

104TH CONGRESS
1ST SESSION

H. R. 2406

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1995

Mr. LAZIO of New York (for himself, Mr. LEACH, Mr. MCCOLLUM, Mr. BAKER of Louisiana, Mr. CASTLE, Mr. WELLER, Mr. BONO, Mr. EHR- LICH, Mr. CREMEANS, Mr. FOX of Pennsylvania, Mr. HEINEMAN, and Mrs. KELLY) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “United States Housing Act of 1995”.

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

- Sec. 1. Short title and table of contents.
 Sec. 2. Declaration of policy to renew American neighborhoods.

TITLE I—GENERAL PROVISIONS

- Sec. 101. Statement of purpose.
 Sec. 102. Definitions.
 Sec. 103. Organization of local housing and management authorities.
 Sec. 104. Determination of adjusted income.
 Sec. 105. Limitation on admission of drug or alcohol abusers to assisted housing.
 Sec. 106. Community work and family self-sufficiency requirement.
 Sec. 107. Community improvement plans.
 Sec. 108. Review of plans.
 Sec. 109. Headquarters reserve fund.
 Sec. 110. Labor standards.
 Sec. 111. Nondiscrimination.
 Sec. 112. Effective date and regulations.

TITLE II—PUBLIC HOUSING

Subtitle A—Block Grants

- Sec. 201. Block grant contracts.
 Sec. 202. Block grant authority and amount.
 Sec. 203. Eligible and required activities.
 Sec. 204. Determination of block grant allocation.
 Sec. 205. Sanctions for improper use of amounts.

Subtitle B—Admissions and Occupancy Requirements

- Sec. 221. Low-income housing requirement.
 Sec. 222. Family income eligibility.
 Sec. 223. Preferences for occupancy.
 Sec. 224. Admission procedures.
 Sec. 225. Family rental payment.
 Sec. 226. Lease requirements.
 Sec. 227. Designated housing for elderly and disabled families.

Subtitle C—Management

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

Subtitle D—Homeownership

- Sec. 251. Resident homeownership programs.

Subtitle E—Disposition and Demolition of Developments

Sec. 261. Requirements for demolition and disposition of developments.

Subtitle F—General Provisions

Sec. 271. Conversion to block grant assistance.

Sec. 272. Payment of non-Federal share.

Sec. 273. Definitions.

Sec. 274. Authorization of appropriations.

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

Subtitle A—Grants and Allocation

Sec. 301. Authority to provide housing assistance grants.

Sec. 302. Grant agreements.

Sec. 303. Allocation of amounts.

Sec. 304. Administrative fees.

Sec. 305. Authorizations of appropriations.

Sec. 306. Conversion of section 8 assistance.

Subtitle B—Choice-Based Housing Assistance for Eligible Families

Sec. 321. Eligible families and preferences for assistance.

Sec. 322. Resident contribution.

Sec. 323. Rental indicators.

Sec. 324. Lease terms.

Sec. 325. Termination of tenancy.

Sec. 326. Eligible owners.

Sec. 327. Selection of dwelling units.

Sec. 328. Eligible dwelling units.

Sec. 329. Homeownership option.

Sec. 330. Administrative grievance procedure.

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

Sec. 351. Housing assistance payments contracts.

Sec. 352. Amount of monthly assistance payment.

Sec. 353. Payment standards.

Sec. 354. Reasonable rents.

Sec. 355. Prohibition of assistance for vacant rental units.

Sec. 356. Prohibition of portability.

Subtitle D—General and Miscellaneous Provisions

Sec. 371. Definitions.

Sec. 372. Rental assistance fraud recoveries.

Subtitle E—Provisions Relating to Discontinued HUD-Administered Programs
for Project-Based Assistance

Sec. 381. Prohibition of discrimination in subsidized projects.

TITLE IV—ACCREDITATION AND OVERSIGHT OF LOCAL HOUSING
AND MANAGEMENT AUTHORITIES

Subtitle A—Housing Foundation and Accreditation Board

- Sec. 401. Establishment.
- Sec. 402. Membership.
- Sec. 403. Functions.
- Sec. 404. Initial establishment of standards and procedures for LHMA compliance.
- Sec. 405. Powers.
- Sec. 406. Fees.
- Sec. 407. Reports.

Subtitle B—Accreditation and Oversight Standards and Procedures

- Sec. 431. Establishment of performance benchmarks and accreditation procedures.
- Sec. 432. Annual financial and performance audit.
- Sec. 433. Annual classification by performance category.
- Sec. 434. Accreditation.
- Sec. 435. Performance agreements for troubled authorities.
- Sec. 436. Option to demand conveyance of title to or possession of public housing.
- Sec. 437. Removal of ineffective LHMA's.
- Sec. 438. Mandatory takeover of chronically troubled PHA's.
- Sec. 439. Treatment of troubled PHA's.
- Sec. 438. Maintenance of and access to records.
- Sec. 440. Annual reports regarding troubled LHMA's.
- Sec. 442. Applicability to resident management corporations.
- Sec. 443. Inapplicability to Indian housing.

TITLE V—REPEALS AND CONFORMING AMENDMENTS

- Sec. 501. Repeals.
- Sec. 502. Conforming provisions.

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

3 The Congress hereby declares that—

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

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

1 of temporary circumstances or factors beyond
2 their control;

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

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

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

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

23 (4) merely providing physical structures to
24 house low-income families will not pull generations
25 up from poverty, but housing is a fundamental com-

1 ponent of bringing true opportunity to people and
2 communities in need.

3 **TITLE I—GENERAL PROVISIONS**

4 **SEC. 101. STATEMENT OF PURPOSE.**

5 The purpose of this Act is to promote housing oppor-
6 tunities that are affordable to low-income families by—

7 (1) deregulating and decontrolling public hous-
8 ing agencies, which in this Act are referred to as
9 “local housing and management authorities”, and
10 thereby enable them to perform as property and
11 asset managers;

12 (2) providing for more flexible use of Federal
13 assistance to local housing and management authori-
14 ties, allowing the authorities to leverage and combine
15 assistance amounts with amounts obtained from
16 other sources;

17 (3) facilitating mixed income communities;

18 (4) increasing accountability and rewarding ef-
19 fective management of local housing and manage-
20 ment authorities;

21 (5) creating incentives for residents of dwelling
22 units assisted by local housing and management au-
23 thorities to work; and

24 (6) recreating the existing rental assistance
25 voucher program so that the use of vouchers and re-

1 relationships between landlords and tenants under the
2 program operate in a manner that more closely re-
3 sembles the private housing market.

4 **SEC. 102. DEFINITIONS.**

5 For purposes of this Act, the following definitions
6 shall apply:

7 (1) **COMMUNITY IMPROVEMENT PLAN.**—The
8 term “community improvement plan” means, with
9 respect to any fiscal year, the plan under section
10 107 of a local housing and management authority
11 for such fiscal year.

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

20 (3) **DRUG-RELATED CRIMINAL ACTIVITY.**—The
21 term “drug-related criminal activity” means the ille-
22 gal manufacture, sale, distribution, use, or posses-
23 sion with intent to manufacture, sell, distribute, or
24 use, of a controlled substance (as such term is de-

1 fined in section 102 of the Controlled Substances
2 Act).

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

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

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

19 (7) LOCAL HOUSING AND MANAGEMENT AU-
20 THORITY.—The term “local housing and manage-
21 ment authority” is defined in section 103.

22 (8) INCOME.—The term “income” means, with
23 respect to a family, income from all sources of each
24 member of the household, as determined in accord-
25 ance with criteria prescribed by the applicable local

1 housing and management authority and the Sec-
2 retary, except that the following amounts shall be
3 excluded:

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

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

9 (9) INDIAN.—The term “Indian” means any
10 person recognized as being an Indian, Alaska Na-
11 tive, or Native Hawaiian by an Indian tribe, the
12 Federal Government, or any State.

13 (10) INDIAN AREA.—The term “Indian area”
14 means the area within which an Indian housing au-
15 thority is authorized to provide low-income housing
16 assistance under this Act.

17 (11) INDIAN HOUSING AUTHORITY.—The term
18 “Indian housing authority” means any entity that—

19 (A) is authorized to engage in or assist in
20 the production or operation of low-income hous-
21 ing for Indians that is assisted under this Act;
22 and

23 (B) is established—

1 (i) by exercise of the power of self-
2 government of an Indian tribe independent
3 of State law; or

4 (ii) by operation of State law provid-
5 ing specifically for housing authorities for
6 Indians, including regional housing au-
7 thorities in the State of Alaska.

8 (12) INDIAN TRIBE.—The term “Indian tribe”
9 means any tribe, band, pueblo, group, community, or
10 nation of Indians, Alaska Natives, or Native Hawai-
11 ians.

12 (13) LOW-INCOME FAMILY.—The term “low-in-
13 come family” means a family whose income does not
14 exceed 80 percent of the median income for the
15 area, except that a local housing and management
16 authority may, for purposes of this paragraph, es-
17 tablish income ceilings higher or lower than 80 per-
18 cent of the median for the area on the basis of the
19 authority’s findings that such variations are nec-
20 essary because of unusually high or low family in-
21 comes.

22 (14) LOW-INCOME HOUSING.—The term “low-
23 income housing” means dwellings that comply with
24 the requirements—

1 (A) under subtitle B of title II for assist-
2 ance under such title for the dwellings; or

3 (B) under title III for rental assistance
4 payments under such title for the dwellings.

5 (15) NEAR-ELDERLY PERSON.—The term
6 “near-elderly person” means a person who is at least
7 55 years of age.

8 (16) PERSON WITH DISABILITIES.—The term
9 “person with disabilities” means a person who—

10 (A) has a disability as defined in section
11 223 of the Social Security Act; or

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

15 Such term shall not exclude persons who have the
16 disease of acquired immunodeficiency syndrome or
17 any conditions arising from the etiologic agent for
18 acquired immunodeficiency syndrome.

19 (17) PUBLIC HOUSING.—The term “public
20 housing” means housing, and all necessary appur-
21 tenances thereto, that—

22 (A) is low-income housing or low-income
23 dwelling units in mixed income housing (as pro-
24 vided in section 221(c)(2)); and

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

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

9 (18) SECRETARY.—The term “Secretary”
10 means the Secretary of Housing and Urban Develop-
11 ment.

12 (19) STATE.—The term “State” means the
13 States of the United States, the District of Colum-
14 bia, the Commonwealth of Puerto Rico, the Com-
15 monwealth of the Northern Mariana Islands, Guam,
16 the Virgin Islands, American Samoa, any other ter-
17 ritory or possession of the United States, and Indian
18 tribes.

19 (20) VERY LOW-INCOME FAMILY.—The term
20 “very low-income family” means a low-income family
21 whose income does not exceed 50 percent of the me-
22 dian family income for the area, except that a local
23 housing and management authority may, for pur-
24 poses of this paragraph, establish income ceilings
25 higher or lower than 50 percent of the median for

1 the area on the basis of the authority's findings that
2 such variations are necessary because of unusually
3 high or low family incomes.

4 **SEC. 103. ORGANIZATION OF LOCAL HOUSING AND MAN-**
5 **AGEMENT AUTHORITIES.**

6 (a) REQUIREMENTS.—For purposes of this Act, the
7 terms “local housing and management authority” and
8 “authority” mean any entity that—

9 (1) is—

10 (A) a public housing agency or Indian
11 housing authority that was authorized under
12 the United States Housing Act of 1937 to en-
13 gage in or assist in the development or oper-
14 ation of low-income housing;

15 (B) authorized under this Act to engage in
16 or assist in the development or operation of
17 low-income housing by any State, county, mu-
18 nicipality, or other governmental body or public
19 entity; or

20 (C) an entity selected by the Secretary,
21 pursuant to subtitle B of title IV, to manage
22 housing; and

23 (2) complies with the requirements under sub-
24 section (b).

25 (b) GOVERNANCE.—

1 (1) BOARD OF DIRECTORS.—Each local housing
2 and management authority shall have a board of di-
3 rectors or other form of governance as prescribed in
4 State or local law. No person may be barred from
5 serving on such board or body because of such per-
6 son’s residency in a public housing project.

7 (2) RESIDENT MEMBERSHIP.—

8 (A) IN GENERAL.—Except as provided in
9 subparagraph (B), in localities in which a local
10 housing and management authority is governed
11 by a board of directors or other similar body,
12 the board or body shall include not less than 1
13 member who—

14 (i) is (I) a resident of a public hous-
15 ing dwelling unit owned or operated by the
16 authority, or (II) a member of an assisted
17 family under title III; and

18 (ii) is elected by residents of such
19 public housing dwelling units and assisted
20 families.

21 (B) EXCEPTIONS.—The requirement in
22 subparagraph (A) with respect to a resident
23 member shall not apply to—

24 (i) any State or local governing body
25 that serves as a local housing and manage-

1 ment authority for purposes of this Act
2 and whose responsibilities include substan-
3 tial activities other than acting as the local
4 housing and management authority, except
5 that such requirement shall apply to any
6 advisory committee or organization that is
7 established by such governing body and
8 whose responsibilities relate only to the
9 governing body's functions as a local hous-
10 ing and management authority for pur-
11 poses of this Act;

12 (ii) any local housing and manage-
13 ment authority that owns or operates less
14 than 250 public housing dwelling units (in-
15 cluding any authority that does not own or
16 operate public housing); or

17 (iii) any local housing and manage-
18 ment authority that manages public hous-
19 ing consisting primarily of scattered site
20 public housing.

21 (3) FULL PARTICIPATION.—No local housing
22 and management authority may limit or restrict the
23 capacity or offices in which a member of such board
24 or body may serve on such board or body solely be-
25 cause of the member's status as a resident member.

1 (4) CONFLICTS OF INTEREST.—The Secretary
2 shall establish guidelines to prevent conflicts of in-
3 terest on the part of members of the board or direc-
4 tors or governing body of a local housing and man-
5 agement authority.

6 (5) DEFINITION.—For purposes of this sub-
7 section, the term “resident member” means a mem-
8 ber of the board of directors or other similar govern-
9 ing body of a local housing and management author-
10 ity who is a resident of a public housing dwelling
11 unit administered or assisted by the authority or is
12 an assisted family (as such term is defined in section
13 371).

14 (c) ESTABLISHMENT OF POLICIES.—Any rules, regu-
15 lations, policies, standards, and procedures necessary to
16 implement policies required under section 107 to be in-
17 cluded in the community improvement plan for a local
18 housing and management authority shall be approved by
19 the board of directors or similar governing body of the
20 authority and shall be publicly available for review upon
21 request.

22 **SEC. 104. DETERMINATION OF ADJUSTED INCOME.**

23 (a) IN GENERAL.—For purposes of this Act, the term
24 “adjusted income” means, with respect to a family, the
25 difference between the income of the members of the fam-

1 ily residing in a dwelling unit or the persons on a lease
2 and the amount of any income exclusions for the family
3 under subsections (b) and (c), as determined by the local
4 housing and management authority.

5 (b) MANDATORY EXCLUSIONS FROM INCOME.—In
6 determining adjusted income, a local housing and manage-
7 ment authority shall exclude from the annual income of
8 a family the following amounts:

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

11 (2) MEDICAL EXPENSES.—The amount by
12 which 3 percent of the annual family income is ex-
13 ceed by the sum of—

14 (A) unreimbursed medical expenses of the
15 family; and

16 (B) unreimbursed reasonable attendant
17 care and auxiliary apparatus expenses for each
18 handicapped member of the family, to the ex-
19 tent necessary to enable any member of such
20 family (including such handicapped member) to
21 be employed.

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

1 (c) PERMISSIVE EXCLUSIONS FROM INCOME.—In de-
2 termining adjusted income, a local housing and manage-
3 ment authority may, in the discretion of the authority, es-
4 tablish exclusions from the annual income of a family.
5 Such exclusions may include the following amounts:

6 (1) MINORS.—\$480 for each member of the
7 family residing in the household (other than the
8 head of the household or his spouse) who is under
9 18 years of age, or who is 18 years of age or older
10 and is disabled, handicapped, or a full-time student.

11 (2) EXCESSIVE TRAVEL EXPENSES.—Excessive
12 travel expenses in an amount not to exceed \$25 per
13 family per week, for employment- or education-relat-
14 ed travel.

15 (3) EARNED INCOME.—An amount of any
16 earned income of the family, established at the dis-
17 cretion of the local housing and management author-
18 ity, which may be based on—

19 (A) all earned income of the family,

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

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

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

4 (4) OTHERS.—Such other amounts for other
5 purposes, as the local housing and management au-
6 thority may establish.

7 **SEC. 105. LIMITATION ON ADMISSION OF DRUG OR ALCO-**
8 **HOL ABUSERS TO ASSISTED HOUSING.**

9 Notwithstanding any other provision of law, a local
10 housing and management authority may establish stand-
11 ards for occupancy in public housing dwelling units and
12 assistance under title III, that prohibit admission to such
13 units and assistance under title III by any person whose
14 current illegal use or history of illegal use of a controlled
15 substance or whose use of alcohol provides reasonable
16 cause for the authority to believe that the occupancy by
17 such person may interfere with the health, safety, or right
18 to peaceful enjoyment of the premises by other residents.

19 **SEC. 106. COMMUNITY WORK AND FAMILY SELF-SUFFI-**
20 **CIENCY REQUIREMENT.**

21 (a) REQUIREMENT.—Each local housing and man-
22 agement authority shall require, as a condition of occu-
23 pancy of a public housing dwelling unit by a family and
24 of providing housing assistance under title III on behalf
25 of a family, that each adult member of the family shall—

1 (1) contribute not less than 8 hours of work per
2 month within the community in which the family re-
3 sides; or

4 (2) participate on an ongoing basis in a pro-
5 gram designed to promote economic self-sufficiency.

6 (b) EXEMPTIONS.—A local housing and management
7 authority may provide for the exemption, from the applica-
8 bility of the requirement under subsection (a), of each in-
9 dividual who is—

10 (1) an elderly person;

11 (2) a person with disabilities and unable, as de-
12 termined in accordance with guidelines established
13 by the Secretary, to comply with the requirement; or

14 (3) working, attending school or vocational
15 training, or otherwise complying with work require-
16 ments applicable under other public assistance pro-
17 grams.

18 **SEC. 107. COMMUNITY IMPROVEMENT PLANS.**

19 (a) IN GENERAL.—In accordance with this section,
20 the Secretary shall provide for each local housing and
21 management authority to submit to the Secretary a com-
22 munity improvement plan under this section for each fiscal
23 year that describes the mission of the local housing and
24 management authority and the goals, objectives, and poli-

1 cies of the authority to meet the housing needs of low-
2 income families in the jurisdiction of the authority.

3 (b) PROCEDURES.—The Secretary shall establish re-
4 quirements and procedures for submission and review of
5 plans and for the contents of such plans. Such procedures
6 shall provide for local housing and management authori-
7 ties to, at the option of the authority, submit plans under
8 this section together with, or as part of, the comprehensive
9 housing affordability strategy under section 105 of the
10 Cranston-Gonzalez National Affordable Housing Act for
11 the relevant jurisdiction and for concomitant review of
12 such plans.

