
5 provement Act of 2002”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are to—

8 (1) ensure that the section 8 tenant-based as-
9 sistance program works effectively, and all families

1 receiving tenant-based housing assistance are able to
2 find decent, safe, and affordable housing;

3 (2) provide families receiving housing assistance
4 with the widest range of possibilities for where to
5 live, and the opportunity to live in areas accessible
6 to jobs, educational opportunities, and other eco-
7 nomic opportunities; and

8 (3) assist families receiving housing assistance
9 in reaching their educational and employment goals
10 by promoting self-sufficiency programs and encour-
11 aging partnerships between public housing agencies
12 and agencies that administer welfare programs.

13 **SEC. 3. PROJECT-BASED VOUCHERS AND THRIFTY VOUCH-**
14 **ERS.**

15 (a) IN GENERAL.—Section 8(o)(13) of the United
16 States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is
17 amended—

18 (1) in subparagraph (A), by adding after the
19 period at the end the following: “In assessing the
20 performance of a public housing agency in admin-
21 istering assistance provided under this subsection,
22 the Secretary shall not consider budget authority
23 committed to project-based use under this paragraph
24 to be unutilized by the agency if the decision of that
25 agency not to utilize that authority is reasonably

1 necessary to ensure that the agency will be able to
2 meet its obligation to provide assistance promptly
3 when the units to which such assistance is attached
4 become available for occupancy.”;

5 (2) in subparagraph (C)(ii), by inserting before
6 the period at the end the following: “, revitalizing a
7 low-income community, or preventing the displace-
8 ment of extremely low-income families”;

9 (3) in subparagraph (D)(ii), by striking “apply
10 in the case of” and all that follows through the pe-
11 riod and inserting the following: “apply—

12 “(I) in the case of assistance
13 under a contract for housing con-
14 sisting of single family properties
15 (buildings with 1 to 4 units);

16 “(II) for dwelling units that are
17 specifically made available for house-
18 holds comprised of elderly families or
19 disabled families; or

20 “(III) outside of a qualified cen-
21 sus tract, for buildings with 5 to 25
22 units or with dwelling units that are
23 specifically made available for families
24 receiving supportive services.

1 For purposes of this clause, the term
2 ‘qualified census tract’ has the same mean-
3 ing given that term in section 42(d) of the
4 Internal Revenue Code of 1986 (26 U.S.C.
5 42(d)). The Secretary may waive the limi-
6 tations of this clause, consistent with the
7 obligation to affirmatively further fair
8 housing practices.”;

9 (4) in subparagraph (F), by striking “10 years”
10 and inserting “15 years”;

11 (5) in subparagraph (J)—

12 (A) in the first sentence, by inserting be-
13 fore the period the following: “, or from 1 or
14 more separate project-based waiting lists estab-
15 lished and maintained in accordance with sub-
16 paragraph (K). A public housing agency may
17 permit an owner to select families from a wait-
18 ing list for units assisted under this paragraph
19 maintained by the owner in accordance with
20 subparagraph (L). Regardless of whether a
21 waiting list is maintained under this subpara-
22 graph or under subparagraph (K) or (L), fami-
23 lies shall initially be selected from the public
24 housing agency’s waiting list for assistance
25 under this subsection for at least 1/2 of the va-

1 cant units in a building made available with as-
2 sistance under this paragraph, unless the units
3 are restricted under the tenant selection pref-
4 erences adopted under the annual plan sub-
5 mitted by the public housing agency to the Sec-
6 retary pursuant to section 5A(b) to occupancy
7 by persons who are receiving intensive publicly
8 funded services and who have a disability, as
9 defined in section 3 of this Act or section 422
10 of the McKinney-Vento Homeless Assistance
11 Act (42 U.S.C. 11382)”;

12 (B) in the fifth sentence, by inserting be-
13 fore the period the following: “, unless the
14 owner maintains a waiting list under subpara-
15 graph (L)”; and

16 (C) in the last sentence, by striking “and
17 may maintain” and all that follows through “on
18 the separate list”;

19 (6) by redesignating subparagraph (K) as sub-
20 paragraph (M);

21 (7) by inserting after subparagraph (J) the fol-
22 lowing:

23 “(K) PUBLIC HOUSING AGENCY WAITING
24 LIST.—

1 “(i) IN GENERAL.—A public housing
2 agency may select families for assistance—

3 “(I) using its waiting list for ten-
4 ant-based assistance under this sub-
5 section;

6 “(II) under this subparagraph
7 for each property that receives assist-
8 ance under this paragraph; or

9 “(III) under this subparagraph
10 for similar properties that receive as-
11 sistance under this paragraph.

12 “(ii) REQUIREMENTS.—A public hous-
13 ing agency that maintains a separate wait-
14 ing list under this subparagraph—

15 “(I) shall provide notice of the
16 opening of the waiting list in the same
17 manner required by the Secretary for
18 the provision of notice of the opening
19 of the waiting list for tenant-based as-
20 sistance under this subsection, except
21 that this subclause shall not apply to
22 units assisted under this paragraph
23 that are restricted, under tenant selec-
24 tion preferences adopted under the
25 annual plan submitted by the public

1 housing agency to the Secretary pur-
2 suant to section 5A(b) to occupancy
3 by persons who are receiving intensive
4 publicly funded services and who have
5 a disability, as defined in section 3 of
6 this Act or section 422 of the McKin-
7 ney-Vento Homeless Assistance Act
8 (42 U.S.C. 11382);

9 “(II) shall give preference to
10 families on its tenant-based waiting
11 list, if families are applying at the
12 equivalent time and date with other-
13 wise equivalent preference under the
14 annual plan submitted by the public
15 housing agency to the Secretary pur-
16 suant to section 5A(b); and

17 “(III) shall notify families that
18 are applying for tenant-based assist-
19 ance of the opportunity to be listed on
20 the waiting list maintained under this
21 subparagraph, except that this sub-
22 clause shall not apply to units assisted
23 under this paragraph that are re-
24 stricted under tenant selection pref-
25 erences adopted under the annual

1 plan submitted by the public housing
2 agency to the Secretary pursuant to
3 section 5A(b) to occupancy by persons
4 who are receiving intensive publicly
5 funded services and who have a dis-
6 ability, as defined in section 3 of this
7 Act or section 422 of the McKinney-
8 Vento Homeless Assistance Act (42
9 U.S.C. 11382).

10 “(L) OWNER WAITING LIST.—

11 “(i) IN GENERAL.—A public housing
12 agency may allow an owner of a structure
13 with a contract for assistance under this
14 paragraph to maintain a waiting list for
15 units assisted under this paragraph.

16 “(ii) AGENCY PLAN.—The policy for a
17 waiting list maintained under this subpara-
18 graph and any applicable preferences or se-
19 lection criteria shall be included in the an-
20 nual plan submitted by the public housing
21 agency to the Secretary in accordance with
22 section 5A(b).

23 “(iii) AGENCY RESPONSIBILITIES.—If
24 a waiting list is maintained under this sub-

1 paragraph, the public housing agency
2 shall—

3 “(I) provide notice of the opening
4 of the waiting list in the same manner
5 and to the same extent as is required
6 of the agency under subparagraph
7 (K)(ii)(I);

8 “(II) notify families that apply
9 for tenant-based assistance of the op-
10 portunity to be listed on that waiting
11 list, except that this subclause shall
12 not apply to units assisted under this
13 paragraph that are restricted under
14 tenant selection preferences adopted
15 under the annual plan submitted by
16 the public housing agency to the Sec-
17 retary pursuant to section 5A(b) to
18 occupancy by persons who are receiv-
19 ing intensive publicly funded services
20 and who have a disability, as defined
21 in section 3 of this Act of section 422
22 of the McKinney-Vento Homeless As-
23 sistance Act (42 U.S.C. 11382);

24 “(III) establish a mechanism to
25 transmit applications submitted at its

1 office to the owner for placement on
2 that waiting list; and

3 “(IV) monitor, at reasonable in-
4 tervals, the compliance by the owner
5 with laws applicable to tenant selec-
6 tion and waiting lists, including civil
7 rights laws, regulations, and certifi-
8 cations.

9 “(iv) OWNER RESPONSIBILITIES.—If
10 a waiting list is maintained under this sub-
11 paragraph, the owner of the structure
12 shall—

13 “(I) provide notice of the opening
14 of the waiting list (unless the public
15 housing agency agrees to provide such
16 notice for the owner, or notice is not
17 required pursuant to clause (iii)(I))
18 and provide preference to families on
19 the tenant-based waiting list of the
20 public housing agency in the same
21 manner as is required under subpara-
22 graph (K);

23 “(II) place on its waiting list,
24 families that apply at an office of the

1 agency that accepts applications for
2 tenant-based assistance;

3 “(III) cooperate with requests of
4 the public housing agency for infor-
5 mation concerning the waiting list and
6 the tenant selection decisions of the
7 owner; and

8 “(IV) submit written tenant se-
9 lection policies and criteria to the pub-
10 lic housing agency for approval, and
11 make those policies and criteria avail-
12 able to the public.