13 (c) CONTENTS.—A community improvement plan
14 under this section for a local housing and management
15 authority shall contain the following information relating
16 to the upcoming fiscal year for which the assistance under
17 this Act is to be made available:

18 (1) FINANCIAL RESOURCES.—An operating
19 budget for the authority that includes—

20 (A) a description of the financial resources
21 available to the authority;

22 (B) the uses to which such resources will
23 be committed, including eligible and required
24 activities under section 203 to be assisted,
25 housing assistance to be provided under title

1 III, and administrative, management, mainte-
2 nance, capital improvement activities to be car-
3 ried out; and

4 (C) an estimate of the market value of
5 each public housing development of the author-
6 ity.

7 (2) POPULATION SERVED.—A statement of the
8 policies of the authority governing eligibility, admis-
9 sions, and occupancy of families with respect to pub-
10 lic housing dwelling units and housing assistance
11 under title III, including—

12 (A) the requirements for eligibility for such
13 units and assistance and the method by which
14 eligibility will be determined and verified;

15 (B) the requirements for selection and ad-
16 missions of eligible families for such units and
17 assistance, including any preferences estab-
18 lished under section 223 or 321(c) and the cri-
19 teria for selection under section 222(b);

20 (C) the procedures for assignment of fami-
21 lies admitted to dwelling units owned, operated,
22 or assisted by the authority;

23 (D) any standards and requirements for
24 occupancy of public housing dwelling units and
25 units assisted under title III, including condi-

1 tions for continued occupancy, termination of
2 tenancy, and eviction;

3 (E) the criteria under subsections (d) and
4 (f) of section 321 for providing and denying
5 housing assistance under title III to families
6 moving into the jurisdiction of the authority;
7 and

8 (F) the fair housing policy of the author-
9 ity.

10 (3) RENT DETERMINATION.—A statement of
11 the policies of the authority governing rents charged
12 for public housing dwelling units and rental con-
13 tributions of assisted families under title III, includ-
14 ing—

15 (A) the methods by which such rents are
16 determined under section 225 and such con-
17 tributions are determined under section 322;

18 (B) an analysis of how such methods af-
19 fect—

20 (i) the ability of the authority to pro-
21 vide housing assistance for families having
22 a broad range of incomes;

23 (ii) the affordability of housing for
24 families having incomes that do not exceed

1 30 percent of the median family income for
2 the area; and

3 (iii) the availability of other financial
4 resources to the authority.

5 (4) QUALITY STANDARDS FOR MAINTENANCE
6 AND MANAGEMENT.—A statement of the standards
7 and policies of the authority governing maintenance
8 and management of housing owned, operated, or as-
9 sisted by the authority, and management of the local
10 housing and management authority, including—

11 (A) housing quality standards in effect
12 pursuant to sections 233 and 328 and any cer-
13 tifications required under such sections;

14 (B) routine and preventative maintenance
15 policies;

16 (C) emergency and disaster plans;

17 (D) rent collection and security policies for
18 public housing;

19 (E) priorities and improvements for man-
20 agement of public housing; and

21 (F) priorities and improvements for man-
22 agement of the authority, including improve-
23 ment of electronic information systems to facili-
24 tate managerial capacity and efficiency.

1 (5) GRIEVANCE PROCEDURE.—A statement of
2 the grievance procedures of the authority under sec-
3 tions 232 and 330.

4 (6) CAPITAL IMPROVEMENTS.—With respect to
5 public housing developments owned or operated by
6 the authority, a plan describing—

7 (A) the capital improvements necessary to
8 ensure long-term physical and social viability of
9 the developments; and

10 (B) the priorities of the authority for cap-
11 ital improvements based on analysis of available
12 financial resources, consultation with residents,
13 and health and safety considerations.

14 (7) DEMOLITION AND DISPOSITION.—With re-
15 spect to public housing developments owned or oper-
16 ated by the authority—

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

20 (B) a timetable for such demolition or dis-
21 position; and

22 (C) any information required under section
23 261(h) with respect to such demolition or dis-
24 position.

1 (8) DESIGNATION OF HOUSING FOR ELDERLY
2 AND DISABLED FAMILIES.—With respect to public
3 housing developments owned or operated by the au-
4 thority, a description of any developments (or por-
5 tions thereof) that the authority has designated or
6 will designate for occupancy by elderly and disabled
7 families in accordance with section 227 and any in-
8 formation required under section 227(d) for such
9 designated developments.

10 (9) CONVERSION OF PUBLIC HOUSING.—With
11 respect to public housing owned or operated by the
12 authority, a description of any building or buildings
13 that the authority is required under section 203(b)
14 to convert to housing assistance under title III, an
15 analysis of such buildings showing that the buildings
16 meet the requirements under such section for such
17 conversion, and a statement of the amount of grant
18 amounts under title II to be used for rental assist-
19 ance under title III.

20 (10) HOMEOWNERSHIP ACTIVITIES.—A descrip-
21 tion of any homeownership programs of the author-
22 ity under subtitle D or section 329 for the authority
23 and the requirements and assistance available under
24 such programs.

1 (d) 10-YEAR PLAN.—Each community improvement
2 plan under this section for a local housing and manage-
3 ment authority shall contain, with respect to the 10-year
4 period beginning with the fiscal year for which the plan
5 is submitted, the following information:

6 (1) STATEMENT OF MISSION.—A statement of
7 the mission of the authority for serving the needs of
8 low-income families in the jurisdiction of authority
9 during such period.

10 (2) GOALS AND OBJECTIVES.—A statement of
11 the goals and objectives of the authority that will en-
12 able the authority to serve the needs identified pur-
13 suant to paragraph (1) during such period.

14 (3) CAPITAL IMPROVEMENT OVERVIEW.—If the
15 authority will provide capital improvements for pub-
16 lic housing developments during such period, an
17 overview of such improvements, the rationale for
18 such improvements, and an analysis of how such im-
19 provements will enable the authority to meet its
20 goals, objectives, and mission.

21 (e) CITIZEN PARTICIPATION.—

22 (1) IN GENERAL.—Before submitting a plan
23 under this section or an amendment under section
24 108(f) to a plan, a local housing and management
25 authority shall make the plan or amendment publicly

1 available in a manner that affords affected public
2 housing residents and assisted families under title
3 III, citizens, public agencies, and other interested
4 parties an opportunity, for a period not shorter than
5 60 days and ending at a time that reasonably pro-
6 vides for compliance with the requirements of para-
7 graph (2), to examine its content and to submit
8 comments to the authority.

9 (2) CONSIDERATION OF COMMENTS.—A local
10 housing and management authority shall consider
11 any comments or views provided pursuant to para-
12 graph (1) in preparing a final plan or amendment
13 for submission to the Secretary. A summary of such
14 comments or views shall be attached to the plan,
15 amendment, or report submitted. The submitted
16 plan, amendment, or report shall be made publicly
17 available upon submission.

18 (f) PLANS FOR SMALL LMHA'S.—The Secretary
19 shall establish requirements applicable to housing and
20 management authorities that own or operate less than 250
21 public housing dwelling units for submission of plans
22 under this section and the information to be included in
23 such plans that waive any requirements under this section
24 that the Secretary determines are burdensome or unneces-
25 sary for such agencies.

1 (g) REGULATIONS.—Notwithstanding sections 563(a)
2 and 565(a) of title 5, United States Code, any proposed
3 regulation relating to the required contents of plans under
4 this section shall be issued pursuant to a negotiated rule-
5 making procedure under subchapter of chapter 5 of such
6 title and the Secretary shall establish a negotiated rule-
7 making committee for development of any such proposed
8 regulations.

9 **SEC. 108. REVIEW OF PLANS.**

10 (a) REVIEW.—The Secretary shall conduct a limited
11 review of each community improvement plan submitted to
12 the Secretary to ensure that the plan is complete and com-
13 plies with the requirements of section 107. The Secretary
14 shall notify each local housing and management authority
15 submitting a plan whether the plan complies with such re-
16 quirements not later than 60 days after receiving the plan.
17 If the Secretary does not notify the local housing and
18 management authority, as required under this subsection
19 and subsection (b), the plan shall be considered, for pur-
20 poses of this section, to comply with the requirements
21 under section 107.

22 (b) NOTICE OF REASONS FOR DETERMINATION OF
23 NONCOMPLIANCE.—If the Secretary determines that a
24 plan, as submitted, does not comply with the requirements
25 under section 107, the Secretary shall specify in the notice

1 under subsection (a) the reasons for the noncompliance
2 and any modifications necessary for the plan to meet the
3 requirements under section 107.

4 (c) STANDARDS FOR DETERMINATION OF NON-
5 COMPLIANCE.—The Secretary may determine that a plan
6 does not comply with the requirements under section 107
7 only if—

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

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

13 (d) TREATMENT OF EXISTING PLANS.—Notwith-
14 standing any other provision of this title, a local housing
15 and management authority shall be considered have sub-
16 mitted a plan under this section if the authority has sub-
17 mitted to the Secretary a comprehensive plan under sec-
18 tion 14(e) of the United States Housing Act of 1937 (as
19 in effect immediately before the enactment of this Act)
20 or under the comprehensive improvement assistance pro-
21 gram under such section 14, and the Secretary has ap-
22 proved such plan, before January 1, 1994. The Secretary
23 shall provide specific procedures and requirements for
24 such authorities to amend such plans by submitting only

1 such additional information as is necessary to comply with
2 the requirements of section 107.

3 (e) ACTIONS TO CHANGE PLAN.—A local housing
4 and management authority that has submitted a plan
5 under section 107 may change actions or policies described
6 in the plan before submission and review of the plan of
7 the authority for the next fiscal year only if—

8 (1) in the case of costly or nonroutine changes,
9 the authority submits to the Secretary an amend-
10 ment to the plan under subsection (f) which is re-
11 viewed in accordance with such subsection; or

12 (2) in the case of inexpensive or routine
13 changes, the authority describes such changes in
14 such community improvement plan for the next fis-
15 cal year.

16 (f) AMENDMENTS TO PLAN.—

17 (1) IN GENERAL.—During the annual or 10-
18 year period covered by the plan for a local housing
19 and management authority, the authority may sub-
20 mit to the Secretary any amendments to the plan.

21 (2) REVIEW.—The Secretary shall conduct a
22 limited review of each proposed amendment submit-
23 ted under this subsection to determine whether the
24 plan, as amended by the amendment, complies with
25 the requirements of section 107 and notify each local

1 housing and management authority submitting the
2 amendment whether the plan, as amended, complies
3 with such requirements not later than 30 days after
4 receiving the amendment. If the Secretary deter-
5 mines that a plan, as amended, does not comply
6 with the requirements under section 107, such notice
7 shall indicate the reasons for the noncompliance and
8 any modifications necessary for the plan to meet the
9 requirements under section 107. If the Secretary
10 does not notify the local housing and management
11 authority as required under this paragraph, the
12 plan, as amended, shall be considered, for purposes
13 of this section, to comply with the requirements
14 under section 107.

15 (3) STANDARDS FOR DETERMINATION OF NON-
16 COMPLIANCE.—The Secretary may determine that a
17 plan, as amended by a proposed amendment, does
18 not comply with the requirements under section 107
19 only if—

20 (A) the plan, as amended, would be subject
21 to a determination of noncompliance in accord-
22 ance with the provisions of subsection (c); or

23 (B) the Secretary determines that—

1 (i) the proposed amendment is plainly
2 inconsistent with the activities specified in
3 the plan; or

4 (ii) there is evidence that challenges,
5 in a substantial manner, any information
6 contained amendment.

7 (4) AMENDMENTS TO EXTEND TIME OF PER-
8 FORMANCE.—Notwithstanding any other provision of
9 this subsection, the Secretary may not determine
10 that any amendment to the plan of a local housing
11 and management authority that extends the time for
12 performance of activities assisted with amounts pro-
13 vided under this title fails to comply with the re-
14 quirements under section 107 if the Secretary has
15 not provided the amount of assistance set forth in
16 the plan or has not provided the assistance in a
17 timely manner.

18 **SEC. 109. HEADQUARTERS RESERVE FUND.**

19 (a) ANNUAL RESERVATION OF AMOUNTS.—Notwith-
20 standing any other provision of law, the Secretary may
21 retain not more than 3 percent of the amounts appro-
22 priated to carry out this Act for any fiscal year.

23 (b) USE OF AMOUNTS.—Any amounts that are re-
24 tained under subsection (a) shall be available for subse-

1 quent allocation to specific areas and communities, and
2 may only be used for—

3 (1) unforeseen housing needs resulting from
4 natural and other disasters;

5 (2) housing needs resulting from emergencies,
6 as certified by the Secretary, other than such disas-
7 ters;

8 (3) housing needs related to a court order or
9 settlement of litigation; and

10 (4) providing technical assistance, training, and
11 electronic information systems for local housing and
12 management authorities to improve management of
13 such authorities.

14 **SEC. 110. LABOR STANDARDS.**

15 (a) IN GENERAL.—Any contract for grants, sale, or
16 lease pursuant to this Act shall contain the following pro-
17 visions:

18 (1) OPERATION.—A provision requiring that
19 not less than the wages prevailing in the locality, as
20 determined or adopted (subsequent to a determina-
21 tion under applicable State or local law) by the Sec-
22 retary, shall be paid to all architects, technical engi-
23 neers, draftsmen, and technicians employed in the
24 development, and all maintenance laborers and me-

1 chanics employed in the operation, of the low-income
2 housing development involved.

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

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

12 (b) EXCEPTIONS.—Subsection (a) and the provisions
13 relating to wages (pursuant to subsection (a)) in any con-
14 tract for grants, sale, or lease pursuant to this Act, shall
15 not apply to any of the following individuals:

16 (1) VOLUNTEERS.—Any individual who—

17 (A) performs services for which the indi-
18 vidual volunteered;

19 (B)(i) does not receive compensation for
20 such services; or

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

23 (C) is not otherwise employed at any time
24 in the construction work.

1 (2) RESIDENTS EMPLOYED BY LHMA.—Any
2 resident of a public housing development who is an
3 employee of the local housing and management au-
4 thority for the development and performs services in
5 connection with the operation or production of a
6 low-income housing project owned or managed by
7 such authority.

8 **SEC. 111. NONDISCRIMINATION.**

9 (a) IN GENERAL.—No person in the United States
10 shall on the grounds of race, color, national origin, reli-
11 gion, or sex be excluded from participation in, be denied
12 the benefits of, or be subjected to discrimination under
13 any program or activity funded in whole or in part with
14 amounts made available under this Act. Any prohibition
15 against discrimination on the basis of age under the Age
16 Discrimination Act of 1975 or with respect to an otherwise
17 qualified handicapped individual as provided in section
18 504 of the Rehabilitation Act of 1973 shall also apply to
19 any such program or activity.

20 (b) CIVIL RIGHTS COMPLIANCE.—Each local housing
21 and management authority that receives grant amounts
22 under this Act shall use such amounts and carry out its
23 community improvement plan approved under section 108
24 in conformity with title VI of the Civil Rights Act of 1964,
25 the Fair Housing Act, section 504 of the Rehabilitation

1 Act of 1973, and the Age Discrimination Act of 1975, and
2 shall affirmatively further fair housing.

3 **SEC. 112. EFFECTIVE DATE AND REGULATIONS.**

4 (a) EFFECTIVE DATE.—The provisions of this Act
5 and the amendments made by this Act shall take effect
6 and shall apply on the date of the enactment of this Act,
7 unless such provisions or amendments specifically provide
8 for effectiveness or applicability on another date certain.

9 (b) REGULATIONS.—The Secretary may issue any
10 regulations necessary to carry out this Act.

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

15 **TITLE II—PUBLIC HOUSING**

16 **Subtitle A—Block Grants**

17 **SEC. 201. BLOCK GRANT CONTRACTS.**

18 (a) IN GENERAL.—The Secretary shall enter into
19 contracts with local housing and management authorities
20 under which—

21 (1) the Secretary agrees to make a block grant
22 under this title, in the amount provided under sec-
23 tion 202(c), for assistance for low-income housing to
24 the local housing and management authority for
25 each fiscal year covered by the contract; and

1 (2) the authority agrees—

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

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

8 (C) to use the block grant amounts in ac-
9 cordance with this title and the community im-
10 provement plan for the authority that complies
11 with the requirements of section 107;

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

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

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

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

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

4 (1) impair the rights of—

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

7 (B) the holders of any outstanding obliga-
8 tions of the local housing and management au-
9 thority involved for which annual contributions
10 have been pledged; or

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

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

16 (c) CONDITIONS ON RENEWAL.—Each block grant
17 contract under this section shall provide, as a condition
18 of renewal of the contract with the local housing and man-
19 agement authority, that the authority's accreditation be
20 renewed by the Housing Foundation and Accreditation
21 Board pursuant to review under section 434 by such
22 Board.

23 **SEC. 202. BLOCK GRANT AUTHORITY AND AMOUNT.**

24 (a) AUTHORITY.—The Secretary shall make block
25 grants under this title to eligible local housing and man-

1 agement authorities in accordance with block grant con-
2 tracts under section 201.

3 (b) ELIGIBILITY.—A local housing and management
4 authority shall be an eligible local housing and manage-
5 ment authority with respect to a fiscal year for purposes
6 of this title only if—

7 (1) the Secretary has entered into a block grant
8 contract with the authority;

9 (2) the authority has submitted a community
10 improvement plan to the Secretary for such fiscal
11 year;

12 (3) the Secretary has reviewed the community
13 improvement plan under section 108 and has not no-
14 tified the authority that the plan fails to comply
15 with the requirements under section 107;

16 (4) the authority is accredited under section
17 434 by the Housing Foundation and Accreditation
18 Board;

19 (5) the authority is exempt from local taxes, as
20 provided under subsection (d), or receives a con-
21 tribution, as provided under such subsection;

22 (6) no member of the board of directors or
23 other governing body of the authority, or the execu-
24 tive director, has been convicted of a felony;

1 (7) the authority has entered into an agreement
2 providing for local cooperation in accordance with
3 section (e); and

4 (8) the authority has not been disqualified for
5 a grant pursuant to section 205(a) or subtitle B of
6 title IV.

7 (c) AMOUNT OF GRANTS.—The amount of the grant
8 under this title for a local housing and management au-
9 thority for a fiscal year shall be the amount of the alloca-
10 tion for the authority determined under section 204, ex-
11 cept as otherwise provided in this title and subtitle B of
12 title IV.

13 (d) PAYMENTS IN LIEU OF STATE AND LOCAL TAX-
14 ATION OF PUBLIC HOUSING DEVELOPMENTS.—

15 (1) EXEMPTION FROM TAXATION.—A local
16 housing and management authority may receive a
17 block grant under this title only if—

18 (A)(i) the developments of the authority
19 (exclusive of any portions not assisted with
20 amounts provided under this title) are exempt
21 from all real and personal property taxes levied
22 or imposed by the State, city, county, or other
23 political subdivision; and

24 (ii) the local housing and management au-
25 thority makes payments in lieu of taxes to such

1 taxing authority equal to 10 percent of the
2 sum, for units charged in the developments of
3 the authority, of the difference between the
4 gross rent and the utility cost, or such lesser
5 amount as is—

6 (I) prescribed by State law;

7 (II) agreed to by the local governing
8 body in its agreement under subsection (e)
9 for local cooperation with the local housing
10 and management authority or under a
11 waiver by the local governing body; or

12 (III) due to failure of a local public
13 body or bodies other than the local housing
14 and management authority to perform any
15 obligation under such agreement; or

16 (B) the authority complies with the re-
17 quirements under subparagraph (A) with re-
18 spect to public housing developments, but the
19 authority agrees that the low-income units in
20 any mixed-income developments (as such term
21 is defined in section 221(c)(2)) shall be subject
22 to any otherwise applicable real property taxes
23 imposed by the State, city, county or other po-
24 litical subdivision.

1 (2) EFFECT OF FAILURE TO EXEMPT FROM
2 TAXATION.—Notwithstanding paragraph (1), a local
3 housing and management authority that does not
4 comply with the requirements under such paragraph
5 may receive a block grant under this title, but only
6 if the State, city, county, or other political subdivi-
7 sion in which the development is situated contrib-
8 utes, in the form of cash or tax remission, the
9 amount by which the taxes paid with respect to the
10 development exceed 10 percent of the gross rent and
11 utility cost charged in the development.

12 (e) LOCAL COOPERATION.—In recognition that there
13 should be local determination of the need for low-income
14 housing to meet needs not being adequately met by private
15 enterprise, the Secretary may not make any grant under
16 this title to a local housing and management authority un-
17 less the governing body of the locality involved has entered
18 into an agreement with the authority providing for the
19 local cooperation required by the Secretary pursuant to
20 this title.

21 (f) EXCEPTION.—Notwithstanding subsection (a),
22 the Secretary may make a grant under this title for a local
23 housing and management authority that is not an eligible
24 local housing and management authority but only for the
25 period necessary to secure, in accordance with this title,

1 an alternative local housing and management authority for
2 the public housing of the ineligible authority.

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

4 (a) ELIGIBLE ACTIVITIES.—Except as provided in
5 subsection (b), amounts from a grant made under this title
6 may be used only for the following activities and costs:

7 (1) PRODUCTION.—Production of public hous-
8 ing developments and any production costs.

9 (2) OPERATION.—Operation of public housing
10 developments in a manner appropriate to ensure the
11 viability of the developments as low-income housing,
12 which shall include providing adequate operating
13 services and reserve funds.

14 (3) MODERNIZATION.—Improvement of the
15 physical condition of existing public housing develop-
16 ments (including routine and timely improvements,
17 rehabilitation, and replacement of systems, and
18 major rehabilitation, redesign, reconstruction, and
19 redevelopment) and upgrading the management and
20 operation of such developments, to ensure that such
21 developments continue to be available for use as low-
22 income housing.

23 (4) RESIDENT PROGRAMS.—Provision of social,
24 educational, employment, self-sufficiency, and other
25 services to the residents of public housing develop-

1 ments, including providing the non-Federal share re-
2 quired in connection with activities undertaken
3 under Federal grant-in-aid programs.

4 (5) HOMEOWNERSHIP ACTIVITIES.—Activities
5 in connection with a homeownership program for
6 public housing residents under subtitle D, including
7 providing financing or assistance for purchasing
8 housing, or the provision of financial assistance to
9 resident management corporations or resident coun-
10 cils to obtain training, technical assistance, and edu-
11 cational assistance to promote homeownership op-
12 portunities.

13 (6) RESIDENT MANAGEMENT ACTIVITIES.—Ac-
14 tivities in connection with establishing, organizing,
15 training, and assisting resident councils and resident
16 management corporations for public housing devel-
17 opments.

18 (7) DEMOLITION AND DISPOSITION ACTIVI-
19 TIES.—Activities in connection with the disposition
20 or demolition of public housing under section 261.

21 (8) PAYMENTS IN LIEU OF TAXES.—Payments
22 in accordance with the requirement under section
23 202(d)(1).

24 (9) EMERGENCY CORRECTIONS.—Correction of
25 conditions that constitute an immediate threat to the

1 health or safety of residents of public housing devel-
2 opments, without regard to whether the need for
3 such correction is indicated in the community im-
4 provement plan of the authority.

5 (10) PREPARATION OF COMMUNITY IMPROVE-
6 MENT PLANS.—Preparation of community improve-
7 ment plans (including reasonable costs that may be
8 necessary to assist residents in participating in the
9 planning process in a meaningful way) and conduct-
10 ing annual financial and performance audits under
11 section 432.

12 (11) LHMA LIABILITY INSURANCE.—Purchase
13 of insurance covering the potential personal injury li-
14 ability exposure of local housing and management
15 authorities (and their contractors), except that—

16 (A) any such insurance so purchased shall
17 be competitively selected;

18 (B) any coverage provided under such poli-
19 cies, as certified by the authority, shall provide
20 reasonable coverage for the risk of liability ex-
21 posure, taking into consideration the potential
22 liability concerns inherent in the testing and
23 abatement of lead-based paint, and the manage-
24 rial and quality assurance responsibilities asso-
25 ciated with the conduct of such activities; and

1 (C) notwithstanding any other provision of
2 State or Federal law, regulation or other re-
3 quirement, any line of insurance from a non-
4 profit insurance entity, owned and controlled by
5 local housing and management authorities and
6 approved by the Secretary, may be purchased
7 without regard to competitive procurement.

8 (12) PAYMENT OF OUTSTANDING DEVELOP-
9 MENT BONDS AND NOTES ISSUED UNDER 1937
10 ACT.—Payment of principal and interest payable on
11 obligations issued pursuant to the section 5 of the
12 United States Housing Act of 1937 (as in effect be-
13 fore the date of the enactment of this Act) by a local
14 housing and management authority to finance the
15 production of public housing.

16 (13) MUTUAL HELP HOMEOWNERSHIP OPPOR-
17 TUNITY PROGRAMS FOR INDIAN HOUSING AUTHORI-
18 TIES.—In the case of an Indian housing authority,
19 production, operation, and modernization of develop-
20 ments under a mutual help homeownership program
21 subject to the requirements under section 202 of the
22 United States Housing Act of 1937 (as in effect im-
23 mediately before the enactment of this Act), except
24 that any reference in such section to assistance
25 under such section or such Act shall be construed to

1 refer to assistance under this title and subsection (b)
2 of such section shall not apply.

3 (b) REQUIRED CONVERSION OF ASSISTANCE FOR
4 PUBLIC HOUSING TO RENTAL HOUSING ASSISTANCE.—

5 (1) REQUIREMENT.—A local housing and man-
6 agement authority that receives grant amounts
7 under this title shall use such amounts, to the extent
8 necessary and described in the community improve-
9 ment plan for the authority, to provide rental hous-
10 ing assistance under title III in lieu of assisting the
11 operation and modernization of any building or
12 buildings of public housing that meet the require-
13 ments under paragraph (2).

14 (2) PUBLIC HOUSING SUBJECT TO CONVER-
15 SION.—Assistance for a building of public housing
16 shall be converted pursuant to paragraph (1) only
17 if—

18 (A) the building is distressed or substan-
19 tially vacant;

20 (B) the estimated cost of continued oper-
21 ation and modernization of the building exceeds
22 the cost of providing choice-based rental assist-
23 ance under title III; and

24 (C) there is a sufficient supply of available
25 and affordable housing to make the use of such

1 voucher assistance feasible, in the determination
2 of the local housing and management authority.

3 (3) TRANSFER OF AMOUNTS.—A local housing
4 and management authority converting assistance
5 under this subsection shall use assistance received
6 under this title, in the amount provided in the com-
7 munity improvement plan for the authority, in ac-
8 cordance with the provisions applicable to amounts
9 received under title III.

10 (c) FUNGIBILITY OF AMOUNTS.—Any amounts pro-
11 vided under a block grant under this title may be used
12 for any eligible activity under subsection (a) or for conver-
13 sion under subsection (b), notwithstanding whether such
14 amounts are attributable to the operating allocation under
15 section 204(d)(1) or the capital improvements allocation
16 for the local housing and management authority deter-
17 mined under section 204(d)(2).

18 (d) COMPLIANCE WITH PLAN.—The community im-
19 provement plan submitted by a local housing and manage-
20 ment authority (including any amendments to the plan),
21 unless determined under section 108 not to comply with
22 the requirements under section 107, shall be binding upon
23 the Secretary and the local housing and management au-
24 thority and the authority shall use any grant amounts pro-
25 vided under this title for eligible activities under sub-

1 section (a) in accordance with the plan. This subsection
2 may not be construed to preclude changes or amendments
3 to the plan, as authorized under section 108(e) or any ac-
4 tions authorized by this Act to be taken without regard
5 to a community improvement plan.

6 **SEC. 204. DETERMINATION OF BLOCK GRANT ALLOCATION.**

7 (a) IN GENERAL.—For each fiscal year, after reserv-
8 ing amounts under section 109 from the aggregate
9 amount made available for the fiscal year for carrying out
10 this title, the Secretary shall allocate any remaining
11 amounts among eligible local housing and management
12 authorities in accordance with this section, so that the
13 sum of all of the allocations for all eligible authorities is
14 equal to such remaining amount.

15 (b) ALLOCATION AMOUNT.—The Secretary shall de-
16 termine the amount of the allocation for each eligible local
17 housing and management authority, which shall be—

18 (1) for any fiscal year beginning after the en-
19 actment of a law containing a formula described in
20 subsection (c), the amount determined under such
21 formula; or

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

24 (A) the operating allocation determined
25 under subsection (d)(1) for the authority; and

1 (B) the capital improvement allocation de-
2 termined under subsection (d)(2) for the au-
3 thority.

4 (c) PERMANENT ALLOCATION FORMULA.—

5 (1) FORMULA.—A formula under this sub-
6 section shall provide for allocating amounts available
7 for a fiscal year for block grants under this title for
8 each local housing and management authority. The
9 formula shall consider factors that reflect the dif-
10 ferent characteristics and sizes of local housing and
11 management authorities, the relative needs, costs,
12 and capital improvements of authorities, and the rel-
13 ative costs to authorities of operating a well-man-
14 aged authority that meets the performance targets
15 for the authority established in the community im-
16 provement plan for the authority.

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

24 (3) REPORT.—Not later than the expiration of
25 the 18-month period beginning upon the enactment

1 of this Act, the Secretary shall submit a report to
2 the Congress containing the proposed formula estab-
3 lished pursuant to paragraph (2) that meets the re-
4 quirements of this subsection.

5 (d) INTERIM ALLOCATION REQUIREMENTS.—

6 (1) OPERATING ALLOCATION.—

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

14 (B) DETERMINATION.—The operating allo-
15 cation under this subsection for a local housing
16 and management authority for a fiscal year
17 shall be an amount determined by applying, to
18 the amount to be allocated under this para-
19 graph, the formula used for determining the
20 distribution of operating subsidies for fiscal
21 year 1995 to public housing agencies (as modi-
22 fied under subparagraph (C)) under section 9
23 of this Act, as in effect before the enactment of
24 this Act.

1 (C) TREATMENT OF CHRONICALLY VACANT
2 UNITS.—The Secretary shall revise the formula
3 referred to in subparagraph (B) so that the for-
4 mula does not provide any amounts attributable
5 to any dwelling unit of a local housing and
6 management authority that has been vacant
7 continuously for 6 or more months. A unit shall
8 not be considered vacant for purposes of this
9 paragraph if the unit is unoccupied because of
10 rehabilitation or renovation that is on-schedule.

11 (2) CAPITAL IMPROVEMENT ALLOCATION.—

12 (A) APPLICABILITY TO 50 PERCENT OF AP-
13 PROPRIATED AMOUNTS.—Of any amounts avail-
14 able for allocation under this subsection for a
15 fiscal year, 50 percent shall be used only to pro-
16 vide amounts for capital improvement alloca-
17 tions under this paragraph for eligible local
18 housing and management authorities.

19 (B) DETERMINATION.—The capital im-
20 provement allocation under this subsection for
21 an eligible local housing and management au-
22 thority for a fiscal year shall be determined by
23 applying, to the amount to be allocated under
24 this paragraph, the formula used for determin-
25 ing the distribution of modernization assistance

1 for fiscal year 1995 to public housing agencies
2 under section 14 of this Act, as in effect before
3 the enactment of this Act, except that Secretary
4 shall establish a method for taking into consid-
5 eration allocation of amounts under the com-
6 prehensive improvement assistance program.

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

8 (a) IN GENERAL.—In addition to any other actions
9 authorized under this title, if the Secretary finds pursuant
10 to an annual financial and performance audit under sec-
11 tion 432 that a local housing and management authority
12 receiving grant amounts under this title has failed to com-
13 ply substantially with any provision of this title, the Sec-
14 retary may—

15 (1) terminate payments under this title to the
16 authority;

17 (2) withhold from the authority amounts from
18 the total allocation for the authority pursuant to sec-
19 tion 204;

20 (3) reduce the amount of future grant pay-
21 ments under this title to the authority by an amount
22 equal to the amount of such payments that were not
23 expended in accordance with this title;

24 (4) limit the availability of grant amounts pro-
25 vided to the authority under this title to programs,

1 projects, or activities not affected by such failure to
2 comply;

3 (5) withhold from the authority amounts allo-
4 cated for the authority under title III; or

5 (6) order other corrective action with respect to
6 the authority.

7 (b) TERMINATION OF COMPLIANCE ACTION.—If the
8 Secretary takes action under subsection (a) with respect
9 to a local housing and management authority, the Sec-
10 retary shall—

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

17 (2) in the case of action under paragraph (2),
18 (5), or (6) of subsection (a), make withheld amounts
19 available as the Secretary considers appropriate to
20 ensure that the authority complies with the provi-
21 sions of this title; or

22 (3) in the case of action under subsection
23 (a)(4), release such restrictions at the time that the
24 Secretary first determines that the authority will
25 comply with the provisions of this title.

1 **Subtitle B—Admissions and**
2 **Occupancy Requirements**

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

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

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

16 (c) CAPITAL IMPROVEMENTS ASSISTANCE.—
17 Amounts may be used for eligible activities under section
18 203(a)(3) only for the following housing developments:

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

22 (A) is owned by local housing and manage-
23 ment authorities;

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

4 (C) is consistent with the purposes of this
5 title.

6 Any development, or portion thereof, referred to in
7 this paragraph for which activities under section
8 203(a)(3) are conducted using amounts from a
9 grant under this title shall be maintained and used
10 as public housing for the 20-year period beginning
11 upon the receipt of such grant. Any public housing
12 development, or portion thereof, that received the
13 benefit of a grant pursuant to section 14 of the
14 United States Housing Act of 1937 shall be main-
15 tained and used as public housing for the 20-year
16 period beginning upon receipt of such amounts.

17 (2) MIXED INCOME DEVELOPMENTS.—Amounts
18 may be used for mixed-income developments, which
19 shall be a housing development that—

20 (A) contains dwelling units that are avail-
21 able for occupancy by families other than low-
22 income families;

23 (B) contains a number of dwelling units
24 that are made available (by master contract or
25 individual lease) for occupancy, for a period of

1 not less than 15 years, only by very low-income
2 families identified by the local housing and
3 management authority, which number is not
4 less than—

5 (i) the number that bears the same
6 ratio to the total number of units in the
7 development as the value of the financial
8 assistance provided to the development
9 with grant amounts under this title bears
10 to the value of the total equity investment
11 in the development, as determined by the
12 local housing and management authority;
13 or

14 (ii) the number of public housing
15 dwelling units that could have been devel-
16 oped by the authority with the amount of
17 such assistance provided; and

18 (C) is owned by—

19 (i) the local housing and management
20 authority or an affiliate controlled by it;

21 (ii) a partnership, limited liability
22 company, or other legal entity in which the
23 local housing and management authority
24 (or an entity controlled by such authority)
25 is a general or limited partner or a general

1 or limited managing member, or otherwise
2 has a significant participation in directing
3 the activities of such entity; or

4 (iii) an entity that grants to the local
5 housing and management authority an op-
6 tion to purchase the housing development,
7 for a price specified in section 42 of the
8 Internal Revenue Code of 1986, which may
9 be exercised during the 15-year period be-
10 ginning upon initial occupancy.

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

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

15 (b) INCOME MIX WITHIN DEVELOPMENTS.—A local
16 housing and management authority may establish and uti-
17 lize income-mix criteria for the selection of residents for
18 dwelling units in public housing developments that limit
19 admission to a development by selecting applicants having
20 incomes appropriate so that the mix of incomes of families
21 occupying the development is proportional to the income
22 mix in the eligible population of the jurisdiction of the au-
23 thority, as adjusted to take into consideration the severity
24 of housing need.

1 (c) WAIVER OF ELIGIBILITY REQUIREMENTS FOR
2 OCCUPANCY BY POLICE OFFICERS.—To provide occu-
3 pancy in public housing dwelling units to police officers
4 and other law enforcement or security personnel (who are
5 not otherwise eligible for residence in public housing) to
6 increase security for other public housing residents in de-
7 velopments where crime has been a problem, a local hous-
8 ing and management authority may, with respect to such
9 units—

10 (1) waive—

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

13 (B) the applicability of—

14 (i) any preferences for occupancy es-
15 tablished under section 223;

16 (ii) the maximum and minimum rent-
17 al amounts established pursuant to section
18 225(b);

19 (iii) any criteria relating to project in-
20 come mix established under subsection (b);
21 and

22 (iv) any other occupancy limitations
23 or requirements; and

24 (2) establish special rent requirements and
25 other terms and conditions of occupancy.

1 **SEC. 223. PREFERENCES FOR OCCUPANCY.**

2 (a) AUTHORITY TO ESTABLISH.—Any local housing
3 and management authority may establish a system for
4 making dwelling units in public housing available for occu-
5 pancy that provides preference for such occupancy to fam-
6 ilies having certain characteristics.

7 (b) CONTENT.—Each system of preferences estab-
8 lished pursuant to this section shall be based upon local
9 housing needs and priorities, as determined by the local
10 housing and management authority.

11 **SEC. 224. ADMISSION PROCEDURES.**

12 (a) ADMISSION REQUIREMENTS.—A local housing
13 and management authority shall ensure that each family
14 residing in a public housing development owned or admin-
15 istered by the authority is admitted in accordance with
16 the procedures established under this title by the authority
17 and the income limits under section 222.

18 (b) AVAILABILITY OF CRIMINAL RECORDS.—Not-
19 withstanding any other provision of Federal, State, or
20 local law, upon the request of any local housing and man-
21 agement authority, the National Crime Information Cen-
22 ter, police departments, and any other law enforcement
23 entities shall provide information to the authority regard-
24 ing the criminal convictions of applicants for, or residents
25 of, public housing for the purpose of applicant screening,
26 lease enforcement, and eviction. A local housing and man-

1 agement authority may pay a reasonable fee for such in-
2 formation.