13 “(v) RIGHT TO INFORMAL REVIEW.—
14 A family that is denied a unit by an owner
15 that maintains a waiting list under this
16 subparagraph shall have the same rights to
17 informal review by a public housing agency
18 as a family that is denied tenant-based as-
19 sistance by a public housing agency, and
20 such review shall be performed expedi-
21 tiously so as not to impede the timely rent-
22 al of units. The public housing agency’s re-
23 view at the informal hearing shall be lim-
24 ited to determining if the owner, if denying
25 admission, followed applicable law and the

1 procedures and criteria adopted by the
2 owner and approved by the public housing
3 agency for determining the eligibility of ap-
4 plicants for admission.

5 “(vi) APPLICABILITY.—Except as pro-
6 vided in this subparagraph, a waiting list
7 maintained by an owner shall be consid-
8 ered to be a waiting list maintained by a
9 public housing agency for assistance under
10 this subsection.”; and

11 (8) by adding at the end the following:

12 “(N) FAIR HOUSING, SUBSIDY LAYERING,
13 AND COMPETITIVE SELECTION REQUIRE-
14 MENTS.—A public housing agency may attach
15 assistance under this paragraph to units with-
16 out specific approval by the Secretary of com-
17 pliance with fair housing, subsidy layering, or
18 competitive selection requirements, if—

19 “(i) for fair housing compliance, the
20 units proposed to receive assistance under
21 this paragraph receive a grant or a loan
22 under a Federal program pursuant to
23 which the Secretary, or a designee of the
24 Secretary, has determined in accordance
25 with regulations that the site location

1 would meet applicable civil rights and fair
2 housing requirements;

3 “(ii) for compliance with subsidy
4 layering requirements, consistent with the
5 written policy of the Secretary, the public
6 housing agency or another public agency
7 has determined that addition of subsidies
8 under this paragraph would not duplicate
9 other public funding; or

10 “(iii) for compliance with competitive
11 selection requirements, an advertisement
12 for capital funds announced the potential
13 for availability of assistance under this
14 paragraph.

15 “(O) USE OF ASSISTANCE IN CONJUNC-
16 TION WITH PUBLIC HOUSING CAPITAL
17 FUNDS.—

18 “(i) CAPITAL FUND AND HOPE VI.—
19 Notwithstanding any provision to the con-
20 trary in this Act, a public housing agency
21 may attach assistance under this para-
22 graph to a structure or unit that receives
23 assistance allocated to the public housing
24 agency under the Capital Fund, estab-
25 lished by section 9(d), or under section 24.

1 “(ii) OPERATING FUND.—A unit that
2 receives assistance under this paragraph
3 shall not be eligible for assistance under
4 the Operating Fund established by section
5 9(e).

6 “(P) THRIFTY VOUCHERS.—

7 “(i) IN GENERAL.—For the purpose
8 of encouraging the production or preserva-
9 tion of housing affordable to extremely
10 low-income families, a public housing agen-
11 cy may use amounts provided under an an-
12 nual contributions contract under this sub-
13 section to enter into a housing assistance
14 payment contract for Thrifty Voucher as-
15 sistance that is attached to the structure.
16 Except as otherwise specified in this para-
17 graph, such housing assistance contract
18 shall be subject to the limitations and re-
19 quirements of subparagraphs (A), (B), (C),
20 (D), (E), (F), (G), (J), (K), (L), (M), (N),
21 and (O).

22 “(ii) USE FOR NEW PRODUCTION,
23 SUBSTANTIAL REHABILITATION, AND
24 PRESERVATION.—Assistance under this
25 paragraph may only be attached to a

1 structure that is newly constructed, ac-
2 quired for preservation as affordable hous-
3 ing, or substantially rehabilitated.

4 “(iii) ELIGIBLE FAMILIES.—A pro-
5 spective tenant of a unit that is assisted
6 under this subparagraph must qualify as
7 an extremely low-income family at the
8 commencement of the proposed occupancy
9 by the tenant.

10 “(iv) LIMITATION.—Assistance under
11 this subparagraph may not be attached to
12 more than 25 percent of the units in a
13 building. For purposes of this clause, a
14 project consisting of single family struc-
15 tures shall be treated as 1 building if the
16 single family structures are owned, and
17 constructed, substantially rehabilitated, or
18 acquired for preservation under a common
19 plan.

20 “(v) RENT CALCULATION.—

21 “(I) IN GENERAL.—A housing
22 assistance payment contract entered
23 into under this subparagraph shall es-
24 tablish the gross rent for each unit as-
25 sisted in an amount equal to the per

1 unit operating cost of the property
2 plus the applicable utility allowance of
3 the public housing agency for tenant-
4 paid utilities. An owner may accept a
5 gross rent that is less than the per
6 unit operating cost of the property
7 plus the applicable utility allowance, if
8 the gross rent exceeds the limitation
9 under subclause (IV).

10 “(II) UNIT OPERATING COST.—

11 As used in this subparagraph, the
12 unit operating cost is the allocable
13 share of the ordinary and customary
14 expenses of the unit incurred to oper-
15 ate the property, including applicable
16 owner-paid utilities, contribution to
17 the replacement reserve, asset man-
18 agement fees, and a cash flow allow-
19 ance equal to 15 percent of all other
20 allocable operating costs. A public
21 housing agency shall require an owner
22 to demonstrate that the unit oper-
23 ating cost for units assisted under
24 this subparagraph does not exceed the
25 operating cost of other units in the

1 property that are not assisted under
2 this subparagraph, with appropriate
3 adjustments for unit size, and shall
4 establish policies to ensure that ex-
5 penses included in the unit operating
6 cost that are paid to the owner or a
7 related entity are reasonable and con-
8 sistent with prevailing costs in the
9 community in which the property is
10 located. Required verification shall be
11 determined by the public housing
12 agency.

13 “(III) ADJUSTMENT.—A public
14 housing agency shall, upon request,
15 make an appropriate annual adjust-
16 ment in the rent established under
17 this clause based on documented
18 changes in unit operating costs and
19 any increase in the applicable fair
20 market rent or payment standard.

21 “(IV) LIMITATION.—Gross rent
22 established under this paragraph shall
23 not exceed the greater of—

24 “(aa) 75 percent of the pay-
25 ment standard used by the public

1 housing agency for a dwelling
2 unit of the same size; or

3 “(bb) 75 percent of the ap-
4 plicable fair market rental.

5 “(V) EXCEPTION.—The Sec-
6 retary is authorized to approve an ex-
7 ception to the 75 percent limitation in
8 subclause (IV) for not more than 2
9 percent of the total number of vouch-
10 ers funded under this subsection, not
11 to exceed 90 percent of the payment
12 standard or applicable fair market
13 rental, if the permitted maximum rent
14 could not otherwise support the rea-
15 sonable operating cost of rental hous-
16 ing, and the public housing agency
17 can demonstrate a need for produc-
18 tion or preservation of affordable
19 housing.

20 “(vi) RENEWAL OF ASSISTANCE.—

21 “(I) IN GENERAL.—The Sec-
22 retary shall increase the adjusted allo-
23 cation baseline for renewal of funding
24 under subsection (dd) for public hous-

1 ing agencies that attach assistance
2 under this paragraph to a structure.

3 “(II) INCREASE EQUIVALENT.—

4 An increase under subclause (I) shall
5 equal the number of additional fami-
6 lies that a public housing agency can
7 assist as a result of the reduced pay-
8 ments permitted under this para-
9 graph.

10 “(III) EXCEPTION TO LIMITA-

11 TION ON PROJECT-BASED ASSIST-
12 ANCE.—The additional units assisted
13 as a result of the reduced payments
14 permitted under this paragraph shall
15 not be considered in determining the
16 compliance of a public housing agency
17 with the percentage limitation in sub-
18 paragraph (B).

19 “(IV) APPLICABILITY.—This

20 subparagraph shall not apply to incre-
21 mental assistance initially issued
22 under this paragraph.