3 (c) NOTIFICATION OF APPLICATION DECISIONS.—A
4 local housing and management authority shall establish
5 procedures designed to provide for notification to an appli-
6 cant for admission to public housing of the determination
7 with respect to such application, the basis for the deter-
8 mination, and, if the applicant is determined to be eligible
9 for admission, the projected date of occupancy (to the ex-
10 tent such date can reasonably be determined).

11 **SEC. 225. FAMILY RENTAL PAYMENT.**

12 (a) RENTAL CONTRIBUTION BY RESIDENT.—A fam-
13 ily shall pay as monthly rent for a dwelling unit in public
14 housing the amount that the local housing and manage-
15 ment authority determines is appropriate with respect to
16 the family and the unit, which shall be—

17 (1) based upon factors determined by the au-
18 thority, which may include the adjusted income of
19 the resident, type and size of dwelling unit, operat-
20 ing and other expenses of the authority, or any other
21 factors that the authority considers appropriate; and

22 (2) an amount that is not less than the mini-
23 mum monthly rental amount nor more than the
24 maximum monthly rental amount established for the
25 dwelling unit pursuant to subsection (b).

1 In determining the amount of the rent charged for a dwell-
2 ing unit, a local housing and management authority shall
3 take into consideration the characteristics of the popu-
4 lation served by the authority, the goals of the community
5 improvement plan for the authority, and the goals under
6 the comprehensive housing affordability strategy under
7 section 105 of the Cranston-Gonzalez National Affordable
8 Housing Act for the applicable jurisdiction.

9 (b) ALLOWABLE RENTS.—Each local housing and
10 management authority shall establish, for each dwelling
11 unit in public housing owned or administered by the au-
12 thority, a maximum and minimum monthly rental amount,
13 as follows:

14 (1) MAXIMUM RENTAL.—The maximum month-
15 ly rental amount for a unit shall be an amount de-
16 termined by the authority which is based on, but
17 does not exceed—

18 (A) the average, for dwelling units of simi-
19 lar size in public housing developments owned
20 and operated by such authority, of operating
21 expenses attributable to and reasonable reserves
22 for such units;

23 (B) the reasonable rental value of the unit;

24 or

1 (C) the local market rent for comparable
2 units of similar size.

3 (2) MINIMUM RENTAL.—The minimum monthly
4 rental amount for a unit may not be less than \$50.

5 (c) INCOME REVIEWS.—If a local housing and man-
6 agement authority establishes the amount of rent paid by
7 a family for a public housing dwelling unit based on the
8 adjusted income of the family, the authority shall review
9 the incomes of such family occupying dwelling units in
10 public housing owned or administered by the authority not
11 less than—

12 (1) once every 3 years, in the cases of elderly
13 families and disabled families; and

14 (2) annually, in the case of nonelderly families.

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

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

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

21 (2) obligate the local housing and management
22 authority to maintain the development in compliance
23 with the housing quality requirements under section
24 233;

1 (3) require the local housing and management
2 authority to give adequate written notice of termi-
3 nation of the lease, which shall not be less than—

4 (A) the period provided under the applica-
5 ble law of the jurisdiction or 14 days, whichever
6 is less, when the health or safety of other resi-
7 dents or local housing and management author-
8 ity employees is threatened or in the case of
9 nonpayment of rent; and

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

13 (4) require that the local housing and manage-
14 ment authority may not terminate the tenancy ex-
15 cept for violation of the terms or conditions of the
16 lease, violation of applicable Federal, State, or local
17 law, or for other good cause;

18 (5) provide that any activity, engaged in by a
19 public housing resident, any member of the resi-
20 dent's household, or any guest or other person under
21 the resident's control, that—

22 (A) threatens the health or safety of, or
23 right to peaceful enjoyment of the premises by,
24 other residents or employees of the local hous-

1 (A) only elderly families, (B) only disabled families,
2 or (C) elderly and disabled families.

3 (2) PRIORITY FOR OCCUPANCY.—In determin-
4 ing priority for admission to public housing develop-
5 ments (or portions of developments) that are des-
6 ignated for occupancy as provided in paragraph (1),
7 the local housing and management authority may
8 make units in such developments (or portions) avail-
9 able only to the types of families for whom the devel-
10 opment is designated.

11 (3) ELIGIBILITY OF NEAR-ELDERLY FAMI-
12 LIES.—If a local housing and management authority
13 determines that there are insufficient numbers of el-
14 derly families to fill all the units in a development
15 (or portion of a development) designated under
16 paragraph (1) for occupancy by only elderly families,
17 the authority may provide that near-elderly families
18 may occupy dwelling units in the development (or
19 portion).

20 (b) PROHIBITION OF EVICTIONS.—Any resident who
21 is lawfully residing in a dwelling unit in the development
22 may not be evicted or otherwise required to vacate such
23 unit because of the designation of the development (or por-
24 tion of a development) or because of any action taken by

1 the Secretary or any local housing and management au-
2 thority to carry out this section.

3 (c) RELOCATION ASSISTANCE.—A local housing and
4 management authority that designates any existing devel-
5 opment or building, or portion thereof, for occupancy as
6 provided under subsection (a) shall provide, to each person
7 and family relocated in connection with such designa-
8 tion—

9 (1) notice of the designation and relocation, as
10 soon as is practicable for the authority and the per-
11 son or family;

12 (2) comparable housing (including appropriate
13 services and design features), which may include
14 rental assistance under title III, at a rental rate that
15 is comparable to that applicable to the unit from
16 which the person or family has vacated; and

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

19 (d) REQUIRED INCLUSIONS IN COMMUNITY IM-
20 PROVEMENT PLAN.—

21 (1) IN GENERAL.—A local housing and manage-
22 ment authority may designate a development (or
23 portion of a development) for occupancy under sub-
24 section (a)(1) only if the authority, as part of the
25 authority's community improvement plan—

1 (A) establishes that the designation of the
2 development is necessary—

3 (i) to achieve the housing goals for
4 the jurisdiction under the comprehensive
5 housing affordability strategy under sec-
6 tion 105 of the Cranston-Gonzalez Na-
7 tional Affordable Housing Act; and

8 (ii) to meet the housing needs of the
9 low-income population jurisdiction; and

10 (B) submits a description of—

11 (i) the development (or portion of a
12 development) to be designated;

13 (ii) the types of residents for which
14 the development is to be designated;

15 (iii) any supportive services to be pro-
16 vided to residents of the designated devel-
17 opment (or portion);

18 (iv) how the authority will secure any
19 additional resources or housing assistance
20 that is necessary to provide assistance to
21 nonelderly disabled families that would
22 have been housed if occupancy in develop-
23 ment were not restricted pursuant to this
24 section; and

1 (v) how the design and related facili-
2 ties (as such term is defined in section
3 202(d)(8) of the Housing Act of 1959) of
4 the development accommodate the special
5 environmental needs of the intended occu-
6 pants.

7 (2) EFFECTIVENESS.—The information re-
8 quired under paragraph (1) shall be effective for
9 purposes of designation of a public housing develop-
10 ment (or portion thereof) under this section only for
11 the 2-year period that begins upon submission of the
12 information to the Secretary. A local housing and
13 management authority may extend the effectiveness
14 of the designation and information for an additional
15 2-year period beginning upon the expiration of such
16 period (or the expiration of any previous extension
17 period under this sentence) by updating such infor-
18 mation in the community improvement plan for the
19 authority.

20 (3) SUPPORTIVE SERVICES.—For purposes of
21 this subsection, the term “supportive services”
22 means services designed to meet the special needs of
23 residents.

24 (e) INAPPLICABILITY OF UNIFORM RELOCATION AS-
25 SISTANCE AND REAL PROPERTY ACQUISITIONS POLICY

1 ACT OF 1970.—No resident of a public housing develop-
2 ment shall be considered to be displaced for purposes of
3 the Uniform Relocation Assistance and Real Property Ac-
4 quisitions Policy Act of 1970 because of the designation
5 of any existing development or building, or portion thereof,
6 for occupancy as provided under subsection (a) of this
7 section.

8 (f) INAPPLICABILITY TO INDIAN HOUSING.—The
9 provisions of this section shall not apply with respect to
10 low-income housing developed or operated pursuant to a
11 contract between the Secretary and an Indian housing au-
12 thority.

13 **Subtitle C—Management**

14 **SEC. 231. MANAGEMENT PROCEDURES.**

15 (a) SOUND MANAGEMENT.—A local housing and
16 management authority that receives grant amounts under
17 this title shall establish and comply with procedures and
18 practices sufficient to ensure that the public housing de-
19 velopments owned or administered by the authority are op-
20 erated in a sound manner.

21 (b) MANAGEMENT BY OTHER ENTITIES.—Except as
22 otherwise provided under this Act, a local housing and
23 management authority may contract with any other entity
24 to perform any of the management functions for public

1 housing owned or operated by the local housing and man-
2 agement authority.

3 **SEC. 232. ADMINISTRATIVE GRIEVANCE PROCEDURE.**

4 (a) IN GENERAL.—Each local housing and manage-
5 ment authority receiving assistance under this title shall
6 establish and implement an administrative grievance pro-
7 cedure under which public housing residents will have an
8 opportunity for disposition of resident grievances concern-
9 ing adverse actions of the local housing and management
10 authority.

11 (b) EXCLUSION OF GRIEVANCES CONCERNING EVIC-
12 TIONS FROM ADMINISTRATIVE PROCEDURE.—A local
13 housing and management authority shall exclude from its
14 procedure established under subsection (a) any grievance
15 concerning an eviction or termination of tenancy in any
16 State which requires that, prior to eviction, a resident be
17 provided a hearing in court which the Secretary deter-
18 mines provides the basic elements of due process.

19 **SEC. 233. HOUSING QUALITY REQUIREMENTS.**

20 (a) IN GENERAL.—Each local housing and manage-
21 ment authority that receives grant amounts under this Act
22 shall maintain its public housing in a condition that com-
23 plies—

24 (1) in the case of public housing located in a ju-
25 risdiction which has in effect laws, regulations,

1 standards, or codes regarding habitability of residen-
2 tial dwellings that provide protection to residents of
3 the dwellings that is equal to or greater than the
4 protection provided under the housing quality stand-
5 ards established under subsection (b), with such ap-
6 plicable laws, regulations, standards, or codes; or

7 (2) in the case of public housing located in a ju-
8 risdiction which does not have in effect laws, regula-
9 tions, standards, or codes described in subparagraph
10 (A), with the housing quality standards established
11 under subsection (b).

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

22 (c) DETERMINATIONS.—Each local housing and man-
23 agement authority providing housing assistance shall iden-
24 tify, in the community improvement plan of the authority,
25 whether the authority is utilizing the standard under para-

1 graph (1) or (2) and, if the authority utilizes the standard
2 under paragraph (1), shall certify in such plan that the
3 applicable State or local laws, regulations, standards, or
4 codes comply with the requirements under such para-
5 graph.

6 (d) ANNUAL INSPECTIONS.—Each local housing and
7 management authority that owns or operates public hous-
8 ing shall make an annual inspection of each public housing
9 development to determine whether units in the develop-
10 ment are maintained in accordance with the requirements
11 under subsection (a)(2). The authority shall submit the
12 results of such inspections to the Secretary and the In-
13 spector General for the Department of Housing and
14 Urban Development and such results shall be available to
15 the Housing Foundation and Accreditation Board estab-
16 lished under title IV and any auditor conducting an audit
17 under section 432.

18 **SEC. 234. EMPLOYMENT OF RESIDENTS.**

19 A local housing and management authority may em-
20 ploy public housing residents in any activities engaged in
21 by the authority.

22 **SEC. 235. RESIDENT COUNCILS AND RESIDENT MANAGE-**
23 **MENT CORPORATIONS.**

24 (a) RESIDENT COUNCILS.—The residents of a public
25 housing development may establish a resident council for

1 the development for purposes of consideration of issues re-
2 lating to residents, representation of resident interests,
3 and coordination and consultation with a local housing
4 and management authority. A resident council shall be an
5 organization or association that—

6 (1) is nonprofit in character;

7 (2) is representative of the residents of the eli-
8 gible housing;

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

11 (4) has a democratically elected governing
12 board, which is elected by the residents of the eligi-
13 ble housing.

14 (b) RESIDENT MANAGEMENT CORPORATIONS.—

15 (1) ESTABLISHMENT.—The residents of a pub-
16 lic housing development may establish a resident
17 management corporation for the purpose of assum-
18 ing the responsibility for the management of the de-
19 velopment under section 236 or purchasing a devel-
20 opment.

21 (2) REQUIREMENTS.—A resident management
22 corporation shall be a corporation that—

23 (A) is nonprofit in character;

24 (B) is organized under the laws of the
25 State in which the development is located;

1 (C) has as its sole voting members the
2 residents of the development; and

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

7 **SEC. 236. MANAGEMENT BY RESIDENT MANAGEMENT COR-**
8 **PORATION.**

9 (a) **AUTHORITY.**—A local housing and management
10 authority may enter into a contract under this section with
11 a resident management corporation to provide for the
12 management of public housing developments by the cor-
13 poration.

14 (b) **CONTRACT.**—A contract under this section for
15 management of public housing developments by a resident
16 management corporation shall establish the respective
17 management rights and responsibilities of the corporation
18 and the local housing and management authority. The
19 contract shall be consistent with the requirements of this
20 Act applicable to public housing development and may in-
21 clude specific terms governing management personnel and
22 compensation, access to public housing records, submis-
23 sion of and adherence to budgets, rent collection proce-
24 dures, resident income verification, resident eligibility de-
25 terminations, resident eviction, the acquisition of supplies

1 and materials and such other matters as may be appro-
2 priate. The contract shall be treated as a contracting out
3 of services.

4 (c) BONDING AND INSURANCE.—Before assuming
5 any management responsibility for a public housing devel-
6 opment, the resident management corporation shall pro-
7 vide fidelity bonding and insurance, or equivalent protec-
8 tion. Such bonding and insurance, or its equivalent, shall
9 be adequate to protect the Secretary and the local housing
10 and management authority against loss, theft, embezzle-
11 ment, or fraudulent acts on the part of the resident man-
12 agement corporation or its employees.

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

15 (1) the local housing and management author-
16 ity to provide a portion of the block grant assistance
17 under this title to the resident management corpora-
18 tion for purposes of operating the public housing de-
19 velopment covered by the contract and performing
20 such other eligible activities with respect to the de-
21 velopment as may be provided under the contract;

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

1 (3) the amount of income to be provided to the
2 development from the other sources of income of the
3 local housing and management authority (such as
4 interest income, administrative fees, and rents); and

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

10 (e) CALCULATION OF TOTAL INCOME.—

11 (1) MAINTENANCE OF SUPPORT.—Subject to
12 paragraph (2), the amount of assistance provided by
13 a local housing and management authority to a pub-
14 lic housing development managed by a resident man-
15 agement corporation may not be reduced during the
16 3-year period beginning on the date on which the
17 resident management corporation is first established
18 for the development.

19 (2) REDUCTIONS AND INCREASES IN SUP-
20 PORT.—If the total income of a local housing and
21 management authority is reduced or increased, the
22 income provided by the local housing and manage-
23 ment authority to a public housing development
24 managed by a resident management corporation
25 shall be reduced or increased in proportion to the re-

1 duction or increase in the total income of the au-
2 thority, except that any reduction in block grant
3 amounts under this title to the authority that occurs
4 as a result of fraud, waste, or mismanagement by
5 the authority shall not affect the amount provided to
6 the resident management corporation.

7 **SEC. 237. TRANSFER OF MANAGEMENT OF CERTAIN HOUS-**
8 **ING TO INDEPENDENT MANAGER AT RE-**
9 **QUEST OF RESIDENTS.**

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

16 (1) such housing is owned or operated by a
17 local housing and management authority that is—

18 (A) not accredited under section 434 by
19 the Housing Foundation and Accreditation
20 Board; or

21 (B) is designated as a troubled authority
22 under section 431(a)(2);

23 (2) the Secretary determines that—

24 (A) such housing has deferred mainte-
25 nance, physical deterioration, or obsolescence of

1 major systems and other deficiencies in the
2 physical plant of the project;

3 (B) such housing is occupied predomi-
4 nantly by families with children who are in a
5 severe state of distress, characterized by such
6 factors as high rates of unemployment, teenage
7 pregnancy, single-parent households, long-term
8 dependency on public assistance and minimal
9 educational achievement;

10 (C) such housing is located in an area such
11 that the housing is subject to recurrent vandal-
12 ism and criminal activity (including drug-relat-
13 ed criminal activity); and

14 (D) the elements of distress for such hous-
15 ing specified in subparagraphs (A) through (C)
16 can be remedied through improved management
17 and reasonable expenses for modernization.

18 Such a transfer may be made only as provided in this sec-
19 tion, pursuant to the approval by the Secretary of a re-
20 quest for the transfer made by a majority vote of the resi-
21 dent council for the specified housing, after consultation
22 with the local housing and management authority for the
23 specified housing.

24 (b) BLOCK GRANT ASSISTANCE.—Pursuant to a con-
25 tract under subsection (c), the Secretary shall require the

1 local housing and management authority for specified
2 housing to provide to the manager for the housing, from
3 any block grant amounts under this title for the authority,
4 fair and reasonable amounts for operating costs for the
5 housing. The amount made available under this subsection
6 to a manager shall be determined by the Secretary based
7 on the share for the specified housing of the total block
8 grant amounts for the local housing and management au-
9 thority transferring the housing, taking into consideration
10 the operating and capital improvement needs of the speci-
11 fied housing, the operating and capital improvement needs
12 of the remaining public housing units managed by the
13 local housing and management authority, and the commu-
14 nity improvement plan of such authority.

15 (c) CONTRACT BETWEEN SECRETARY AND MAN-
16 AGER.—

17 (1) REQUIREMENTS.—Pursuant to the approval
18 of a request under this section for transfer of the
19 management of specified housing, the Secretary shall
20 enter into a contract with the eligible management
21 entity identified in the request to transfer the re-
22 sponsibilities and authority for management of the
23 housing to such entity.

24 (2) TERMS.— A contract under this subsection
25 shall contain provisions establishing the rights and

1 responsibilities of the manager with respect to the
2 specified housing and the Secretary and shall be
3 consistent with the requirements of this Act applica-
4 ble to public housing developments.

5 (d) COMPLIANCE WITH COMMUNITY IMPROVEMENT
6 PLAN.—A manager of specified housing under this section
7 shall comply with the approved community improvement
8 plan applicable to the housing and shall submit such infor-
9 mation to the local housing and management authority
10 from which management was transferred as may be nec-
11 essary for such authority to prepare and update its com-
12 munity improvement plan.

13 (e) DEMOLITION AND DISPOSITION BY MANAGER.—
14 A manager under this section may demolish or dispose of
15 specified housing only if, and in the manner, provided for
16 in the community improvement plan for the authority
17 transferring management of the housing.

18 (f) LIMITATION ON LHMA LIABILITY.—A local hous-
19 ing and management authority that is not a manager for
20 specified housing shall not be liable for any act or failure
21 to act by a manager or resident council for the specified
22 housing.

23 (g) TREATMENT OF MANAGER.—To the extent not
24 inconsistent with this section and to the extent the Sec-
25 retary determines not inconsistent with the purposes of

1 this Act, a manager of specified housing under this section
2 shall be considered to be a local housing and management
3 authority for purposes of this title.

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

6 (1) ELIGIBLE MANAGEMENT ENTITY.—The
7 term “eligible management entity” means, with re-
8 spect to any public housing development, any of the
9 following entities that has been accredited in accord-
10 ance with section 434:

11 (A) NONPROFIT ORGANIZATION.—A public
12 or private nonprofit organization, which shall—

13 (i) include a resident management
14 corporation and, as determined by the Sec-
15 retary, a public or private nonprofit orga-
16 nization sponsored by the local housing
17 and management authority that owns the
18 development; and

19 (ii) not include the local housing and
20 management authority that owns the devel-
21 opment.

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

1 (C) STATE OR LOCAL GOVERNMENT.—A
2 State or local government, including an agency
3 or instrumentality thereof.

4 (D) LOCAL HOUSING AND MANAGEMENT
5 AUTHORITY.—A local housing and management
6 authority (other than the local housing and
7 management authority that owns the develop-
8 ment).

9 The term does not include a resident council.

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

14 (3) NONPROFIT.—The term “nonprofit” means,
15 with respect to an organization, association, corpora-
16 tion, or other entity, that no part of the net earnings
17 of the entity inures to the benefit of any member,
18 founder, contributor, or individual.

19 (4) PRIVATE NONPROFIT ORGANIZATION.—The
20 term “private nonprofit organization” means any
21 private organization (including a State or locally
22 chartered organization) that—

23 (A) is incorporated under State or local
24 law;

25 (B) is nonprofit in character;

1 (C) complies with standards of financial
2 accountability acceptable to the Secretary; and

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

6 (5) LOCAL HOUSING AND MANAGEMENT AU-
7 THORITY.—The term “local housing and manage-
8 ment authority” has the meaning given such term in
9 section 103(a), except that it does not include In-
10 dian housing authorities.

11 (6) PUBLIC NONPROFIT ORGANIZATION.—The
12 term “public nonprofit organization” means any
13 public entity that is nonprofit in character.

14 (7) SPECIFIED HOUSING.—The term “specified
15 housing” means a public housing development or de-
16 velopments, or a portion of a development or devel-
17 opments, for which the transfer of management is
18 requested under this section. The term includes one
19 or more contiguous buildings and an area of contig-
20 uous row houses, but in the case of a single building,
21 the building shall be sufficiently separable from the
22 remainder of the development of which it is part to
23 make transfer of the management of the building
24 feasible for purposes of this section.

1 **Subtitle D—Homeownership**

2 **SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.**

3 (a) IN GENERAL.—A local housing and management
4 authority may carry out a homeownership program in ac-
5 cordance with this section and the community improve-
6 ment plan of the authority to make public housing dwell-
7 ing units, public housing developments, and other housing
8 projects available for purchase by low-income families.

9 (b) PARTICIPATING UNITS.—A program under this
10 section may cover any existing public housing dwelling
11 units or projects, and may include other dwelling units and
12 housing owned, operated, or assisted, or otherwise ac-
13 quired for use under such program, by the local housing
14 and management authority.

15 (c) ELIGIBLE PURCHASERS.—

16 (1) LOW-INCOME REQUIREMENT.—Only low-in-
17 come families assisted by a local housing and man-
18 agement authority and other low-income families
19 shall be eligible to purchase housing under a home-
20 ownership program under this section.

21 (2) OTHER REQUIREMENTS.—A local housing
22 and management authority may establish other re-
23 quirements or limitations for families to purchase
24 housing under a homeownership program under this
25 section, including requirements or limitations re-

1 garding employment or participation in employment
2 counseling or training activities, criminal activity,
3 participation in homeownership counseling pro-
4 grams, evidence of regular income, and other re-
5 quirements.

6 (d) FINANCING AND ASSISTANCE.—A homeownership
7 program under this section may provide financing for ac-
8 quisition of housing by families purchasing under the pro-
9 gram or by the local housing and management authority
10 for sale under this program in any manner considered ap-
11 propriate by the authority (including sale to a resident
12 management corporation).

13 (e) DOWNPAYMENT REQUIREMENT.—Each family
14 purchasing housing under a homeownership program
15 under this section shall be required to provide from its
16 own resources a downpayment in connection with any loan
17 for acquisition of the housing, in an amount determined
18 by the local housing and management authority.

19 (f) OWNERSHIP INTERESTS.—A homeownership pro-
20 gram under this section may provide for sale to the pur-
21 chasing family of any ownership interest that the local
22 housing and management authority considers appropriate
23 under the program, including ownership in fee simple, a
24 condominium interest, an interest in a limited dividend co-

1 operative, a shared appreciation interest with a local hous-
2 ing and management authority providing financing.

3 (g) RESALE.—

4 (1) AUTHORITY AND LIMITATION.—A home-
5 ownership program under this section shall permit
6 the resale of a dwelling unit purchased under the
7 program by an eligible family, but shall provide such
8 limitations on resale as the authority considers ap-
9 propriate for the authority to recapture, from any
10 economic gain derived from such resale, a portion of
11 the amount of any financial assistance provided
12 under the program by the authority to the eligible
13 family.

14 (2) CONSIDERATIONS.—The limitations referred
15 to in paragraph (1) may provide for consideration of
16 the aggregate amount of assistance provided under
17 the program to the family, the contribution to equity
18 provided by the purchasing eligible family, the period
19 of time elapsed between purchase under the home-
20 ownership program and resale, the reason for resale,
21 any improvements to the property made by the eligi-
22 ble family, any appreciation in the value of the prop-
23 erty, and any other factors that the authority con-
24 siders appropriate.

1 (h) APPLICABILITY OF DISPOSITION REQUIRE-
2 MENTS.—The provisions of section 261 shall apply to dis-
3 position of public housing dwelling units under a home-
4 ownership program under this section and any dwelling
5 units sold under a homeownership program under this sec-
6 tion shall be treated as public housing dwelling units for
7 purposes of subsections (e) and (f) of section 261.

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

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

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

17 (b) COMMUNITY IMPROVEMENT PLAN REQUIRE-
18 MENT.—A local housing and management authority may
19 take any action to demolish or dispose of a public housing
20 development (or a portion of a development) only if such
21 demolition or disposition complies with the provisions of
22 this section and is in accordance with the community im-
23 provement plan for the authority.

24 (c) PURPOSE OF DEMOLITION OR DISPOSITION.—A
25 local housing and management authority may demolish or

1 dispose of a public housing development (or portion of a
2 development) only if—

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

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

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

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

21 (5) retention of the development (or portion
22 thereof) is not in the best interests of the residents
23 of the local housing and management authority be-
24 cause—

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

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

11 (C) other factors exist that the authority
12 determines are consistent with the best inter-
13 ests of the residents and the authority and not
14 inconsistent with other provisions of this Act
15 (which may include use of public housing dwell-
16 ing units in a homeownership program under
17 subtitle D);

18 (6) in the case only of demolition or disposition
19 of a portion of a development, the demolition or dis-
20 position will help to ensure the remaining useful life
21 of the remainder of the development; or

22 (7) in the case only of property other than
23 dwelling units—

24 (A) the property is excess to the needs of
25 a development; or

1 (B) the demolition or disposition is inci-
2 dental to, or does not interfere with, continued
3 operation of a development.

4 (d) CONSULTATION.—A local housing and manage-
5 ment authority may demolish or dispose of a public hous-
6 ing development (or portion of a development) only if the
7 authority notifies and confers regarding the demolition or
8 disposition with—

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

11 (2) appropriate local government officials.

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

15 (1) housing assistance for low-income families
16 that is consistent with the low-income housing needs
17 of the community, through acquisition, development,
18 or rehabilitation of, or homeownership programs for,
19 other low-income housing or the provision of choice-
20 based assistance under title III for such families;

21 (2) supportive services relating to job training
22 or child care for residents of a development or devel-
23 opments; or

24 (3) leveraging amounts for securing commercial
25 enterprises, on-site in public housing developments

1 of the local housing and management authority, ap-
2 propriate to serve the needs of the residents.

3 (f) RELOCATION.—A local housing and management
4 authority that demolishes or disposes of a public housing
5 development (or portion of a development thereof) shall
6 ensure that—

7 (1) each family that is a resident of the devel-
8 opment (or portion) that is demolished or disposed
9 of is relocated to other safe, clean, healthy, and af-
10 fordable housing, which is, to the maximum extent
11 practicable, housing of the family's choice or is pro-
12 vided with choice-based assistance under title III;

13 (2) the local housing and management author-
14 ity does not take any action to dispose of any unit
15 until any resident to be displaced is relocated in ac-
16 cordance with paragraph (1); and

17 (3) each resident family to be displaced is paid
18 relocation expenses, and the rent to be paid initially
19 by the resident following relocation does not exceed
20 the amount permitted under section 225(a).

21 (g) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGA-
22 NIZATIONS AND RESIDENT MANAGEMENT CORPORA-
23 TIONS.—

24 (1) IN GENERAL.—A local housing and manage-
25 ment authority may not dispose of a public housing

1 development (or portion of a development) unless the
2 authority has, before such disposition, offered to sell
3 the property, as provided in this subsection, to each
4 resident organization and resident management cor-
5 poration operating at the development for continued
6 use as low-income housing, and no such organization
7 or corporation purchases the property pursuant to
8 such offer.

9 (2) TIMING.—Disposition of a development (or
10 portion thereof) under this section may not take
11 place—

12 (A) before the expiration of the period dur-
13 ing which any such organization or corporation
14 may notify the authority of interest in purchas-
15 ing the property, which shall be the 30-day pe-
16 riod beginning on the date that the authority
17 first provides notice of the proposed disposition
18 of the property to such resident organizations
19 and resident management corporations;

20 (B) if an organization or corporation sub-
21 mits notice of interest in accordance with sub-
22 paragraph (A), before the expiration of the pe-
23 riod during which such organization or corpora-
24 tion may obtain a commitment for financing to
25 purchase the property, which shall be the 60-

1 day period beginning upon the submission to
2 the authority of the notice of interest; or

3 (C) if, during the period under subpara-
4 graph (B), an organization or corporation ob-
5 tains such financing commitment and makes a
6 bona fide offer to the authority to purchase the
7 property for a price equal to or exceeding the
8 applicable offer price under paragraph (3).

9 The authority shall sell the property pursuant to any
10 purchase offer described in subparagraph (C).

11 (3) TERMS OF OFFER.—An offer by a local
12 housing and management authority to sell a prop-
13 erty in accordance with this subsection shall involve
14 a purchase price that reflects the market value of
15 the property.

16 (h) INFORMATION FOR COMMUNITY IMPROVEMENT
17 PLAN.—A local housing and management authority may
18 demolish or dispose of a public housing development (or
19 portion thereof) only if it includes in the applicable com-
20 munity improvement plan information sufficient to de-
21 scribe—

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

23 (2) the purpose of the demolition or disposition
24 under subsection (c) and why the demolition or dis-

1 position complies with the requirements under sub-
2 section (c);

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

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

7 (5) how the authority will relocate residents, if
8 necessary, as required under subsection (f); and

9 (6) that the authority has offered the property
10 for acquisition by resident organizations and resi-
11 dent management corporations in accordance with
12 subsection (g).

13 (i) SITE AND NEIGHBORHOOD STANDARDS EXEMP-
14 TION.—Notwithstanding any other provision of law, a
15 local housing and management authority may provide for
16 development of public housing dwelling units on the same
17 site or in the same neighborhood as any dwelling units
18 demolished, pursuant to a plan under this section, but only
19 if such development provides for significantly fewer dwell-
20 ing units.

21 (j) TREATMENT OF REPLACEMENT UNITS.—In con-
22 nection with any demolition or disposition of public hous-
23 ing under this section, a local housing and management
24 authority may provide for other housing assistance for

1 low-income families that is consistent with the low-income
2 housing needs of the community, including—

3 (1) the provision of choice-based assistance
4 under title III; and

5 (2) the development, acquisition, or lease by the
6 authority of dwelling units, which dwelling units
7 shall—

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

10 (B) be made available for occupancy, oper-
11 ated, and managed in the manner required for
12 public housing, and subject to the other require-
13 ments applicable to public housing dwelling
14 units.

15 (k) PERMISSIBLE RELOCATION WITHOUT PLAN.—If
16 a local housing and management authority determines
17 that public housing dwelling units are not clean, safe, and
18 healthy or cannot be maintained cost-effectively in a clean,
19 safe, and healthy condition, the local housing and manage-
20 ment authority may relocate residents of such dwelling
21 units before the submission of a community improvement
22 plan providing for demolition or disposition of such units.

23 (l) CONSOLIDATION OF OCCUPANCY WITHIN OR
24 AMONG BUILDINGS.—Nothing in this section may be con-
25 strued to prevent a local housing and management author-

1 ity from consolidating occupancy within or among build-
2 ings of a public housing development, or among develop-
3 ments, or with other housing for the purpose of improving
4 living conditions of, or providing more efficient services
5 to, residents.

6 (m) DE MINIMIS EXCEPTION TO DEMOLITION RE-
7 QUIREMENTS.—Notwithstanding any other provision of
8 this section, in any 5-year period a local housing and man-
9 agement authority may demolish not more than the lesser
10 of 5 dwelling units or 5 percent of the total dwelling units
11 owned and operated by the local housing and management
12 authority, without providing for such demolition in a com-
13 munity improvement plan, but only if the space occupied
14 by the demolished unit is used for meeting the service or
15 other needs of public housing residents or the demolished
16 unit was beyond repair.

17 **Subtitle F—General Provisions**

18 **SEC. 271. CONVERSION TO BLOCK GRANT ASSISTANCE.**

19 (a) SAVINGS PROVISIONS.—Any amounts made avail-
20 able to a public housing agency for assistance for public
21 housing pursuant to the United States Housing Act of
22 1937 (or any other provision of law relating to assistance
23 for public housing) under an appropriation for fiscal year
24 1996 or any previous fiscal year shall be subject to the
25 provisions of such Act as in effect before the enactment

1 of this Act, notwithstanding the repeals made by this Act,
2 except to the extent the Secretary provides otherwise to
3 provide for the conversion of public housing and public
4 housing assistance to the system provided under this Act.

5 (b) MODIFICATIONS.—Notwithstanding any provision
6 of this Act or any annual contributions contract or other
7 agreement entered into by the Secretary and a public
8 housing agency pursuant to the provisions of the United
9 States Housing Act of 1937 (as in effect before the enact-
10 ment of this Act), the Secretary and the agency may by
11 mutual consent amend, supersede, modify any such agree-
12 ment as appropriate to provide for assistance under this
13 title, except that the Secretary and the agency may not
14 consent to any such amendment, supersession, or modi-
15 fication that substantially alters any outstanding obliga-
16 tions requiring continued maintenance of the low-income
17 character of any public housing development and any such
18 amendment, supersession, or modification shall not be
19 given effect.

20 **SEC. 272. PAYMENT OF NON-FEDERAL SHARE.**

21 Rental or use-value of buildings or facilities paid for,
22 in whole or in part, from production, modernization, or
23 operation costs financed under this title may be used as
24 the non-Federal share required in connection with activi-
25 ties undertaken under Federal grant-in-aid programs

1 which provide social, educational, employment, and other
2 services to the residents in a project assisted under this
3 title.

4 **SEC. 273. DEFINITIONS.**

5 For purposes of this title, the following definitions
6 shall apply:

7 (1) ACQUISITION COST.—The term “acquisition
8 cost” means the amount prudently expended by a
9 local housing and management authority in acquir-
10 ing property for a public housing development.

11 (2) DEVELOPMENT.—The terms “public hous-
12 ing development” and “development” mean—

13 (A) public housing; and

14 (B) the improvement of any such housing.

15 (3) ELIGIBLE LOCAL HOUSING AND MANAGE-
16 MENT AUTHORITY.—The term “eligible local housing
17 and management authority” means, with respect to
18 a fiscal year, a local housing and management au-
19 thority that is eligible under section 202(b) for a
20 grant under this title.

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

1 (5) OPERATION.—The term “operation” means
2 any or all undertakings appropriate for manage-
3 ment, operation, services, maintenance, security (in-
4 cluding the cost of security personnel), or financing
5 in connection with a public housing development, in-
6 cluding the financing of resident programs and serv-
7 ices.

8 (6) PRODUCTION.—The term “production”
9 means any or all undertakings necessary for plan-
10 ning, land acquisition, financing, demolition, con-
11 struction, or equipment, in connection with the con-
12 struction, acquisition, or rehabilitation of a property
13 for use as a public housing development, including
14 activity in connection with a public housing develop-
15 ment that is confined to the reconstruction, remodel-
16 ing, or repair of existing buildings.

17 (7) PRODUCTION COST.—The term “production
18 cost” means the costs incurred by a local housing
19 and management authority for production of public
20 housing and the necessary financing for production
21 (including the payment of carrying charges and ac-
22 quisition costs).

23 (8) RESIDENT COUNCIL.—The term “resident
24 council” means an organization or association that
25 meets the requirements of section 235(a).

1 (9) RESIDENT MANAGEMENT CORPORATION.—

2 The term “resident management corporation” means
3 a corporation that meets the requirements of section
4 235(b).

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

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

3 **SEC. 274. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) BLOCK GRANTS.—There is authorized to be ap-
5 propriated, for block grants under this title,
6 \$5,500,000,000 for each of fiscal years 1996, 1997, 1998,
7 1999, and 2000.

8 (b) OPERATION SAFE HOME.—There is authorized to
9 be appropriated, for assistance for relocating residents of
10 public housing under the operation safe home program of
11 the Department of Housing and Urban Development (in-
12 cluding assistance for costs of relocation and housing as-
13 sistance under title III), \$700,000 for each of fiscal years
14 1996, 1997, 1998, 1999, and 2000.

15 **TITLE III—CHOICE-BASED RENT-**
16 **AL HOUSING AND HOME-**
17 **OWNERSHIP ASSISTANCE FOR**
18 **LOW-INCOME FAMILIES**

19 **Subtitle A—Grants and Allocation**

20 **SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE**
21 **GRANTS.**

22 To the extent that amounts to carry out this title are
23 made available, the Secretary may make grants to local
24 housing and management authorities for each fiscal year
25 to provide housing assistance under this title.

1 **SEC. 302. GRANT AGREEMENTS.**

2 (a) **AUTHORITY.**—The Secretary may make a grant
3 under this title to a local housing and management au-
4 thority for a fiscal year only if the Secretary has entered
5 into a grant agreement under this section with the local
6 housing and management authority, under which the Sec-
7 retary shall provide such authority with grant amounts (in
8 the amount of the allocation for the authority determined
9 pursuant to section 303) for housing assistance under this
10 title for low-income families.

11 (b) **USE FOR HOUSING ASSISTANCE.**—A grant agree-
12 ment shall require a local housing and management au-
13 thority to use amounts from a grant under this title to
14 provide housing assistance in any manner authorized
15 under this title.