23 “(vii) ALLOCATION OF INCREMENTAL
24 ASSISTANCE FOR USE UNDER THIS PARA-
25 GRAPH.—

1 “(I) IN GENERAL.—Incremental
2 assistance appropriated for use under
3 this paragraph—

4 “(aa) shall be allocated for
5 public housing agencies within
6 each State, after reserving appro-
7 priate amounts for insular areas,
8 in accordance with the formula
9 established by the Secretary
10 under section 217(b) of the
11 Cranston-Gonzalez National Af-
12 fordable Housing Act (42 U.S.C.
13 12747(b)); and

14 “(bb) the Secretary shall ob-
15 ligate amounts that are available
16 for public housing agencies with-
17 in each State, as determined
18 under item (aa), to qualified pub-
19 lic housing agencies within the
20 State pursuant to specific criteria
21 for the selection of recipients for
22 assistance in a notice published
23 in the Federal Register.

24 “(II) RECIPIENTS.—Subject to
25 the allocation referred to in subclause

1 (I) and any additional criteria that
2 the Secretary may establish, the Sec-
3 retary shall award such incremental
4 assistance for use under this para-
5 graph to a public housing agency that
6 administers a program of tenant-
7 based assistance under this subsection
8 and—

9 “(aa) administers funds for
10 the construction, preservation, or
11 substantial rehabilitation of rent-
12 al housing other than public
13 housing; or

14 “(bb) has an agreement with
15 an agency or entity that admin-
16 isters funds for the construction,
17 preservation, or substantial reha-
18 bilitation of rental housing that
19 will enable a prospective devel-
20 oper of such housing to submit a
21 single application for both types
22 of funds.

23 “(III) LIMITATION.—Incremental
24 assistance for use under this para-
25 graph shall not be considered in deter-

1 mining compliance by a public hous-
2 ing agency with the limitation in sub-
3 paragraph (B).

4 “(IV) NATIONAL COMPETI-
5 TION.—If the Secretary determines
6 that sufficient funds for incremental
7 assistance for use under this para-
8 graph have not been appropriated for
9 public housing agencies within each
10 State in accordance with the formula
11 established under section 217(b) of
12 the Cranston-Gonzalez National Af-
13 fordable Housing Act (42 U.S.C.
14 12747(b)), the Secretary may award
15 such funds to qualified public housing
16 agencies through a national competi-
17 tion.

18 “(viii) DEFINITIONS.—In this
19 subparagraph—

20 “(I) the term ‘substantial reha-
21 bilitation’ means rehabilitation ex-
22 penditures paid or incurred with re-
23 spect to a unit, including its prorated
24 share of work on common areas or
25 systems, of at least \$25,000, which

1 amount shall be increased annually by
2 the Secretary to reflect inflation, and
3 such increased amount shall be pub-
4 lished in the Federal Register; and

5 “(II) the term ‘extremely low-in-
6 come families’ means persons and
7 families (as that term is defined in
8 section 3(b)(3)) whose incomes do not
9 exceed—

10 “(aa) 30 percent of the area
11 median income, as determined by
12 the Secretary with adjustments
13 for smaller and larger families
14 and for unusually high or low
15 family incomes; or

16 “(bb) 30 percent of the na-
17 tional nonmetropolitan median
18 income, if it is higher than the
19 area median income.”.

20 (b) EFFECTIVE DATE.—

21 (1) IN GENERAL.—This section and the amend-
22 ments made by this section shall take effect upon
23 the date of enactment of this Act.

24 (2) RULES.—The Secretary shall promulgate
25 rules, as may be necessary, to carry out section

1 8(o)(13) of the United States Housing Act of 1937
 2 (42 U.S.C. 1437f(o)(13)), as amended by this Act,
 3 and shall publish—

4 (A) either proposed rules or interim rules
 5 not later than 6 months after the date of enact-
 6 ment of this Act; and

7 (B) final rules not later than 1 year after
 8 the date of enactment of this Act.

9 **SEC. 4. PROVIDING ASSISTANCE TO VOUCHER HOLDERS IN**
 10 **THEIR SEARCH FOR DECENT, SAFE, AND AF-**
 11 **FORDABLE HOUSING.**

12 (a) USE OF UNUTILIZED SECTION 8 FUNDS TO AS-
 13 SIST FAMILIES IN FINDING HOUSING.—

14 (1) IN GENERAL.—Section 8(o) of the United
 15 States Housing Act of 1937 (42 U.S.C. 1437f(o)),
 16 as amended by this Act, is amended by adding at
 17 the end the following:

18 “(20) ASSISTANCE TO FIND HOUSING.—

19 “(A) IN GENERAL.—Except as provided in
 20 subparagraph (B), a public housing agency may
 21 use not more than 2 percent of the funds allo-
 22 cated to it for voucher rental assistance under
 23 this subsection to assist families in finding ade-
 24 quate housing, if the public housing agency—

1 “(i) is not designated as troubled by
2 the Secretary;

3 “(ii) had a voucher success rate for
4 the previous year of not more than 80 per-
5 cent, or serves an area in which a large
6 share of the voucher holders live in a small
7 percentage of census tracts;

8 “(iii) only uses less than the percent-
9 age of funds that it anticipates will not be
10 used for voucher rental assistance; and

11 “(iv) continues to expend not less
12 than the amount of other funds on the ad-
13 ministration of the voucher program that
14 the public housing agency expended in the
15 previous fiscal year.

16 “(B) SUBSEQUENT FISCAL YEARS.—

17 “(i) IN GENERAL.—If a public hous-
18 ing agency uses funds in accordance with
19 this paragraph in a given fiscal year, the
20 agency may use not more than 2 percent
21 of the funds in accordance with this para-
22 graph in subsequent fiscal years if the pub-
23 lic housing agency has—

1 “(I) an increased voucher utiliza-
2 tion rate compared with the previous
3 fiscal year;

4 “(II) an increased voucher suc-
5 cess rate compared with the previous
6 fiscal year; or

7 “(III) made progress in
8 deconcentrating voucher holders com-
9 pared with the previous fiscal year.

10 “(ii) CONTINUATION OF ASSIST-
11 ANCE.—If a public housing agency uses
12 funds in accordance with this paragraph in
13 a given fiscal year and the voucher success
14 rate of that agency has increased above 80
15 percent, the public housing agency may use
16 funds in accordance with this paragraph in
17 subsequent fiscal years if—

18 “(I) the voucher success rate of
19 the agency improved compared with
20 the previous fiscal year; and

21 “(II) the public housing agency
22 meets the requirements of clauses (i),
23 (iii), and (iv) of subparagraph (A).

24 “(C) ELIGIBILITY OF PUBLIC HOUSING
25 AGENCIES THAT UTILIZE ALLOCATED ANNUAL

1 FUNDS.—A public housing agency that meets
2 the criteria in subparagraph (A) but uses all of
3 its allocated annual funds for voucher assist-
4 ance may use up to 1 week of its reserve funds
5 for the activities identified in subparagraph (D)
6 if the public housing agency has leased fewer
7 than 95 percent of its allocated number of
8 vouchers.

9 “(D) ELIGIBLE ACTIVITIES.—Funds used
10 in accordance with this paragraph shall—

11 “(i) be for activities designed to im-
12 prove voucher utilization, voucher success
13 rates (the proportion of families that are
14 issued a voucher that succeed in leasing a
15 unit within the timeframe provided by the
16 public housing agency to search for hous-
17 ing), and deconcentration; and

18 “(ii) be used to ensure that voucher
19 recipients are able to find suitable housing
20 through—

21 “(I) housing and mobility coun-
22 seling, or reimbursement for such
23 services;

1 “(II) loans or grants for security
2 deposit, application, and credit check
3 fees;

4 “(III) transportation services, or
5 reimbursement for such services;

6 “(IV) outreach to landlords, in-
7 cluding landlord education and mar-
8 keting of the voucher program under
9 this section to landlords; and

10 “(V) any other activities that di-
11 rectly assist voucher recipients in ob-
12 taining suitable housing.

13 “(E) INCLUSION IN PUBLIC HOUSING
14 AGENCY PLAN.—The annual public housing
15 agency plan that is submitted to the Secretary
16 pursuant to section 5A(b) shall include—

17 “(i) a description of the efforts by
18 that public housing agency to increase
19 voucher utilization and voucher success
20 rates;

21 “(ii) a description of activities to be
22 undertaken with funds provided under this
23 paragraph;

24 “(iii) what amounts shall be used for
25 which activities;

1 “(iv) how the public housing agency
2 meets the requirements of subparagraph
3 (A); and

4 “(v) the voucher success rate of the
5 public housing agency for the previous 12
6 months.”.

7 (2) EFFECTIVE DATE.—The amendment made
8 by this subsection shall take effect on October 1,
9 2002.

10 (b) VOUCHER SUCCESS FUND.—Section 8(o) of the
11 United States Housing Act of 1937 (42 U.S.C. 1437f(o)),
12 as amended by this Act, is amended by adding at the end
13 the following:

14 “(21) VOUCHER SUCCESS FUND.—

15 “(A) ESTABLISHMENT.—There is estab-
16 lished the Voucher Success Fund (referred to in
17 this subsection as the ‘Fund’).