16 (c) **ANNUAL OBLIGATION OF AUTHORITY.**—A grant
17 under this title shall provide amounts for housing assist-
18 ance for 1 fiscal year covered by the grant agreement.

19 (d) **ENFORCEMENT OF HOUSING QUALITY REQUIRE-**
20 **MENTS.**—Each grant agreement shall require the local
21 housing and management authority administering assist-
22 ance provided under the agreement—

23 (1) to ensure compliance, under each housing
24 assistance payments contract entered into pursuant
25 to such grant, with the provisions of such contract
26 included pursuant to section 351(c)(4); and

1 (2) to establish procedures for assisted families
2 to notify the authority of any noncompliance with
3 such provisions.

4 **SEC. 303. ALLOCATION OF AMOUNTS.**

5 (a) FORMULA ALLOCATION.—

6 (1) IN GENERAL.—When amounts for grants
7 under this title are first made available for reserva-
8 tion, after reserving amounts in accordance with
9 subsection (c) and section 109, the Secretary shall
10 allocate such amounts on the basis of a formula es-
11 tablished in accordance with paragraph (2) and is
12 based on appropriate criteria to reflect the needs of
13 different States, areas, and communities, using the
14 most recent data available from the Bureau of the
15 Census of the Department of Commerce and the
16 comprehensive housing affordability strategy under
17 section 105 of the Cranston-Gonzalez National Af-
18 fordable Housing Act for the applicable jurisdiction.

19 (2) REGULATIONS.—The formula under this
20 subsection shall be established by regulation issued
21 by the Secretary. Notwithstanding sections 563(a)
22 and 565(a) of title 5, United States Code, any pro-
23 posed regulation containing such formula shall be is-
24 sued pursuant to a negotiated rulemaking procedure
25 under subchapter of chapter 5 of such title and the

1 Secretary shall establish a negotiated rulemaking
2 committee for development of any such proposed
3 regulations.

4 (b) ALLOCATION CONSIDERATIONS.—

5 (1) LIMITATION ON REALLOCATION FOR AN-
6 OTHER STATE.—Any amounts allocated for a State
7 or areas or communities within a State that are not
8 likely to be used within a the fiscal year for which
9 the grant is made shall not be reallocated for use in
10 another State, unless the Secretary determines that
11 other areas or communities within the same State
12 (that are eligible for grant amounts under this title)
13 cannot use the amounts within the same fiscal year.

14 (2) EFFECT OF RECEIPT OF TENANT-BASED AS-
15 SISTANCE FOR DISABLED FAMILIES.—The Secretary
16 may not consider the receipt by a local housing and
17 management authority of assistance under section
18 811(b)(1) of the Cranston-Gonzalez National Afford-
19 able Housing Act, or the amount received, in ap-
20 proving amounts under this title for the authority or
21 in determining the amount of such assistance to be
22 provided to the authority.

23 (3) EXEMPTION FROM FORMULA ALLOCA-
24 TION.—The formula allocation requirements of sub-
25 section (a) shall not apply to any assistance under

1 this title that is approved in appropriation Acts for
2 uses that the Secretary determines are incapable of
3 geographic allocation, including amendments of ex-
4 isting housing assistance payments contracts, re-
5 newal of such contracts, assistance to families that
6 would otherwise lose assistance due to the decision
7 of the project owner to prepay the project mortgage
8 or not to renew the housing assistance payments
9 contract, assistance to prevent displacement or to
10 provide replacement housing in connection with the
11 demolition or disposition of public and Indian hous-
12 ing, assistance for relocation from public housing,
13 assistance in connection with protection of crime
14 witnesses, assistance for conversion from leased
15 housing contracts under section 23 of the United
16 States Housing Act of 1937 (as in effect before the
17 enactment of the Housing and Community Develop-
18 ment Act of 1974), and assistance in support of the
19 property disposition and loan management functions
20 of the Secretary.

21 (c) SET-ASIDE FOR INDIAN HOUSING ASSISTANCE.—
22 The Secretary shall allocate, in a manner determined by
23 the Secretary, a portion of the amounts made available
24 in each fiscal year for grants under this title for grants
25 for Indian housing authorities.

1 (d) RECAPTURE UPON TURNOVER FOR
2 REALLOCATION.—

3 (1) AUTHORITY.—In each fiscal year, from any
4 budget authority made available for assistance under
5 this title or section 8 of the United States Housing
6 Act of 1937 (as in effect before the enactment of
7 this Act) that is obligated to a local housing and
8 management authority but remains unobligated by
9 the authority upon the expiration of the 8-month pe-
10 riod beginning upon the initial availability of such
11 amounts for obligation by the authority, the Sec-
12 retary may deobligate an amount, as determined by
13 the Secretary, not exceeding 50 percent of such
14 budget authority.

15 (2) USE.—The Secretary may reallocate and
16 transfer any amounts deobligated under paragraph
17 (1) only to local housing and management authori-
18 ties in areas that the Secretary determines have re-
19 ceived less funding than other areas, based on the
20 relative needs of all areas.

21 **SEC. 304. ADMINISTRATIVE FEES.**

22 (a) ESTABLISHMENT OF FEE AND USE OF GRANT
23 AMOUNTS.—The Secretary shall establish a fee for the
24 costs incurred by a local housing and management author-
25 ity in administering the program for housing assistance

1 under this title. Notwithstanding any other provision of
2 this title, a local housing and management authority may
3 use grant amounts provided under this title in the amount
4 of the fee authorized under this section for such costs.

5 (b) AMOUNT.—The amount of the fee under sub-
6 section (a) for a grant for a fiscal year under any grant
7 agreement shall be equal to 6.0 percent of the total grant
8 amount provided to the local housing and management au-
9 thority for the fiscal year. The Secretary may increase the
10 fee if necessary to reflect the higher costs of administering
11 small programs and programs operating over large geo-
12 graphic areas.

13 **SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.**

14 There is authorized to be appropriated, for grants
15 under this title for providing housing assistance,
16 \$862,000,000 for each of fiscal years 1996, 1997, 1998,
17 1999, and 2000.

18 **SEC. 306. CONVERSION OF SECTION 8 ASSISTANCE.**

19 Any amounts made available to a local housing and
20 management authority under a contract for annual con-
21 tributions for assistance under section 8 of the United
22 States Housing Act of 1937 (as in effect before the enact-
23 ment of this Act) that have not been obligated for such
24 assistance by such authority before such enactment shall
25 be used to provide assistance under this title, except to

1 the extent the Secretary determines such use is inconsis-
2 ent with existing commitments.

3 **Subtitle B—Choice-Based Housing**
4 **Assistance for Eligible Families**

5 **SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR AS-**
6 **SISTANCE.**

7 (a) **LOW-INCOME REQUIREMENT.**—Housing assist-
8 ance under this title may be provided only on behalf of
9 a family that—

10 (1) at the time that such assistance is initially
11 provided on behalf of the family and at the time of
12 the most recent review of the income of the family
13 for purposes of this title, is determined by the local
14 housing and management authority to be a low-in-
15 come family; or

16 (2) qualifies to receive such assistance under
17 any other provision of Federal law.

18 (b) **REVIEWS OF FAMILY INCOMES.**—

19 (1) **IN GENERAL.**—Reviews of family incomes
20 for purposes of this title shall be subject to the pro-
21 visions of section 904(e) of the Stewart B. McKin-
22 ney Homeless Assistance Amendments Act of 1988
23 and shall be conducted upon the initial provision of
24 housing assistance for the family and thereafter not
25 less than—

1 (A) once every 3 years, in the cases of el-
2 derly families and disabled families; and

3 (B) annually, in the case of nonelderly
4 families.

5 (2) PROCEDURES.—Each local housing and
6 management authority administering housing assist-
7 ance under this title shall establish procedures that
8 are appropriate and necessary to ensure that income
9 data provided to the authority and owners by fami-
10 lies applying for or receiving housing assistance from
11 the authority is complete and accurate.

12 (c) PREFERENCES FOR ASSISTANCE.—

13 (1) AUTHORITY TO ESTABLISH.—Any local
14 housing and management authority that receives
15 grant amounts under this title may establish a sys-
16 tem for making housing assistance available on be-
17 half of eligible families that provides preference for
18 such assistance to eligible families having certain
19 characteristics.

20 (2) CONTENT.—Each system of preferences es-
21 tablished pursuant to this subsection shall be based
22 upon local housing needs and priorities, as deter-
23 mined by the local housing and management author-
24 ity.

1 (d) TREATMENT OF ASSISTED FAMILIES WHO MOVE
2 OUT OF JURISDICTION OF LHMA.—A local housing and
3 management authority may, in the discretion of the agen-
4 cy and notwithstanding any preferences under subsection
5 (c), provide housing assistance for eligible families (or a
6 certain number of such families) who have moved into the
7 jurisdiction of the authority and on whose behalf such as-
8 sistance was being provided, at the time of such move, by
9 the authority for the jurisdiction from which the family
10 moved.

11 (e) TREATMENT OF FAMILIES ON WAITING LIST
12 WHO MOVE OUT OF JURISDICTION OF LHMA.—

13 (1) MOVE TO JURISDICTION WITH OPEN WAIT-
14 ING LIST.—Except as provided in paragraph (2), if
15 an eligible family (A) applies for choice-based hous-
16 ing assistance while residing within the jurisdiction
17 of a local housing and management authority, (B)
18 moves outside of the jurisdiction of the authority be-
19 fore such assistance is provided on behalf of the
20 family, and (C) applies for housing assistance from
21 the local housing and management authority for the
22 jurisdiction to which the family moves, such author-
23 ity shall consider the application to have been made
24 upon the date that the family applied for assistance

1 with the authority in whose jurisdiction the family
2 previously resided.

3 (2) MOVE TO JURISDICTION WITH CLOSED
4 WAITING LIST.—If the local housing and manage-
5 ment authority for the jurisdiction to which an eligi-
6 ble family described in paragraph (1) moves is not
7 generally accepting applications for housing assist-
8 ance, such jurisdiction shall accept the application of
9 such family but shall treat the application as having
10 been made on the date on which it is actually made.

11 (f) AUTHORITY TO DENY ASSISTANCE TO CERTAIN
12 FAMILIES WHO MOVE.—A local housing and management
13 authority may establish criteria for denying housing as-
14 sistance, and pursuant to such criteria may deny such as-
15 sistance, to an eligible family who has moved from the ju-
16 risdiction of another authority, who received housing as-
17 sistance from the authority for such other jurisdiction, and
18 whose assistance was terminated by such other authority
19 for reasons other than income ineligibility or the change
20 of residence.

21 **SEC. 322. RESIDENT CONTRIBUTION.**

22 (a) IN GENERAL.—An assisted family shall contrib-
23 ute on a monthly basis for the rental of an assisted dwell-
24 ing unit an amount that the local housing and manage-

1 ment authority determines is appropriate with respect to
2 the family and the unit, which shall be—

3 (1) based upon factors including the adjusted
4 income of the family, the type and size of the dwell-
5 ing unit, and any other factors that the authority
6 considers appropriate;

7 (2) not less than \$50; and

8 (3) not more than the applicable payment
9 standard established under section 353 for the size
10 and type of the assisted dwelling unit for the area
11 in which the unit is located.

12 (b) RENTAL CONTRIBUTION FOR ELDERLY AND DIS-
13 ABLED FAMILIES.—In establishing the amount of monthly
14 rental contributions under this section for disabled fami-
15 lies and elderly families residing in assisted dwelling units,
16 a local housing and management authority shall waive the
17 applicability of any provision of subsection (a) that may
18 be necessary to establish such contributions that are rea-
19 sonable based on the adjusted incomes of such families.

20 **SEC. 323. RENTAL INDICATORS.**

21 (a) IN GENERAL.—The Secretary shall establish and
22 issue rental indicators under this section periodically, but
23 not less than annually, for existing rental dwelling units
24 that are eligible dwelling units. The Secretary shall estab-
25 lish and issue the rental indicators by housing market area

1 (as the Secretary shall establish) for various sizes and
2 types of dwelling units.

3 (b) AMOUNT.—For a market area, the rental indica-
4 tor established under subsection (a) for a dwelling unit
5 of a particular size and type in the market area shall be
6 a dollar amount that reflects the rental amount for a
7 standard quality rental unit of such size and type in the
8 market area that is an eligible dwelling unit.

9 (c) EFFECTIVE DATE.—The Secretary shall cause
10 the proposed rental indicators established under sub-
11 section (a) for each market area to be published in the
12 Federal Register with reasonable time for public comment,
13 and such rental indicators shall become effective upon the
14 date of publication in final form in the Federal Register.

15 (d) ANNUAL ADJUSTMENT.—Each rental indicator in
16 effect under this section shall be adjusted to be effective
17 on October 1 of each year to reflect changes, based on
18 the most recent available data trended so that the indica-
19 tors will be current for the year to which they apply, in
20 rents for existing rental dwelling units of various sizes and
21 types in the market area suitable for occupancy by families
22 assisted under this title.

1 **SEC. 324. LEASE TERMS.**

2 Rental assistance may be provided for an eligible
3 dwelling unit only if the assisted family and the owner of
4 the dwelling unit enter into a lease for the unit that—

5 (1) has a lease term that is agreed to by the
6 owner and the assisted family;

7 (2) contains terms and conditions specifying
8 that termination of tenancy during the term of a
9 lease shall be subject to the provisions set forth in
10 section 325;

11 (3) is set forth in the standard form, which is
12 used in the local housing market area by the owner
13 and applies generally to any other tenants in the
14 property who are not assisted families, together with
15 any addendum necessary to include the many terms
16 required under this section; and

17 (4) contains other terms and conditions that
18 the local housing and management authority deter-
19 mines are appropriate.

20 **SEC. 325. TERMINATION OF TENANCY.**

21 (a) GENERAL GROUNDS FOR TERMINATION OF TEN-
22 ANCY.—Each housing assistance payments contract under
23 section 351 shall provide that the owner of any assisted
24 dwelling unit assisted under the contract may, before expi-
25 ration of a lease for a unit, terminate the tenancy of any
26 tenant of the unit, but only for—

1 (1) violation of the terms and conditions of the
2 lease, violation of applicable Federal, State, or local
3 law, or other good cause; or

4 (2) any activity, engaged in by the tenant, any
5 member of the tenant's household, or any guest or
6 other person under the tenant's control (regardless
7 of whether the resident had actual knowledge of
8 such activity), that—

9 (A) threatens the health or safety of, or
10 right to peaceful enjoyment of the premises by,
11 other tenants or employees of the owner or
12 manager of the housing;

13 (B) threatens the health or safety of, or
14 right to peaceful enjoyment of their residences
15 by, persons residing in the immediate vicinity of
16 the premises; or

17 (C) is criminal activity (including drug-re-
18 lated criminal activity).

19 (b) MANNER OF TERMINATION.—Each housing as-
20 sistance payments contract shall provide that the owner
21 shall conduct the termination of tenancy of any tenant of
22 an assisted dwelling unit under the contract in accordance
23 with applicable State or local laws, including providing any
24 notice of termination required under such laws.

1 **SEC. 326. ELIGIBLE OWNERS.**

2 (a) OWNERSHIP ENTITY.—Rental assistance under
3 this title may be provided for any eligible dwelling unit
4 for which the owner is any public agency, private person
5 or entity (including a cooperative), nonprofit organization,
6 agency of the Federal Government, or local housing and
7 management authority.

8 (b) INELIGIBLE OWNERS.—Notwithstanding sub-
9 section (a), a local housing and management authority
10 may not provide rental assistance under this title for the
11 rental of a dwelling unit if the owner of the unit is
12 debarred, suspended, or subject to limited denial of par-
13 ticipation under part 24 of title 24, Code of Federal Regu-
14 lations.

15 **SEC. 327. SELECTION OF DWELLING UNITS.**

16 The determination of the dwelling unit in which an
17 assisted family resides and for which housing assistance
18 is provided under this title shall be made solely by the
19 assisted family, subject to the provisions of this title.

20 **SEC. 328. ELIGIBLE DWELLING UNITS.**

21 (a) IN GENERAL.—A dwelling unit shall be an eligible
22 dwelling unit for purposes of this title only if the local
23 housing and management authority to provide housing as-
24 sistance for the dwelling unit—

25 (1) determines that the dwelling unit is an ex-
26 isting dwelling unit that is not located within a nurs-

1 ing home or the grounds of any penal, reformatory,
2 medical, mental, or similar public or private institu-
3 tion;

4 (2) determines that the dwelling unit com-
5 plies—

6 (A) with applicable State or local laws,
7 regulations, standards, or codes regarding hab-
8 itability of residential dwellings that—

9 (i) are in effect for the jurisdiction in
10 which the dwelling unit is located;

11 (ii) provide protection to residents of
12 the dwellings that is equal to or greater
13 than the protection provided under the
14 housing quality standards established
15 under subsection (b); and

16 (iii) that do not severely restrict hous-
17 ing choice; or

18 (B) in the case of a dwelling unit located
19 in a jurisdiction which does not have in effect
20 laws, regulations, standards, or codes described
21 in subparagraph (A), with the housing quality
22 standards established under subsection (b); and

23 (3) makes the determinations required under
24 paragraphs (1) and (2) pursuant to an inspection of

1 the dwelling unit conducted before any assistance
2 payment is made for the unit.

3 Each local housing and management authority providing
4 housing assistance shall identify, in the community im-
5 provement plan for the authority, whether the authority
6 is utilizing the standard under subparagraph (A) or (B)
7 of paragraph (2) and, if the authority utilizes the standard
8 under subparagraph (A), shall certify in such plan that
9 the applicable State or local laws, regulations, standards,
10 or codes comply with the requirements under such sub-
11 paragraph.

12 (b) FEDERAL HOUSING QUALITY STANDARDS.—The
13 Secretary shall establish housing quality standards under
14 this subsection that ensure that assisted dwelling units are
15 safe, clean, and healthy. Such standards shall include re-
16 quirements relating to habitability, including maintenance,
17 health and sanitation factors, condition, and construction
18 of dwellings, and shall, to the greatest extent practicable,
19 be consistent with the standards established under section
20 233(b). The Secretary shall differentiate between major
21 and minor violations of such standards.

22 (c) ANNUAL INSPECTIONS.—Each local housing and
23 management authority providing housing assistance shall
24 make an annual inspection of each assisted dwelling unit
25 during the term of the housing assistance payments con-

1 tracts for the unit to determine whether the unit is main-
2 tained in accordance with the requirements under sub-
3 section (a)(2). The authority shall submit the results of
4 such inspections to the Secretary and the Inspector Gen-
5 eral for the Department of Housing and Urban Develop-
6 ment and such results shall be available to the Housing
7 Foundation and Accreditation Board established under
8 title IV and any auditor conducting an audit under section
9 432.

10 (d) INSPECTION GUIDELINES.—The Secretary shall
11 establish procedural guidelines and performance standards
12 to facilitate inspections of dwelling units and conform such
13 inspections with practices utilized in the private housing
14 market. Such guidelines and standards shall take into con-
15 sideration variations in local laws and practices of local
16 housing and management authorities and shall provide
17 flexibility to authorities appropriate to facilitate efficient
18 provision of assistance under this title.

19 (e) RULE OF CONSTRUCTION.—This section may not
20 be construed to prevent the provision of housing assistance
21 in connection with supportive services for elderly or dis-
22 abled families.

23 **SEC. 329. HOMEOWNERSHIP OPTION.**

24 (a) IN GENERAL.—A local housing and management
25 authority providing housing assistance under this title

1 may provide homeownership assistance to assist eligible
2 families to purchase a dwelling unit.

3 (b) REQUIREMENTS.—A local housing and manage-
4 ment authority providing homeownership assistance under
5 this section shall, as a condition of an eligible family re-
6 ceiving such assistance, require the family to—

7 (1) demonstrate that the family has income
8 from employment or other sources (other than public
9 assistance), as determined in accordance with re-
10 quirements established by the authority; and

11 (2) meet any other initial or continuing require-
12 ments established by the local housing and manage-
13 ment authority.

14 (c) DOWNPAYMENT REQUIREMENT.—A local housing
15 and management authority may establish minimum down-
16 payment requirements, if appropriate, in connection with
17 loans made for the purchase of dwelling units for which
18 homeownership assistance is provided under this section.

19 **SEC. 330. ADMINISTRATIVE GRIEVANCE PROCEDURE.**

20 Each local housing and management authority pro-
21 viding housing assistance with grant amounts under this
22 title shall establish and implement an administrative griev-
23 ance procedure under which assisted families will have an
24 opportunity for disposition of grievances concerning ad-
25 verse housing management authority actions.

1 **Subtitle C—Payment of Housing**
2 **Assistance on Behalf of Assisted**
3 **Families**

4 **SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.**

5 (a) IN GENERAL.—Each local housing and manage-
6 ment authority that receives amounts under a grant agree-
7 ment may enter into housing assistance payments con-
8 tracts with owners of existing dwelling units to make hous-
9 ing assistance payments to such owners in accordance with
10 this title.

11 (b) LHMA ACTING AS OWNER.—A local housing and
12 management authority may enter into a housing assist-
13 ance payments contract to make housing assistance pay-
14 ments under this title to itself (or any agency or instru-
15 mentality thereof) as the owner of dwelling units, and the
16 authority shall be subject to the same requirements that
17 are applicable to other owners.

18 (c) PROVISIONS.—Each housing assistance payments
19 contract shall—

20 (1) have a term of not less than 1 month nor
21 more than 24 months;

22 (2) require that the assisted dwelling unit may
23 be rented only pursuant to a lease that complies
24 with the requirements of section 324;

1 (3) comply with the requirements of section 325
2 (relating to termination of tenancy);

3 (4) require the owner to maintain the dwelling
4 unit in accordance with the applicable standards
5 under section 328(a)(2); and

6 (5) provide that the screening and selection of
7 eligible families for assisted dwelling units shall be
8 the function of the owner.

9 **SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**

10 The amount of the monthly assistance payment for
11 housing assistance under this title on behalf of an assisted
12 family shall be as follows:

13 (1) UNITS HAVING GROSS RENT LESS THAN
14 PAYMENT STANDARD.—In the case of a dwelling
15 unit bearing a gross rent that does not exceed the
16 payment standard established under section 353 for
17 a dwelling unit of the applicable size and located in
18 the market area in which such assisted dwelling unit
19 is located, the amount by which the gross rent for
20 the dwelling unit exceeds the amount of the resident
21 contribution determined in accordance with section
22 322.

23 (2) UNITS HAVING GROSS RENT EXCEEDING
24 PAYMENT STANDARD.—In the case of a dwelling
25 unit bearing a gross rent that exceeds the payment

1 standard established under section 353 for a dwell-
2 ing unit of the applicable size and located in the
3 market area in which such assisted dwelling unit is
4 located, the amount by which such payment stand-
5 ard exceeds the amount of the resident contribution
6 determined in accordance with section 322.

7 **SEC. 353. PAYMENT STANDARDS.**

8 (a) ESTABLISHMENT.—Each local housing and man-
9 agement authority providing housing assistance under this
10 title shall establish payment standards under this section
11 for various areas, and sizes and types of dwelling units,
12 for use in determining the amount of monthly housing as-
13 sistance payment to be provided on behalf of assisted fami-
14 lies.

15 (b) USE OF RENTAL INDICATORS.—The payment
16 standards for each market area and size and type of hous-
17 ing shall be based on rental indicators established under
18 section 323 for such area, size, and type.

19 **SEC. 354. REASONABLE RENTS.**

20 (a) ESTABLISHMENT.—The rent charged for a dwell-
21 ing unit for which rental assistance is provided under this
22 title shall be established pursuant to negotiation and
23 agreement between the assisted family and the owner of
24 the dwelling unit.

25 (b) REASONABLENESS.—

1 (1) DETERMINATION.—A local housing and
2 management authority providing rental assistance
3 under this title for a dwelling unit shall, before com-
4 mencing assistance payments for a unit, determine
5 whether the rent charged for the unit exceeds the
6 rents charged for comparable units in the applicable
7 private unassisted market.

8 (2) UNREASONABLE RENTS.—If the authority
9 determines that the rent charged for a dwelling unit
10 exceeds such comparable rents, the authority—

11 (A) shall inform the assisted family renting
12 the unit that such rent exceeds the rents for
13 comparable unassisted units in the market; and

14 (B) may refuse to provide housing assist-
15 ance payments for such unit.

16 **SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT**
17 **RENTAL UNITS.**

18 If an assisted family vacates a dwelling unit for which
19 rental assistance is provided under a housing assistance
20 payments contract before the expiration of the term of the
21 lease for the unit, rental assistance pursuant to such con-
22 tract may not be provided for the unit after the month
23 during which the unit was vacated.

1 **SEC. 356. PROHIBITION OF PORTABILITY.**

2 If an assisted family moves outside of the jurisdiction
3 of the local housing and management authority providing
4 the housing assistance for the family, the authority may
5 not provide assistance for the new dwelling unit of the
6 family.

7 **Subtitle D—General and**
8 **Miscellaneous Provisions**

9 **SEC. 371. DEFINITIONS.**

10 For purposes of this title:

11 (1) ASSISTED DWELLING UNIT.—The term “as-
12 sisted dwelling unit” means a dwelling unit in which
13 an assisted family resides and for which housing as-
14 sistance payments are made under this title.

15 (2) ASSISTED FAMILY.—The term “assisted
16 family” means an eligible family on whose behalf
17 housing assistance payments are made under this
18 title or who has been selected and approved for
19 housing assistance.

20 (3) CHOICE-BASED.—The term “choice-based”
21 means, with respect to housing assistance, that the
22 assistance is not attached to a dwelling unit but can
23 be used for any eligible dwelling unit selected by the
24 eligible family.

25 (4) ELIGIBLE DWELLING UNIT.—The term “eli-
26 gible dwelling unit” means a dwelling unit that com-

1 plies with the requirements under section 328 for
2 consideration as an eligible dwelling unit.

3 (5) ELIGIBLE FAMILY.—The term “eligible
4 family” means a family that meets the requirements
5 under section 321(a) for assistance under this title.

6 (6) GRANT AGREEMENT.—The term “grant
7 agreement” means an agreement under section 302
8 between the Secretary and a local housing and man-
9 agement authority for the Secretary to provide grant
10 amounts for housing assistance under this title.

11 (7) HOMEOWNERSHIP ASSISTANCE.—The term
12 “homeownership assistance” means housing assist-
13 ance provided under section 329 for the ownership
14 of a dwelling unit.

15 (8) HOUSING ASSISTANCE.—The term “housing
16 assistance” means assistance provided under this
17 title on behalf of low-income families for the rental
18 or ownership of an eligible dwelling unit.

19 (9) HOUSING ASSISTANCE PAYMENTS CON-
20 TRACT.—The term “housing assistance payments
21 contract” means a contract under section 351 be-
22 tween a local housing and management authority (or
23 the Secretary) and an owner to make housing assist-
24 ance payments under this title to the owner on be-
25 half of an assisted family.

1 (10) LOCAL HOUSING AND MANAGEMENT AU-
2 THORITY.—The terms “local housing and manage-
3 ment authority” and “authority” have the meaning
4 given such terms in section 103, except that the
5 terms include—

6 (A) a consortia of local housing and man-
7 agement authorities that the Secretary deter-
8 mines has the capacity and capability to admin-
9 ister a program for housing assistance under
10 this title in an efficient manner;

11 (B) any other entity that, upon the date of
12 the enactment of this Act, was administering
13 any program for tenant-based rental assistance
14 under section 8 of the United States Housing
15 Act of 1937 (as in effect before the enactment
16 of this Act); and

17 (C) with respect to any area in which no
18 local housing and management authority has
19 been organized or where the Secretary deter-
20 mines that a local housing and management au-
21 thority is unwilling or unable to implement this
22 title, or is not performing effectively—

23 (i) the Secretary or another entity
24 that by contract agrees to receive grant
25 amounts under this title and enter into

1 housing assistance payments contracts
2 with owners and perform the other func-
3 tions of local housing and management au-
4 thority under this title; or

5 (ii) notwithstanding any provision of
6 State or local law, a local housing and
7 management authority for another area
8 that contracts with the Secretary to ad-
9 minister a program for housing assistance
10 under this title, without regard to any oth-
11 erwise applicable limitations on its area of
12 operation.

13 (11) OWNER.—The term “owner” means the
14 person or entity having the legal right to lease or
15 sublease dwelling units. Such term includes any
16 principals, general partners, primary shareholders,
17 and other similar participants in any entity owning
18 a multifamily housing project, as well as the entity
19 itself.

20 (12) RENT.—The terms “rent” and “rental”
21 include, with respect to members of a cooperative,
22 the charges under the occupancy agreements be-
23 tween such members and the cooperative.

1 (13) RENTAL ASSISTANCE.—The term “rental
2 assistance” means housing assistance provided
3 under this title for the rental of a dwelling unit.

4 **SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

5 (a) AUTHORITY TO RETAIN RECOVERED
6 AMOUNTS.—The Secretary shall permit local housing and
7 management authorities administering housing assistance
8 under this title to retain, out of amounts obtained by the
9 authorities from tenants that are due as a result of fraud
10 and abuse, an amount (determined in accordance with reg-
11 ulations issued by the Secretary) equal to the greater of—

12 (1) 50 percent of the amount actually collected;

13 or

14 (2) the actual, reasonable, and necessary ex-
15 penses related to the collection, including costs of in-
16 vestigation, legal fees, and collection agency fees.

17 (b) USE.—Amounts retained by an authority shall be
18 made available for use in support of the affected program
19 or project, in accordance with regulations issued by the
20 Secretary. If the Secretary is the principal party initiating
21 or sustaining an action to recover amounts from families
22 or owners, the provisions of this section shall not apply.

23 (c) RECOVERY.—Amounts may be recovered under
24 this section—

1 (1) by an authority through a lawsuit (including
2 settlement of the lawsuit) brought by the authority
3 or through court-ordered restitution pursuant to a
4 criminal proceeding resulting from an authority's in-
5 vestigation where the authority seeks prosecution of
6 a family or where an authority seeks prosecution of
7 an owner;

8 (2) through administrative repayment agree-
9 ments with a family or owner entered into as a re-
10 sult of an administrative grievance procedure con-
11 ducted by an impartial decisionmaker in accordance
12 with section 330; or

13 (3) through an agreement between the parties.

14 **Subtitle E—Provisions Relating to**
15 **Discontinued HUD-Adminis-**
16 **tered Programs for Project-**
17 **Based Assistance**

18 **SEC. 381. PROHIBITION OF DISCRIMINATION IN SUB-**
19 **SIDIZED PROJECTS.**

20 (a) IN GENERAL.—No owner of a subsidized project
21 shall refuse to lease any available dwelling unit in any such
22 project of such owner that rents for an amount not greater
23 than the applicable rental indicator for a comparable unit,
24 as determined under section 305, to an assisted family
25 under this title, a proximate cause of which is the status

1 of such prospective tenant as an assisted family, and to
2 enter into a housing assistance payments contract respect-
3 ing such unit.

4 (b) DEFINITION.—For purposes of this section, the
5 term “subsidized project” has the meaning given the term
6 in section 203(b) of the Housing and Community Develop-
7 ment Amendments of 1978.

8 **TITLE IV—ACCREDITATION AND**
9 **OVERSIGHT OF LOCAL HOUS-**
10 **ING AND MANAGEMENT AU-**
11 **THORITIES**

12 **Subtitle A—Housing Foundation**
13 **and Accreditation Board**

14 **SEC. 401. ESTABLISHMENT.**

15 There is established an independent agency in the ex-
16 ecutive branch of the Government to be known as the
17 Housing Foundation and Accreditation Board (in this title
18 referred to as the “Board”).

19 **SEC. 402. MEMBERSHIP.**

20 (a) IN GENERAL.—The Board shall be composed of
21 12 members appointed by the President not later than 180
22 days after the date of the enactment of this Act, as fol-
23 lows:

1 (1) 4 members shall be appointed from among
2 10 individuals recommended by the Secretary of
3 Housing and Urban Development.

4 (2) 4 members shall be appointed from among
5 10 individuals recommended by the Chairman and
6 Ranking Minority Member of the Committee on
7 Banking, Housing, and Urban Affairs of the Senate.

8 (3) 4 members appointed from among 10 indi-
9 viduals recommended by the Chairman and Ranking
10 Minority Member of the Committee on Banking and
11 Financial Services of the House of Representatives.

12 (b) QUALIFICATIONS.—

13 (1) REQUIRED REPRESENTATION.—The Board
14 shall at all times have the following members:

15 (A) 2 members who are residents of public
16 housing or dwelling units assisted under title
17 III of this Act or the provisions of section 8 of
18 the United States Housing Act of 1937 (as in
19 effect before the enactment of this Act).

20 (B) 2 members who are executive directors
21 of local housing and management authorities.

22 (C) 1 member who is a member of the In-
23 stitute of Real Estate Managers.

24 (D) 1 member who is the owner of a multi-
25 family housing project assisted under a pro-

1 gram administered by the Secretary of Housing
2 and Urban Development.

3 (2) REQUIRED EXPERIENCE.—The Board shall
4 at all times have as members individuals with the
5 following experience:

6 (A) At least 1 individual who has extensive
7 experience in the residential real estate finance
8 business.

9 (B) At least 1 individual who has extensive
10 experience in operating a nonprofit organization
11 that provides affordable housing.

12 (C) At least 1 individual who has extensive
13 experience in construction of multifamily hous-
14 ing.

15 (D) At least 1 individual who has extensive
16 experience in the management of a community
17 development corporation.

18 A single member of the board with the appropriate
19 experience may satisfy the requirements of more
20 than 1 subparagraph of this paragraph. A single
21 member of the board with the appropriate qualifica-
22 tions and experience may satisfy the requirements of
23 a subparagraph of paragraph (1) and a subpara-
24 graph of this paragraph.

1 (c) POLITICAL AFFILIATION.—Not more than 6
2 members of the Board may be of the same political party.

3 (d) TERMS.—

4 (1) IN GENERAL.—Each member of the Board
5 shall be appointed for a term of 4 years, except as
6 provided in paragraphs (2) and (3).

7 (2) TERMS OF INITIAL APPOINTEES.—As des-
8 ignated by the President at the time of appointment,
9 of the members first appointed—

10 (A) 3 shall be appointed for terms of 1
11 year;

12 (B) 3 shall be appointed for terms of 2
13 years;

14 (C) 3 shall be appointed for terms of 3
15 years; and

16 (D) 3 shall be appointed for terms of 4
17 years;

18 (3) VACANCIES.—Any member appointed to fill
19 a vacancy occurring before the expiration of the
20 term for which the member's predecessor was ap-
21 pointed shall be appointed only for the remainder of
22 that term. A member may serve after the expiration
23 of that member's term until a successor has taken
24 office. A vacancy in the Board shall be filled in the

1 manner in which the original appointment was
2 made.

3 (e) CHAIRPERSON.—The Board shall elect a chair-
4 person from among members of the Board.

5 (f) QUORUM.—A majority of the members of the
6 Board shall constitute a quorum for the transaction of
7 business.

8 (g) VOTING.—Each member of the Board shall be en-
9 titled to 1 vote, which shall be equal to the vote of every
10 other member of the Board.

11 (h) PROHIBITION ON ADDITIONAL PAY.—Members of
12 the Board shall serve without compensation, but shall be
13 reimbursed for travel, subsistence, and other necessary ex-
14 penses incurred in the performance of their duties as
15 members of the Board.

16 **SEC. 403. FUNCTIONS.**

17 The purpose of this subtitle is to establish the Board
18 as a nonpolitical entity to carry out the following func-
19 tions:

20 (1) EVALUATION OF DEEP SUBSIDY PRO-
21 GRAMS.—Measuring the performance and efficiency
22 of all “deep subsidy” programs for housing assist-
23 ance administered by the Secretary of Housing and
24 Urban Development, including the public housing
25 program under title II and the programs for tenant-

1 and project-based rental assistance under title III
2 and section 8 of the United States Housing Act of
3 1937 (as in effect before the enactment of this Act).

4 (2) ESTABLISHMENT OF LHMA PERFORMANCE
5 BENCHMARKS.—Establishing standards and guide-
6 lines under section 431 for use by the Secretary in
7 measuring the performance and efficiency of local
8 housing and management authorities and other own-
9 ers and providers of federally assisted housing in
10 carrying out operational and financial functions.

11 (3) ESTABLISHMENT OF FINANCIAL AND PER-
12 FORMANCE AUDIT REQUIREMENTS.—Establishing
13 standards, requirements, and procedures for per-
14 formance and evaluation audits under section 432
15 and independent auditors conducting such audits.

16 (4) ACCREDITATION OF LHMA'S.—Establishing
17 a procedure under section 431(b) for accrediting
18 local housing and management authorities to receive
19 block grants under title I for the operation, mainte-
20 nance, and production of public housing, ensuring
21 that financial and performance audits under such
22 section are conducted annually for each local hous-
23 ing and management authority, and reviewing such
24 audits for purposes of accreditation.

1 (5) INFORMATION AND TECHNICAL ASSIST-
2 ANCE.—Providing information, continuing edu-
3 cational opportunities, and technical assistance to
4 public and private housing providers.

5 (6) ESTABLISHMENT OF SYSTEM FOR IDENTIFI-
6 FYING LHMA DYSFUNCTIONS.—Establishing a sys-
7 tem for identifying potential problems in the oper-
8 ations and financial functions of local housing and
9 management authorities at a time before such prob-
10 lems result in serious and complicated deficiencies.

11 (7) ESTABLISHMENT OF SYSTEMS.—Establish-
12 ing and making available to local housing and man-
13 agement authorities and other housing providers ef-
14 ficient systems to assist in managing housing, in-
15 cluding computer systems for financial, occupancy,
16 and other functions that facilitate audits, reviews,
17 and evaluations under this Act and model practices
18 and procedures to ensure compliance with the re-
19 quirements of section 231(a).

20 (8) OTHER ACTIVITIES.—Carrying out such
21 other functions as may otherwise be provided under
22 law.