18 “(B) ASSISTANCE.—Subject to appropria-
19 tions, the Secretary may provide assistance
20 from the Fund to public housing agencies on a
21 competitive basis, for the provision of additional
22 support for families that receive voucher rental
23 assistance provided under this subsection.

24 “(C) ELIGIBLE GRANT RECIPIENTS.—In a
25 fiscal year, a public housing agency is eligible to

1 receive assistance under this paragraph if the
2 public housing agency expended a high percent-
3 age of its allocated budget authority under this
4 section during the previous fiscal year so that
5 the public housing agency does not have enough
6 funds to use the authority under section 4 of
7 the Housing Voucher Improvement Act of
8 2002, and—

9 “(i) is not designated as troubled by
10 the Secretary;

11 “(ii) had a voucher success rate (the
12 proportion of families that are issued a
13 voucher that succeed in leasing a unit
14 within the timeframe provided by the pub-
15 lic housing agency to search for housing)
16 for the previous fiscal year of not more
17 than 80 percent; or

18 “(iii) serves an area in which a large
19 share of the voucher holders live in a small
20 percentage of census tracts.

21 “(D) AWARD OF FUNDS.—

22 “(i) IN GENERAL.—To apply for as-
23 sistance under this paragraph, a public
24 housing agency shall submit a plan to the
25 Secretary for using that assistance, at such

1 time and in such manner as determined by
2 the Secretary.

3 “(ii) CRITERIA.—In providing assist-
4 ance under this paragraph, the Secretary
5 shall consider—

6 “(I) the adequacy of the plan
7 submitted in accordance with clause
8 (i) in addressing the needs of voucher
9 recipients;

10 “(II) the extent of the need of
11 the public housing agency for addi-
12 tional assistance to assist voucher
13 holders in finding adequate housing;

14 “(III) the extent of the con-
15 centration of voucher holders in areas
16 within the jurisdiction of the public
17 housing agency;

18 “(IV) the quality of the adminis-
19 tration of the voucher program by the
20 public housing agency; and

21 “(V) any other criteria as estab-
22 lished by the Secretary.

23 “(E) ELIGIBLE ACTIVITIES.—Assistance
24 provided under this paragraph shall—

1 “(i) be designed to improve voucher
2 utilization; and

3 “(ii) improve the likelihood that
4 voucher recipients are able to find suitable
5 housing through—

6 “(I) housing and mobility coun-
7 seling, or reimbursement for such
8 services;

9 “(II) loans or grants for security
10 deposit, application, and credit check
11 fees;

12 “(III) transportation services, or
13 reimbursement for such services;

14 “(IV) outreach to landlords, in-
15 cluding landlord education and mar-
16 keting of the voucher program under
17 this section to landlords; and

18 “(V) any other activities that di-
19 rectly assist voucher recipients in ob-
20 taining suitable housing.

21 “(F) INCLUSION IN PUBLIC HOUSING
22 AGENCY PLAN.—The annual public housing
23 agency plan that is submitted to the Secretary
24 pursuant to section 5A(b) shall include—

1 “(i) a description of the efforts by
2 that public housing agency to increase
3 voucher utilization and voucher success
4 rates;

5 “(ii) a description of how the public
6 housing agency plans to use the funds re-
7 ceived under this paragraph; and

8 “(iii) the voucher success rate of the
9 public housing agency during the previous
10 12 months.

11 “(G) LIMITATION AND ACCOUNTING.—

12 “(i) IN GENERAL.—Assistance re-
13 ceived under this paragraph shall not be
14 included in the total program expenditures
15 of a public housing agency for purposes
16 of—

17 “(I) calculating the per-unit costs
18 of the public housing agency; or

19 “(II) determining the amount of
20 renewal funding to be provided to the
21 public housing agency.

22 “(ii) SEPARATE ACCOUNTING.—The
23 Secretary may establish procedures for the
24 separate accounting of assistance received

1 under this paragraph by public housing
2 agencies.

3 “(H) ADDITIONAL FUNDING.—A public
4 housing agency that receives assistance under
5 this paragraph in a fiscal year—

6 “(i) may apply for assistance under
7 this paragraph in subsequent fiscal years;
8 and

9 “(ii) may receive assistance under this
10 paragraph if the Secretary finds that pre-
11 vious assistance made under this para-
12 graph to the public housing agency re-
13 sulted in—

14 “(I) increased voucher utilization;

15 “(II) increased voucher success
16 rates (the proportion of families that
17 are issued a voucher that succeed in
18 leasing a unit within the timeframe
19 provided by the public housing agency
20 to search for housing); or

21 “(III) decreased voucher con-
22 centration.

23 “(I) EVALUATION.—The Secretary shall
24 evaluate the activities of public housing agen-
25 cies that receive assistance under this para-

1 graph in order to determine the effectiveness of
2 that assistance on—

3 “(i) success and utilization rates in
4 the voucher program; and

5 “(ii) access of families to housing op-
6 portunities across the jurisdiction of a pub-
7 lic housing agency.

8 “(J) REPORT.—A public housing agency
9 that receives assistance under this paragraph
10 shall report annually to the Secretary on—

11 “(i) what assistance was used for; and

12 “(ii) what progress has been made
13 with respect to the voucher program.

14 “(K) AUTHORIZATION OF APPROPRIA-
15 TIONS.—There is authorized to be appropriated
16 \$50,000,000 to carry out this paragraph for fis-
17 cal year 2003 and each fiscal year thereafter.”.

18 **SEC. 5. EXPANDING HOUSING OPPORTUNITIES FOR VOUCH-**

19 **ER HOLDERS.**

20 (a) INCREASED PAYMENT STANDARD.—

21 (1) IN GENERAL.—Section 8(o)(1)(D) of the
22 United States Housing Act of 1937 (42 U.S.C.
23 1437f(o)(1)(D)) is amended—

24 (A) by striking “(D) APPROVAL.—The”
25 and inserting the following:

1 “(D) EXCEPTION PAYMENT STANDARDS.—

2 “(i) APPROVAL.—The”; and

3 (B) by adding at the end the following:

4 “(ii) INCREASED PAYMENT STAND-
5 ARD.—A public housing agency may estab-
6 lish a payment standard for the same size
7 dwelling unit in a market area or portion
8 of a market area between 110 and 120
9 percent of the fair market rent, if the pay-
10 ment standard for the market area or por-
11 tion of a market area has been set at 110
12 percent or above for the 6 months prior to
13 the establishment of the new payment
14 standard and the public housing agency
15 determines that it has—

16 “(I) a voucher success rate (the
17 proportion of families that are issued
18 a voucher that succeed in leasing a
19 unit within the timeframe provided by
20 the public housing agency to search
21 for housing) of not more than 80 per-
22 cent or has provided an extended
23 search time of not less than 90 days
24 to a significant number of voucher re-
25 cipients; or

1 “(II) problems with concentration
2 of the voucher holders in high poverty
3 areas.

4 “(iii) DISABILITY ACCOMMODATION.—
5 A public housing agency may establish a
6 payment standard of not more than 120
7 percent of the fair market rent where nec-
8 essary as a reasonable accommodation for
9 a person with a disability, without approval
10 of the Secretary. A public housing agency
11 may seek approval of the Secretary to use
12 a payment standard greater than 120 per-
13 cent of the fair market rent as a reason-
14 able accommodation for a person with a
15 disability.

16 “(iv) SECRETARY APPROVAL.—A pub-
17 lic housing agency may establish a pay-
18 ment standard in accordance with clause
19 (ii) without approval of the Secretary, if
20 the public housing agency includes in its
21 annual plan that is submitted to the Sec-
22 retary pursuant to section 5A(b)—

23 “(I) the reasons for the increase
24 in the payment standard;

1 “(II) a description of how and
2 why the public housing agency has de-
3 termined that it meets the require-
4 ments of clause (ii); and

5 “(III) a description of other steps
6 the public housing agency is taking, in
7 addition to increasing the payment
8 standard, to address the problems of
9 voucher utilization, voucher success
10 rates (the proportion of families that
11 are issued a voucher that succeed in
12 leasing a unit within the timeframe
13 provided by the public housing agency
14 to search for housing), and concentra-
15 tion of voucher holders.”.

16 (2) EFFECTIVE DATE.—Section 8(o)(1)(D)(ii)
17 of the United States Housing Act of 1937, as added
18 by this Act, shall take effect on October 1, 2003.

19 (b) PAYMENT STANDARD AND RENT.—Section 8(o)
20 of the United States Housing Act of 1937 (42 U.S.C.
21 1437f(o)) is amended—

22 (1) in paragraph (1)(B), by inserting “in para-
23 graph (10)(F)(i) and” after “provided”; and

24 (2) in paragraph (10), by adding at the end the
25 following:

1 “(F) PAYMENT STANDARD.—

2 “(i) TAX CREDIT UNITS.—Notwith-
3 standing the payment standard that ap-
4 plies under paragraph (1)(B), if a housing
5 assistance payment contract covers a dwell-
6 ing unit that has been allocated low-income
7 housing tax credits pursuant to section 42
8 of the Internal Revenue Code of 1986 (26
9 U.S.C. 42) and is not located in a qualified
10 census tract (as that term is defined in
11 subsection (d) of such section 42), the pay-
12 ment standard for such unit may be estab-
13 lished at a level that is higher than the
14 payment standard that applies under para-
15 graph (1), but does not exceed the rent
16 charged for comparable units in the build-
17 ing that also receive the low-income hous-
18 ing tax credit but do not receive any addi-
19 tional rental assistance.

20 “(ii) HOME-FUNDED UNITS.—Subject
21 to subparagraph (A), and notwithstanding
22 section 215(a)(1)(A) of the Cranston-Gon-
23 zalez National Affordable Housing Act of
24 1990 (42 U.S.C. 12745(a)(1)(A)), if a
25 housing assistance payment contract that

1 is not subject to subparagraph (B) covers
 2 a dwelling unit that has been allocated
 3 HOME funds under such Act and is not
 4 located in a qualified census tract (as that
 5 term is defined in section 42(d) of the In-
 6 ternal Revenue Code of 1986 (26 U.S.C.
 7 42(d)), the rent for such unit, if it is high-
 8 er than the applicable fair market rent,
 9 may be established at the payment stand-
 10 ard that applies under paragraph (1).

11 “(iii) APPLICABILITY.—

12 “(I) IN GENERAL.—If clauses (i)
 13 and (ii) apply to a dwelling unit,
 14 clause (ii) shall control.

15 “(II) EXCEPTION.—Clause (ii)
 16 shall not apply with respect to a hous-
 17 ing assistance payment contract at-
 18 tached to a structure under paragraph
 19 (13).”.

20 (c) CONSOLIDATED PLANNING.—

21 (1) VOUCHER UTILIZATION.—Section 105(b) of
 22 title I of the Cranston-Gonzalez National Affordable
 23 Housing Act (42 U.S.C. 12705(b)) is amended—

24 (A) in paragraph (19), by striking “and”

25 at the end;

1 (B) in paragraph (20), by striking the pe-
2 riod at the end and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(21) identify and describe the barriers in the
5 jurisdiction to utilization of voucher rental assist-
6 ance provided under section 8(o) of the United
7 States Housing Act of 1937 (42 U.S.C. 1437f), in-
8 cluding outside of areas of poverty or racial con-
9 centration, and describe the strategies to ameliorate
10 or overcome these barriers, including the use of
11 housing funds made available under title II of this
12 Act and the Housing and Community Development
13 Act of 1974 (42 U.S.C. 5301 et seq.).”

14 (2) CONSIDERATION OF EMPLOYMENT LOCA-
15 TIONS.—Section 105(b)(7) of title I of the Cranston-
16 Gonzalez National Affordable Housing Act (42
17 U.S.C. 12705(b)(7)) is amended by inserting before
18 the semicolon the following: “, including how the
19 planning for geographical locations of new or reha-
20 bilitated rental housing or homeownership units will
21 promote employment opportunities for families cur-
22 rently or recently assisted under the State plan
23 under part A of title IV of the Social Security Act
24 (42 U.S.C. 601 et seq.) or for families who may be-
25 come eligible for assistance under such State plan”.

1 (3) CONSULTATION WITH SOCIAL SERVICES
 2 AGENCIES.—Section 105(e) of title I of the Cran-
 3 ston-Gonzalez National Affordable Housing Act (42
 4 U.S.C. 12705(e)) is amended by inserting at the end
 5 the following:

6 “(3) CONSOLIDATED PLANNING.—When pre-
 7 paring the portions of a housing strategy required
 8 by paragraphs (7), (14), and (19) of subsection (b),
 9 a jurisdiction shall—

10 “(A) consult with the State or local agen-
 11 cies or boards that administer a program under
 12 part A of title IV of the Social Security Act (42
 13 U.S.C. 601 et seq.) or under the Workforce In-
 14 vestment Act of 1998 (29 U.S.C. 2811 et seq.)
 15 and serve families in the jurisdiction; and

16 “(B) submit to the Secretary, together
 17 with the plan required under subsection (a)—

18 “(i) any written comments submitted
 19 by such agencies or boards on the proposed
 20 strategy of the jurisdiction; and

21 “(ii) the response of the jurisdiction
 22 to those comments.”.

23 **SEC. 6. ACCESS TO HOME AND LIHTC DEVELOPMENTS; LIST**
 24 **OF RENTAL UNITS.**

25 (a) RESPONSIBILITIES OF THE SECRETARY.—

1 (1) IN GENERAL.—The Secretary of Housing
2 and Urban Development shall provide each public
3 housing agency with an updated list of rental units
4 located in the same metropolitan area or contiguous
5 nonmetropolitan counties—

6 (A) that are allocated low-income housing
7 tax credits under section 42 of the Internal
8 Revenue Code of 1986 (26 U.S.C. 42); or

9 (B) that were built with funds allocated
10 under the HOME Investments Partnership Act
11 (42 U.S.C. 12721 et seq.).

12 (2) CONTENTS.—Each list provided under para-
13 graph (1) shall contain information regarding—

14 (A) the location of the rental units; and

15 (B) the number of units of each bedroom
16 size.

17 (3) UPDATE.—The Secretary of Housing and
18 Urban Development shall—

19 (A) maintain and update the list provided
20 under paragraph (1) on a regular basis; or

21 (B) make the list provided under para-
22 graph (1) easily accessible to all public housing
23 agencies through Federal Register notice, a
24 posting on the Internet, or other readily avail-
25 able means.

1 (b) RESPONSIBILITIES OF PUBLIC HOUSING AGEN-
 2 CIES.—Public housing agencies shall make the informa-
 3 tion provided by the Secretary under subsection (a) avail-
 4 able to families when the families are issued voucher rental
 5 assistance under section 8(o) of the United States Hous-
 6 ing Act of 1937 (42 U.S.C. 1437f).

7 **SEC. 7. REALLOCATION OF VOUCHERS.**

8 (a) IN GENERAL.—Section 8(dd) of the United
 9 States Housing Act of 1937 (42 U.S.C. 1437f(dd)) is
 10 amended—

11 (1) by striking “Subject to” and inserting the
 12 following:

13 “(1) IN GENERAL.—Subject to”; and

14 (2) by adding at the end the following:

15 “(2) REALLOCATION OF CHRONICALLY UNUTI-
 16 LIZED VOUCHERS.—

17 “(A) IN GENERAL.—The Secretary may re-
 18 duce the allocation baseline, only to the extent
 19 that the reduction reflects the lesser of the un-
 20 utilized portion of tenant-based subsidies or of
 21 budget authority provided under this section, of
 22 a public housing agency that—

23 “(i) fails, in a fiscal year, beginning in
 24 the fiscal year in which the Housing
 25 Voucher Improvement Act of 2002 is en-

1 acted, to utilize at least 90 percent of its
2 allocated number of tenant-based subsidies
3 or at least 90 percent of the budget au-
4 thority provided under this section that
5 has been under annual contributions con-
6 tract for 12 months on the first day of the
7 fiscal year, not taking into account, in the
8 numerator, funds used for services and
9 other activities under section 4; and

10 “(ii) fails, within 16 months after
11 written notice by the Secretary of a failure
12 described in clause (i), to utilize at least 95
13 percent of allocated vouchers for rental as-
14 sistance provided under this section or con-
15 tracted budget authority provided under
16 this section with respect to vouchers that
17 have been under annual contributions con-
18 tract for 12 months on the first day of the
19 fiscal year, not taking into account, in the
20 numerator, funds used for services and
21 other activities under section 4.

22 “(B) NOTICE TO TENANTS AND COMMU-
23 NITY.—When the Secretary provides written
24 warning to a public housing agency of a failure
25 described in subparagraph (A)(i), the Secretary

1 shall also publish notice of such failure in the
2 Federal Register and shall provide written no-
3 tice of such failure to the chairman of the sub-
4 ject public housing agency's resident advisory
5 board established pursuant to section 5A(e).
6 Not later than 14 days after the date of receipt
7 by the public housing agency of notice of a fail-
8 ure described in subparagraph (A)(i), that pub-
9 lic housing agency shall provide a copy of such
10 notice to all members of its resident advisory
11 board or boards.

12 “(C) UTILIZATION RATE DETERMINA-
13 TION.—

14 “(i) IN GENERAL.—At the request of
15 a public housing agency, the Secretary
16 shall determine the voucher utilization rate
17 of the public housing agency for use under
18 subparagraph (A), based on data regarding
19 the utilization of vouchers from the period
20 beginning 6 months prior to the request of
21 the public housing agency.

22 “(ii) ELIGIBILITY OF A PHA TO RE-
23 QUEST A NEW SURVEY OF FAIR MARKET
24 RENTS.—If a public housing agency re-
25 quests, within 60 days of receipt of the

1 written notice by the Secretary of a failure
2 described in subparagraph (A)(i), that the
3 Secretary conduct a further survey of mar-
4 ket rents in the area to determine the ac-
5 curacy of the applicable fair market rent
6 or the need for an exception payment
7 standard, and the Secretary determines as
8 a result of such survey to increase the fair
9 market rent or approve an exception pay-
10 ment standard, the written notice shall be
11 considered null and void. Whether a public
12 housing agency complies with the standard
13 under subparagraph (A)(i) shall be deter-
14 mined based on the first complete fiscal
15 year in which the agency has the oppor-
16 tunity to use the increased fair market
17 rent or approved exception payment stand-
18 ard. To be eligible to request a rent survey
19 under this clause, a public housing agency
20 must use the maximum allowable payment
21 standard for that area for a period of not
22 less than 6 months prior to such request.

23 “(D) DETERMINATION OF INEFFECTIVE
24 PERFORMANCE.—A reallocation of chronically
25 unutilized vouchers under this subsection shall

1 be deemed to be a determination that the agen-
2 cy is not performing effectively under section
3 3(b)(6)(B)(iii).

4 “(3) REALLOCATION.—

5 “(A) IN GENERAL.—The Secretary shall
6 allocate the contracts for the vouchers made
7 available by the reduction in baseline authority
8 authorized under paragraph (2) in a manner
9 that ensures that applicants on the waiting list
10 of the public housing agency from which vouch-
11 ers are reallocated may continue to be served,
12 consistent with this paragraph.

13 “(B) METROPOLITAN AREA.—

14 “(i) DESIGNATION OF METROPOLITAN
15 ADMINISTRATOR.—If vouchers are reallo-
16 cated from a public housing agency located
17 in a metropolitan area, the Secretary shall,
18 based on a public competitive process, des-
19 ignate a metropolitan administrator for all
20 or a portion of the metropolitan statistical
21 area in which that public housing agency is
22 located, in a manner consistent with clause
23 (iv).

24 “(ii) DISTRIBUTION OF VOUCHERS.—

25 A metropolitan administrator designated

1 under clause (i) shall receive all vouchers
2 in that administrator's region made avail-
3 able pursuant to paragraph (2).

4 “(iii) ELIGIBLE ADMINISTRATORS.—
5 The Secretary may select as a metropolitan
6 administrator an agency—

7 “(I) that—

8 “(aa) currently administers
9 a voucher program serving resi-
10 dents of the geographic area
11 served by the agency whose
12 voucher allocation has been re-
13 duced;

14 “(bb) has the legal ability to
15 serve such area; or

16 “(cc) has an agreement with
17 the Secretary to serve such area
18 pursuant to section
19 3(b)(6)(B)(iii); and

20 “(II) that is—

21 “(aa) a public housing agen-
22 cy that administers a voucher
23 program;

24 “(bb) a State or local agency
25 that has experience in admin-

1 istering tenant-based assistance
2 programs; or

3 “(cc) a nonprofit or for-prof-
4 it agency that has experience in
5 administering tenant-based as-
6 sistance programs.

7 “(iv) SELECTION PROCESS.—

8 “(I) PREFERENCE FOR CERTAIN
9 PUBLIC HOUSING AGENCIES.—The
10 Secretary may give preference in a
11 competitive selection to a public hous-
12 ing agency described in clause
13 (iii)(II)(aa) over other eligible admin-
14 istrators described in items (bb) and
15 (cc) of that clause (iii)(II), if the pub-
16 lic housing agency—

17 “(aa) is a well-managed
18 agency, based on objective indica-
19 tors, including a high rate of uti-
20 lization of allocated vouchers or
21 contracted budget authority pro-
22 vided under this section, and a
23 high rate of compliance with eli-
24 gibility and rent determination
25 requirements; and

1 “(bb) has demonstrated an
2 ability to increase the number of
3 voucher holders residing in low
4 poverty areas.

5 “(II) SELECTION CRITERIA.—In
6 selecting a metropolitan adminis-
7 trator, the Secretary shall take into
8 account—

9 “(aa) whether the entity has
10 operated tenant-based assistance
11 programs in a manner that has
12 not led to an overconcentration of
13 tenant-based subsidy holders in
14 certain areas;

15 “(bb) whether the entity has
16 the administrative capacity to ad-
17 minister the number of additional
18 vouchers it is likely to receive if
19 it is selected as a metropolitan
20 administrator and to serve the
21 geographic area served by agen-
22 cies from which vouchers are re-
23 allocated;

24 “(cc) the relative need for
25 assistance under subsection (o) of

1 the eligible population not receiv-
2 ing housing assistance in the
3 area currently served by the enti-
4 ty; and

5 “(dd) any other criteria for
6 choosing a metropolitan adminis-
7 trator that the Secretary deter-
8 mines to be appropriate.

9 “(C) NONMETROPOLITAN AREA.—

10 “(i) IN GENERAL.—If vouchers are re-
11 allocated pursuant to this subsection from
12 a public housing agency that is located in
13 a nonmetropolitan area, the Secretary shall
14 reallocate such authority to a public hous-
15 ing agency or other eligible administrator
16 as specified in subparagraph (B)(iii). The
17 Secretary may designate an entity to re-
18 ceive vouchers reallocated from all or a
19 portion of the nonmetropolitan area in a
20 State.

21 “(ii) SELECTION.—In selecting an en-
22 tity to receive vouchers reallocated from a
23 nonmetropolitan area, the Secretary shall
24 utilize the preferences and criteria in sub-
25 paragraph (B)(iv), and shall consider the

1 relative administrative costs likely to be in-
2 curred to serve families that reside in the
3 geographic area of the agency from which
4 the vouchers were reallocated.

5 “(D) DESIGNATION OF A NEW ADMINIS-
6 TRATOR.—If, at any time, the Secretary deter-
7 mines that the criteria established under this
8 paragraph for a metropolitan or nonmetropoli-
9 tan administrator are not met, the Secretary
10 shall designate another administrator.

11 “(E) ADDITIONAL VOUCHERS.—The Sec-
12 retary shall ensure that certain criteria or
13 benchmarks regarding voucher success rates
14 and concentration of voucher holders are met
15 each year before providing an administrator
16 with additional vouchers.

17 “(F) LACK OF ELIGIBLE FAMILIES.—If the
18 Secretary determines that the primary cause of
19 voucher underutilization by a public housing
20 agency under paragraph (2)(A) is a lack of eli-
21 gible families in the area of operation of the
22 public housing agency, the Secretary may estab-
23 lish criteria and procedures to reallocate vouch-
24 ers from that agency to another public housing
25 agency or another metropolitan or nonmetro-

1 politan administrator outside of the area of op-
2 eration of the public housing agency. First pri-
3 ority for vouchers reallocated under this sub-
4 paragraph shall be given to an entity that has
5 previously voluntarily relinquished to the Sec-
6 retary a portion of its allocated voucher budget
7 authority and has subsequently demonstrated a
8 need for, and an ability to use, such budget au-
9 thority under criteria established by the Sec-
10 retary. Second priority shall be given to an enti-
11 ty that serves a jurisdiction in the same State
12 as the agency from which vouchers are being
13 reallocated.

14 “(4) SPECIAL POPULATIONS.—Vouchers that
15 have been designated by the Secretary to be used by
16 special populations shall—

17 “(A) retain such designation on realloca-
18 tion; and

19 “(B) be reallocated, if there is an eligible
20 applicant within the State or area that has ex-
21 perience administering a voucher program for a
22 special population, in accordance with para-
23 graphs (2) and (3).

24 “(5) PROMPT REALLOCATION.—Within 60 days
25 of reducing a public housing agency’s allocation of

1 vouchers pursuant to paragraph (2) in an area for
2 which the Secretary has designated an administrator
3 to receive vouchers reallocated pursuant to this sub-
4 section, the Secretary shall enter into a contract
5 with the designated administrator for the reallocated
6 vouchers.”.

7 (b) RULES OF THE SECRETARY.—The Secretary
8 shall promulgate rules to carry out this section not later
9 than 6 months after the date of enactment of this Act.

10 **SEC. 8. PROMOTING SELF-SUFFICIENCY.**

11 (a) FAMILY SELF-SUFFICIENCY.—Section 23 of the
12 United States Housing Act of 1937 (42 U.S.C. 1437u)
13 is amended—

14 (1) in subsection (a), by striking “under the
15 certificate and voucher programs”;

16 (2) in subsection (b), by adding at the end the
17 following:

18 “(6) ELIGIBILITY OF FAMILIES IN PROJECT-
19 BASED SECTION 8 UNITS.—

20 “(A) IN GENERAL.—Families residing in
21 units assisted under section 8(c) are eligible to
22 participate in a program under this section.

23 “(B) VOLUNTARY PARTICIPATION OF OWN-
24 ERS.—

1 “(i) IN GENERAL.—The owner of
2 units receiving assistance under section
3 8(c) may elect to carry out a local program
4 under this section, subject to approval by
5 the Secretary of an action plan pursuant to
6 subsection (g) of this section.

7 “(ii) APPLICABILITY.—The provisions
8 of this section that apply to public housing
9 agencies operating a program under this
10 section shall apply to owners that carry out
11 a local program under this section.

12 “(C) VOLUNTARY EXPANSION OF PUBLIC
13 HOUSING AGENCY PROGRAMS TO INCLUDE FAM-
14 ILIES IN PROJECT-BASED SECTION 8 UNITS.—

15 “(i) IN GENERAL.—If an owner of
16 units that receive assistance under section
17 8(c) does not elect to carry out a local pro-
18 gram under this section, a public housing
19 agency that operates a program under this
20 section and serves the jurisdiction in which
21 the units are located may enroll families
22 residing in such units in its program under
23 this section, subject to the approval of the
24 Secretary.

1 “(ii) ESCROW ACCOUNTS.—The Sec-
2 retary shall determine how to enable fami-
3 lies residing in units assisted under section
4 8(c) and participating in a public housing
5 agency program under this section to ben-
6 efit from the escrow savings accounts au-
7 thorized by subsection (d)(2) of this sec-
8 tion.”;

9 (3) in subsection (h)(2), by striking “a full-time
10 service coordinator” and inserting “1 or more full-
11 time service coordinators”; and

12 (4) in subsection (n)(4), by inserting before the
13 period the following: “or carried out by an owner of
14 units assisted under section 8(c)”.

15 (b) ALLOW ROSS FUNDS TO BE USED TO SERVE
16 SECTION 8 FAMILIES.—Section 34 of the United States
17 Housing Act of 1937 (42 U.S.C. 1437z-6) is amended—

18 (1) in subsection (a), by inserting “or house-
19 holds receiving vouchers” after “public housing resi-
20 dents” each place it appears; and

21 (2) in subsection (b), by inserting “directed to-
22 ward families receiving vouchers or for activities”
23 after “only for activities”.

24 (c) INCREASING INCENTIVES FOR FAMILIES TO
25 WORK AND INCREASE THEIR EARNINGS AND TO RE-

1 UNIFY FAMILIES.—Section 3 of the United States Hous-
2 ing Act of 1937 (42 U.S.C. 1437a) is amended—

3 (1) in subsection (b)(5)(A), by adding at the
4 end the following:

5 “(viii) INCENTIVES TO INCREASE
6 EARNED INCOME.—Any payment made to,
7 or on behalf of, a member of a family (in-
8 cluding a parent or spouse who begins to
9 reside with a family after the family has
10 begun to receive assistance under section 8
11 or live in public housing) that receives as-
12 sistance under section 8 or resides in pub-
13 lic housing that is expressly for the pur-
14 pose of offsetting in whole or in part an in-
15 crease in rent that results from an increase
16 in the total earned income in a house-
17 hold.”; and

18 (2) by adding at the end the following:

19 “(g) INCENTIVE GRANTS.—A public housing agency
20 or owner that administers a public housing program or
21 section 8 subsidies may receive funding from any State
22 or local agency for the purpose of providing incentives to
23 families to increase earned income as provided in sub-
24 section (b)(5)(A)(viii), and such grants shall not be in-
25 cluded as revenue or income to the agency or owner in

1 determining the payments owed to the agency or owner
2 by the Secretary.”.

3 (d) WELFARE-TO-WORK HOUSING VOUCHER PRO-
4 GRAM.—

5 (1) IN GENERAL.—Section 8(o) of the United
6 States Housing Act of 1937 (42 U.S.C. 1437f(o)),
7 as amended by this Act, is amended by adding at
8 the end the following:

9 “(22) WELFARE-TO-WORK HOUSING VOUCHER
10 PROGRAM.—

11 “(A) PROGRAM REQUIREMENTS.—

12 “(i) APPLICABILITY.—Paragraphs (1)
13 through (14), (20), and (21) apply to the
14 program established under this paragraph.

15 “(ii) RENEWAL.—Upon renewal, in-
16 cremental vouchers awarded under this
17 paragraph shall continue to be adminis-
18 tered under this paragraph.

19 “(iii) TECHNICAL ASSISTANCE.—The
20 Secretary may use funds available for tech-
21 nical assistance to assist public housing
22 agencies that receive assistance under this
23 paragraph.

24 “(B) ELIGIBLE GRANTEES.—A public
25 housing agency (including Indian tribes and

1 tribally designated housing entities, as defined
2 by the Secretary) is eligible to receive assistance
3 under this paragraph if the public housing
4 agency demonstrates, to the satisfaction of the
5 Secretary—

6 “(i) that the agency—

7 “(I) is effectively administering a
8 voucher program;

9 “(II) is capable of leasing the al-
10 lotted number of welfare-to-work
11 vouchers in the time allowed by the
12 Secretary; and

13 “(III) has included in the annual
14 plan of the agency a description of a
15 program to provide welfare-to-work
16 vouchers; and

17 “(ii) that the agency—

18 “(I) is carrying out an effective
19 welfare-to-work housing program
20 using Federal, State, or local funds
21 (including vouchers funded under the
22 Department of Veterans Affairs and
23 Housing and Urban Development, and
24 Independent Agencies Appropriations
25 Act, 1999 (Public Law 105–276), or

1 other vouchers funded under this sub-
2 section) and, in determining whether
3 an agency is carrying out an effective
4 welfare-to-work housing program, the
5 Secretary shall consider whether the
6 agency has a collaboration with the
7 State, local, or tribal entities admin-
8 istering the programs under part A of
9 title IV of the Social Security Act (42
10 U.S.C. 601 et seq.) and under the
11 Workforce Investment Act of 1998
12 (29 U.S.C. 2811 et seq.) that serve
13 families in the jurisdiction to ensure
14 that these agencies will collaborate
15 with the public housing agency in
16 identifying eligible families, deter-
17 mining criteria for selection among el-
18 igible families in light of the cir-
19 cumstances in the jurisdiction, and
20 providing payments and services to
21 families (including outreach to owners
22 and case management) so that fami-
23 lies may obtain housing in an area of
24 greater employment opportunity or in
25 proximity to a current place of em-

1 employment or transportation to employ-
2 ment and overcome other barriers to
3 obtaining or retaining employment; or

4 “(II) has entered into a memo-
5 randum of understanding with the
6 State, local, or tribal entities that ad-
7 minister the programs under part A
8 of title IV of the Social Security Act
9 (42 U.S.C. 601 et seq.) and under the
10 Workforce Investment Act of 1998
11 (29 U.S.C. 2811 et seq.) that serve
12 families in the jurisdiction, and such
13 memoranda specify how the agencies
14 will collaborate with the public hous-
15 ing agency in identifying eligible fami-
16 lies, determining criteria for selection
17 among eligible families in light of the
18 circumstances in the jurisdiction, and
19 providing payments and services to
20 families (including outreach to owners
21 and case management) so that fami-
22 lies may obtain housing in an area of
23 greater employment opportunity or in
24 proximity to a current place of em-
25 ployment or transportation to employ-

1 ment and overcome other barriers to
2 obtaining or retaining employment.

3 “(C) ADDITIONAL CRITERIA FOR GRANTEE
4 SELECTION.—The Secretary—

5 “(i) may establish criteria in addition
6 to that established in subparagraph (B) for
7 the selection of public housing agencies
8 that are eligible to receive assistance under
9 this paragraph; and

10 “(ii) shall consult with the Secretary
11 of Health and Human Services and the
12 Secretary of Labor in determining addi-
13 tional criteria under this subparagraph.

14 “(D) ELIGIBLE FAMILIES.—Families se-
15 lected to receive assistance under this para-
16 graph shall be—

17 “(i) receiving, or shall have received in
18 the 2 years preceding the date on which
19 the family was selected to receive assist-
20 ance under this paragraph, assistance or
21 other payments (including benefits pro-
22 vided by payments to third parties) or
23 services funded under the Temporary As-
24 sistance for Needy Families (TANF) pro-
25 gram under part A of title IV of the Social

1 Security Act or as part of a qualified State
2 expenditure of a State under section
3 409(a)(7)(B)(i) of such Act; and

4 “(ii) in need of housing voucher as-
5 sistance as determined by the public hous-
6 ing agency, the agency that administers
7 the Temporary Assistance for Needy Fami-
8 lies program, or the Workforce Investment
9 Agency in order to—

10 “(I) obtain housing in an area of
11 greater employment opportunity or in
12 proximity to a current place of em-
13 ployment or transportation to employ-
14 ment;

15 “(II) participate effectively in a
16 program to overcome barriers to em-
17 ployment; or

18 “(III) retain employment or in-
19 crease hours of employment.

20 “(E) PORTABILITY REQUIREMENT.—Not-
21 withstanding any provision of State law, if a
22 public housing agency, having authority with re-
23 spect to the dwelling unit to which a family
24 moves, does not operate a welfare-to-work
25 voucher program under this paragraph and

1 does not agree to carry out the responsibilities
2 of the issuing agency under this paragraph, the
3 issuing agency may continue to administer as-
4 sistance under this paragraph.

5 “(F) PREFERENCE.—The Secretary shall
6 give preference in the award of assistance under
7 this paragraph to public housing agencies with-
8 in a State—

9 “(i) with jurisdiction that minimizes
10 the need to use the procedures established
11 under subsection (r) to allow families to re-
12 side in areas with job opportunities; or

13 “(ii) that demonstrate, to the satisfac-
14 tion of the Secretary, that the procedures
15 under subsection (r) do not pose a barrier
16 to the choice of housing for families.

17 “(G) COORDINATION WITH FAMILY SELF-
18 SUFFICIENCY PROGRAM.—A public housing
19 agency that applies for assistance under this
20 paragraph shall have approval from the Sec-
21 retary to operate a family self-sufficiency pro-
22 gram under section 23 (42 U.S.C. 1437u) of
23 sufficient size to accommodate families that
24 may receive assistance from that agency under
25 this paragraph, or shall request such approval.

1 The Secretary shall consider the award of as-
2 sistance under this paragraph in determining
3 the amount of funding for family self-suffi-
4 ciency program coordinators for which public
5 housing may be available.

6 “(H) PRELIMINARY FEES.—Notwith-
7 standing subsection (q)(2)(A), a public housing
8 agency is eligible for a preliminary fee under
9 that subsection the first time that agency re-
10 ceives assistance under this paragraph.

11 “(I) AUTHORIZATION OF APPROPRIA-
12 TIONS.—There is authorized to be appropriated
13 such sums as may be necessary for each of fis-
14 cal years 2003 through 2007 to provide for in-
15 cremental vouchers for use to provide assistance
16 as part of a welfare-to-work housing voucher
17 program.”.

18 (2) PORTABILITY REQUIREMENT.—Section 8(r)
19 of the United States Housing Act of 1937 (42
20 U.S.C. 1437f(r)) is amended by adding at the end
21 the following:

22 “(6) APPLICABILITY.—This subsection applies
23 to assistance—

24 “(A) provided under subsection (o)(22); or

1 “(B) funded under the Department of Vet-
2 erans Affairs and Housing and Urban Develop-
3 ment, and Independent Agencies Appropriations
4 Act, 1999 (Public Law 105–276).”.

5 (3) ADJUSTED INCOME.—Section 3(b)(5) of the
6 United States Housing Act of 1937 (42 U.S.C.
7 1437a(b)(5)) is amended by adding at the end the
8 following:

9 “(C) PERMISSIVE EXCLUSIONS WITH SEC-
10 RETARY APPROVAL FOR WELFARE-TO-WORK
11 VOUCHERS.—In determining adjusted income, a
12 public housing agency may, with the approval of
13 the Secretary, exclude from the annual income
14 of a family that receives assistance under sec-
15 tion 8(o)(22), a portion of the earned income of
16 that family.”.

17 **SEC. 9. INSPECTION OF UNITS.**

18 Section 8(o)(8) of the United States Housing Act of
19 1937 (42 U.S.C. 1437f(o)(8)) is amended—

20 (1) in subparagraph (A)—

21 (A) by striking “IN GENERAL.—Except as
22 provided in paragraph (11),” and inserting the
23 following: “GENERAL RULE.—

1 “(i) IN GENERAL.—Except as pro-
2 vided in clause (ii) and paragraph (11),”;
3 and

4 (B) by adding at the end the following:

5 “(ii) EXCEPTION.—A public housing
6 agency may commence payments to an
7 owner, if the public housing agency—

8 “(I) has conducted an inspection
9 of the building, which includes an in-
10 spection of a reasonable number of
11 units in the 6 months prior to the
12 date on which payment is made to the
13 owner, and that inspection and any
14 subsequent unit inspections have not
15 turned up major deficiencies;

16 “(II) conducts an inspection of
17 the unit for which the payment is
18 being made not later than 30 days
19 after the date for which payment is
20 made to the owner; and

21 “(III) has an agreement with the
22 owner to correct any deficiencies and
23 make any repairs in the unit not later
24 than 30 days after the date on which

1 the inspection was made under sub-
2 clause (II).”;

3 (2) in subparagraph (D)—

4 (A) by striking “Each” and inserting the
5 following:

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), each”; and

8 (B) by adding at the end the following:

9 “(ii) EXCEPTION.—If a public housing
10 agency has a large jurisdiction and is con-
11 ducting inspections on a geographical
12 basis, the public housing agency may com-
13 ply with the annual inspection requirement
14 by inspecting the unit within 9 to 15
15 months of the previous inspection.”; and

16 (3) in subparagraph (E), by adding at the end
17 the following: “If an inspection of a dwelling unit by
18 a public housing agency reveals deficiencies that an
19 owner must correct in order that the unit comply
20 with the applicable standards relating to physical
21 condition, the public housing agency may delay or
22 abate payments to the owner, either wholly or par-
23 tially, pending completion of any necessary repairs
24 or other corrective action by the owner. In deter-
25 mining the extent of any abatement, the public hous-

1 ing agency may take into account the seriousness of
2 the deficiency and the owner’s previous performance
3 with respect to the correction of deficiencies.

4 **SEC. 10. AUTOMATIC PAYMENT SYSTEMS.**

5 Section 8(o)(10) of the United States Housing Act
6 of 1937 (42 U.S.C. 1437f(o)(10)) is amended by adding
7 at the end the following:

8 “(F) AUTOMATED PAYMENTS.—

9 “(i) IN GENERAL.—The Secretary
10 shall provide measures, including technical
11 assistance, to ensure that all administra-
12 tive agencies have the capacity to process
13 voucher subsidy payments by means of
14 electronic fund transfers to owners of
15 dwelling units for the purpose of ensuring
16 timely payments in accordance with this
17 paragraph and regulations promulgated by
18 the Secretary.

19 “(ii) CURRENT SYSTEMS.—The Sec-
20 retary shall examine the current use and
21 implementation of automated payment sys-
22 tems among administrative agencies, and
23 establish the need and capacity of such
24 agencies to implement an automated elec-
25 tronic funds transfer system. The Sec-

1 retary shall provide progress reports on
2 this activity not less than annually.”.

3 **SEC. 11. ENHANCED VOUCHERS.**

4 Section 8(t)(1) of the United States Housing Act of
5 1937 (42 U.S.C. 1437f(t)(1)) is amended—

6 (1) in the matter preceding subparagraph (A),
7 by inserting after “except that” the following: “a
8 family may not be denied assistance due to a public
9 housing agency’s selection standards for participa-
10 tion, and”; and

11 (2) in subparagraph (B), by inserting after “eli-
12 gibility event for the project” the following: “regard-
13 less of unit and family size standards normally used
14 by the administering agency”.

15 **SEC. 12. EFFECTIVE DATE.**

16 This Act and the amendments made by this Act shall
17 take effect upon the date of enactment of this Act, with
18 the following exceptions:

19 (1) Subsections (b) and (c) of section 5, and
20 sections 6, 9, and 10 of this Act, and the amend-
21 ments made by those sections, shall take effect 1
22 year after the date of enactment of this Act.

23 (2) Section 8 of this Act, and the amendments
24 made by that section, shall take effect on October 1,
25 2002, with the exception of paragraphs (2) and (3)

1 of subsection (d), and the amendments made by
2 those paragraphs, which shall take effect upon the
3 date of enactment of this Act.

4 (3) Except as otherwise specified in this Act.

○