1 **SEC. 404. INITIAL ESTABLISHMENT OF STANDARDS AND**
2 **PROCEDURES FOR LHMA COMPLIANCE.**

3 (a) **DEADLINE.**—The Board shall establish the stand-
4 ards, guidelines, and procedures under sections 431 and
5 432 not later than the expiration of the 12-month period
6 beginning upon the completion of the appointment, under
7 section 402, of the initial members of the Board. Before
8 issuing such standards, guidelines, and procedures in final
9 form, the Board shall submit a copy to the Congress.

10 (b) **PRIORITY OF INITIAL EVALUATIONS.**—After or-
11 ganization of the Board and establishment of standards,
12 guidelines, and procedures under sections 431 and 432,
13 the Board shall commence evaluations under section
14 434(b) for the purpose of accrediting local housing and
15 management authorities and shall give priority to conduct-
16 ing evaluations of local housing and management authori-
17 ties that are designated as troubled public housing agen-
18 cies under section 6(j) of the United States Housing Act
19 of 1937 (as in effect before the date of the enactment of
20 this Act) pursuant to section 431(d).

21 **SEC. 405. POWERS.**

22 (a) **HEARINGS.**—The Board may, for the purpose of
23 carrying out this subtitle, hold such hearings and sit and
24 act at such times and places as the Board determines ap-
25 propriate.

1 (b) RULES AND REGULATIONS.—The Board may
2 adopt such rules and regulations as may be necessary to
3 establish its procedures and to govern the manner of its
4 operations, organization, and personnel.

5 (c) ASSISTANCE FROM FEDERAL AGENCIES.—

6 (1) INFORMATION.—The Board may secure di-
7 rectly from any department or agency of the Federal
8 Government such information as the Board may re-
9 quire for carrying out its functions, including com-
10 munity improvement plans submitted to the Sec-
11 retary by local housing and management authorities
12 under title II. Upon request of the Board, any such
13 department or agency shall furnish such informa-
14 tion. The Board may acquire information directly
15 from local housing and management authorities to
16 the same extent the Secretary may acquire such in-
17 formation.

18 (2) GENERAL SERVICES ADMINISTRATION.—
19 The Administrator of General Services shall provide
20 to the Board, on a reimbursable basis, such adminis-
21 trative support services as the Board may request.

22 (3) DEPARTMENT OF HOUSING AND URBAN DE-
23 VELOPMENT.—Upon the request of the chairperson
24 of the Board, the Secretary of Housing and Urban
25 Development shall, to the extent possible and subject

1 to the discretion of the Secretary, detail any of the
2 personnel of the Department of Housing and Urban
3 Development, on a nonreimbursable basis, to assist
4 the Board in carrying out its functions under this
5 subtitle.

6 (d) **MAILS.**—The Board may use the United States
7 mails in the same manner and under the same conditions
8 as other Federal agencies.

9 (e) **CONTRACTING.**—The Board may, to such extent
10 and in such amounts as are provided in appropriations
11 Acts, enter into contracts with private firms, institutions,
12 and individuals for the purpose of conducting research or
13 surveys necessary to enable the Board to discharge its
14 functions under this subtitle.

15 (f) **STAFF.**—

16 (1) **EXECUTIVE DIRECTOR.**—The Board shall
17 appoint an executive director of the Board, who shall
18 be compensated at a rate fixed by the Board, but
19 which shall not exceed the rate established for level
20 V of the Executive Schedule under title 5, United
21 States Code.

22 (2) **OTHER PERSONNEL.**—In addition to the ex-
23 ecutive director, the Board may appoint and fix the
24 compensation of such personnel as the Board consid-
25 ers necessary, in accordance with the provisions of

1 title 5, United States Code, governing appointments
2 to the competitive service, and the provisions of
3 chapter 51 and subchapter III of chapter 53 of such
4 title, relating to classification and General Schedule
5 pay rates. Such personnel may include personnel for
6 assessment teams under section 431(b).

7 **SEC. 406. FEES.**

8 (a) ACCREDITATION FEES.—The Board may estab-
9 lish and charge fees for the accreditation of local housing
10 and management authorities as the Board considers nec-
11 essary to cover the costs of the operations of the Board
12 relating to establishing standards, guidelines, and proce-
13 dures for evaluating the performance of local housing and
14 management authorities and performing comprehensive
15 reviews relating to the accreditation of such authorities.

16 (b) TECHNICAL ASSISTANCE FEES.—The Board may
17 establish and charges fees for providing information, tech-
18 nical assistance, and other products, including information
19 and systems provided under paragraphs (5) and (7) of sec-
20 tion 403, as the Board considers appropriate to cover the
21 costs of such activities.

22 (c) FUND.—Any fees collected under this section
23 shall be deposited in an operations fund for the Board,
24 which is hereby established in the Treasury of the United
25 States. Amounts in such fund shall be available, to the

1 extent provided in appropriation Acts, for the expenses of
2 the Board in carrying out its functions under this subtitle.

3 **SEC. 407. REPORTS.**

4 The Board shall submit a report to the Congress an-
5 nually describing, for the year for which the report is
6 made—

7 (1) any modifications made by the Board to the
8 standards, guidelines, and procedures issued under
9 section 431 and 432 by the Board;

10 (2) the results of the assessments, reviews, and
11 evaluations conducted by the Board under subtitle
12 B;

13 (3) the types and extent of assistance, informa-
14 tion, and products provided by the Board; and

15 (4) any other activities of the Board.

16 **Subtitle B—Accreditation and**
17 **Oversight Standards and Proce-**
18 **dures**

19 **SEC. 431. ESTABLISHMENT OF PERFORMANCE BENCH-**
20 **MARKS AND ACCREDITATION PROCEDURES.**

21 (a) PERFORMANCE BENCHMARKS.—

22 (1) PERFORMANCE AREAS.—The Housing
23 Foundation and Accreditation Board established
24 under section 401 (in this subtitle referred to as the
25 “Board”) shall establish standards and guidelines,

1 for use under section 433 by the Secretary, to meas-
2 ure the performance of local housing and manage-
3 ment authorities in all aspects relating to—

4 (A) operational and financial functions;

5 (B) providing, maintaining, and assisting
6 low-income housing—

7 (i) that is safe, clean, and healthy, as
8 required under sections 233 and 328;

9 (ii) in a manner consistent with the
10 comprehensive housing affordability strat-
11 egy under section 105 of the Cranston-
12 Gonzalez National Affordable Housing Act;

13 (iii) that is occupied by eligible fami-
14 lies; and

15 (iv) that is affordable to eligible fami-
16 lies;

17 (C) producing low-income housing and exe-
18 cuting capital projects, if applicable;

19 (D) administering the provision of housing
20 assistance under title III;

21 (E) accomplishing the goals and plans set
22 forth in the community improvement plan for
23 the authority;

24 (F) promoting responsibility and self-suffi-
25 ciency among residents of public housing devel-

1 opments of the authority and assisted families
2 under title III; and

3 (G) complying with the other requirements
4 of the authority under block grant contracts
5 under title II, grant agreements under title III,
6 and the provisions of this Act.

7 (2) PERFORMANCE CATEGORIES.—In establish-
8 ing standards and guidelines under this section, the
9 Board shall define various levels of performance,
10 which shall include the following levels:

11 (A) EXCEPTIONALLY WELL-MANAGED.—A
12 minimum acceptable level of performance in the
13 areas specified in paragraph (1) for classifica-
14 tion of a local housing and management author-
15 ity as exceptionally well-managed, which shall
16 indicate that the authority functions exception-
17 ally.

18 (B) WELL-MANAGED.—A minimum accept-
19 able level of performance in the areas specified
20 in paragraph (1) for classification of a local
21 housing and management authority as well-
22 managed, which shall indicate that the author-
23 ity functions satisfactorily.

24 (C) TROUBLED.—A minimum level of per-
25 formance in the areas specified in paragraph

1 (1) for classification of a local housing and
2 management authority as a troubled authority,
3 which shall indicate that the authority functions
4 unsatisfactorily with respect to certain areas
5 under paragraph (1), but such deficiencies are
6 not irreparable.

7 (D) DYSFUNCTIONAL.—A maximum level
8 of performance in the areas specified in para-
9 graph (1) for classification of a local housing
10 and management authority as dysfunctional,
11 which shall indicate that the authority suffers
12 such deficiencies that the authority should not
13 be allowed to continue to manage low-income
14 housing or administer housing assistance.

15 (3) ACCREDITATION STANDARD.—In establish-
16 ing standards and guidelines under this section, the
17 Board shall establish a minimum acceptable level of
18 performance for accrediting a local housing and
19 management authority for purposes of authorizing
20 the authority to enter into a new block grant con-
21 tract under title II or a new grant agreement under
22 title III.

23 (b) ACCREDITATION PROCEDURE.—The Accredita-
24 tion Board shall establish procedures for—

1 (1) reviewing the performance of a local hous-
2 ing and management authority over the term of the
3 expiring accreditation, which review shall be con-
4 ducted during the 12-month period that ends upon
5 the conclusion of the term of the expiring accredita-
6 tion;

7 (2) evaluating the capability of a local housing
8 and management authority that proposes to enter
9 into an initial block grant contract under title II or
10 an initial grant agreement under title III; and

11 (3) determining whether the authority complies
12 with the standards and guidelines for accreditation
13 established under subsection (a)(3).

14 The procedures for a review or evaluation under this sub-
15 section shall provide for the review or evaluation to be con-
16 ducted by an assessment team established by the Board,
17 which shall review annual financial and performance au-
18 dits conducted under section 432 and obtain such informa-
19 tion as the Board may require.

20 (c) IDENTIFICATION OF POTENTIAL PROBLEMS.—

21 The standards and guidelines under subsection (a) and the
22 procedure under subsection (b) shall be established in a
23 manner designed to identify potential problems in the op-
24 erations, management, functioning of local housing and

1 management authorities at a time before such problems
2 result in serious and complicated deficiencies.

3 (d) INTERIM APPLICABILITY OF PHMAP.—Notwith-
4 standing any other provision of this subtitle, during the
5 period that begins on the date of the enactment of this
6 Act and ends upon the date of the effectiveness of final
7 regulations establishing the standards, guidelines, and
8 procedures required under this section and section 432,
9 the Secretary shall assess the management performance
10 of local housing and management authorities in the same
11 manner provided for public housing agencies pursuant to
12 section 6(j) of the United States Housing Act of 1937 (as
13 in effect immediately before the enactment of this Act)
14 and may take actions with respect to local housing and
15 management authorities that are authorized under such
16 section with respect to public housing agencies.

17 **SEC. 432. ANNUAL FINANCIAL AND PERFORMANCE AUDIT.**

18 (a) REQUIREMENT.—The Secretary shall require
19 each local housing and management authority that re-
20 ceives grant amounts under this Act in a fiscal year to
21 have a financial and performance audit of the authority
22 conducted for the fiscal year and to submit the results of
23 the audit to the Secretary and the Board.

24 (b) PROCEDURES.— The Accreditation Board shall
25 establish the requirements and procedures for such audits

1 under this section, in accordance with the requirements
2 under this section. Such procedures shall—

3 (1) provide for the audit to be conducted by an
4 independent auditor jointly selected by board and
5 authority;

6 (2) authorize the auditor and the Board to ob-
7 tain information from a local housing and manage-
8 ment authority, to access any books, documents, pa-
9 pers, and records of an authority that are pertinent
10 to this Act and assistance received pursuant to this
11 Act, and to review any reports of an authority to the
12 Secretary.

13 (3) be designed to identify potential problems in
14 the operations, management, functioning of a local
15 housing and management authority at a time before
16 such problems result in serious and complicated defi-
17 ciencies.

18 (c) PURPOSE.—Audits under this section shall be de-
19 signed to evaluate the financial performance and sound-
20 ness and management performance of the local housing
21 and management authority board of directors (or other
22 similar governing body) and the authority management of-
23 ficials and staff, assess the compliance of an authority
24 with all aspects of the standards and guidelines estab-
25 lished under section 431(a)(1), and provide information

1 sufficient for the Secretary to designate the authority
2 under the categories established under section 431(a)(2).

3 (d) SINGLE AUDIT ACT COMPLIANCE.—An audit
4 under this section shall be made in a manner so that the
5 audit complies with the requirements for audits under
6 chapter 75 of title 31, United States Code.

7 (e) WITHHOLDING OF AMOUNTS FOR COSTS OF
8 AUDIT.—If the Secretary determines that a local housing
9 and management authority has failed to take the actions
10 required to submit an audit under this section for a fiscal
11 year, the Secretary may—

12 (1) arrange for, and pay the costs of, the audit;

13 and

14 (2) withhold, from the total allocation for any
15 fiscal year otherwise payable to the authority under
16 this Act, amounts sufficient to pay for the reason-
17 able costs of conducting an acceptable audit, includ-
18 ing, if appropriate, the reasonable costs of account-
19 ing services necessary to place the authority's books
20 and records in condition that permits an audit.

21 **SEC. 433. ANNUAL CLASSIFICATION BY PERFORMANCE**

22 **CATEGORY.**

23 The Secretary shall annually designate each local
24 housing and management authority according to the per-
25 formance categories under section 431(a)(2). In determin-

1 ing the classification of an authority, the Secretary shall
2 consider the most recent financial and performance audit
3 under section 432 of the authority and accreditation re-
4 ports under section 434(c) of the authority, but may not
5 undertake any audits and examinations of the authority.

6 **SEC. 434. ACCREDITATION.**

7 (a) REVIEW UPON EXPIRATION OF PREVIOUS AC-
8 CREDITATION.—The Accreditation Board shall perform a
9 comprehensive review of the performance of a local hous-
10 ing and management authority, in accordance with the
11 procedures established under section 431(b), before the
12 expiration of the term for which a previous accreditation
13 was granted under this subtitle.

14 (b) INITIAL EVALUATION.—

15 (1) IN GENERAL.—Before entering into an ini-
16 tial block grant contract under title II or an initial
17 grant agreement under title III with any local hous-
18 ing and management authority, the Board shall con-
19 duct a comprehensive evaluation of the capabilities
20 of the local housing and management authority.

21 (2) EXCEPTION.—Paragraph (1) shall not
22 apply to an initial block grant contract or grant
23 agreement entered into during the period beginning
24 upon the date of the enactment of this Act and end-
25 ing upon the date of the effectiveness of final regula-

1 tions establishing the standards, guidelines, and pro-
2 cedures required under section 431 or 432 with any
3 public housing agency that received amounts under
4 the United States Housing Act of 1937 during fiscal
5 year 1995.

6 (c) DETERMINATION AND REPORT.—Pursuant to a
7 review or evaluation under this section, the Board shall
8 determine whether the authority meets the requirements
9 for accreditation under section 431(a)(3), shall accredit
10 the authority if it meets such requirements, and shall sub-
11 mit a report on the results of the review or evaluation and
12 such determination to the Secretary and the authority.

13 (d) ACCREDITATION.—An accreditation under this
14 section shall expire at the end the term established by the
15 Board in granting the accreditation, which may not exceed
16 5 years. The Board may qualify an accreditation placing
17 conditions on the accreditation based on the future per-
18 formance of the authority.

19 **SEC. 435. PERFORMANCE AGREEMENTS FOR TROUBLED**
20 **AUTHORITIES.**

21 (a) IN GENERAL.—Upon designating a local housing
22 and management authority as a troubled authority under
23 section 431(a)(2)(C), the Secretary shall seek to enter into
24 a agreement with the authority providing for improving
25 the management performance of the authority.

1 (b) CONTENTS.—An agreement under this section
2 shall set forth—

3 (1) targets for improving performance, as meas-
4 ured by the guidelines and standards established
5 under section 431(a)(1) and other requirements
6 within a specified period of time, which shall include
7 targets to be met upon the expiration of the 12-
8 month period beginning upon entering into the
9 agreement;

10 (2) strategies for meeting such targets;

11 (3) sanctions for failure to implement such
12 strategies; and

13 (4) to the extent the Secretary deems appro-
14 priate, a plan for enhancing resident involvement in
15 the management of the local housing and manage-
16 ment authority.

17 (c) LOCAL ASSISTANCE IN IMPLEMENTATION.—The
18 Secretary and the local housing and management author-
19 ity shall, to the maximum extent practicable, seek the as-
20 sistance of local public and private entities in carrying out
21 an agreement under this section.

22 (d) DEFAULT UNDER PERFORMANCE AGREE-
23 MENT.—Upon the expiration of the 12-month period be-
24 ginning upon entering into an agreement under this sec-
25 tion with a local housing and management authority, the

1 Secretary shall review the performance of the authority
2 in relation to the performance targets and strategies under
3 the agreement. If the Secretary determines that the au-
4 thority has failed to comply with the performance targets
5 established for the expiration of such period, the Sec-
6 retary—

7 (1) shall take the action authorized under sec-
8 tion 437(b)(2); and

9 (2) may withhold, from any metropolitan city or
10 urban county (as such terms are defined in section
11 102 of the Housing and Community Development
12 Act of 1974) within which any portion of the juris-
13 diction of the authority is located, any amounts allo-
14 cated for such city or county under section 106 of
15 such Act.

16 **SEC. 436. OPTION TO DEMAND CONVEYANCE OF TITLE TO**
17 **OR POSSESSION OF PUBLIC HOUSING.**

18 (a) **AUTHORITY FOR CONVEYANCE.**—A contract
19 under section 201 for block grants under title II (including
20 contracts which amend or supersede contracts previously
21 made (including contracts for contributions)) may provide
22 that upon the occurrence of a substantial default with re-
23 spect to the covenants or conditions to which the local
24 housing and management authority is subject (as such
25 substantial default shall be defined in such contract) or

1 upon designation of the authority as dysfunctional pursu-
2 ant to section 431(a)(2)(D), the local housing and man-
3 agement authority shall be obligated, at the option of the
4 Secretary, to—

5 (1) convey title in any case where, in the deter-
6 mination of the Secretary (which determination shall
7 be final and conclusive), such conveyance of title is
8 necessary to achieve the purposes of this Act; or

9 (2) deliver to the Secretary possession of the
10 development, as then constituted, to which such con-
11 tract relates.

12 (b) OBLIGATION TO RECONVEY.—Any block grant
13 contract under title II containing the provisions author-
14 ized in subsection (a) shall also provide that the Secretary
15 shall be obligated to reconvey or redeliver possession of
16 the development, as constituted at the time of
17 reconveyance or redelivery, to such local housing and man-
18 agement authority or to its successor (if such local housing
19 and management authority or a successor exists) upon
20 such terms as shall be prescribed in such contract, and
21 as soon as practicable after—

22 (1) the Secretary is satisfied that all defaults
23 with respect to the development have been cured,
24 and that the development will, in order to fulfill the

1 purposes of this Act, thereafter be operated in ac-
2 cordance with the terms of such contract; or

3 (2) the termination of the obligation to make
4 annual block grants to the authority, unless there
5 are any obligations or covenants of the authority to
6 the Secretary which are then in default.

7 Any prior conveyances and reconveyances or deliveries and
8 redeliveries of possession shall not exhaust the right to re-
9 quire a conveyance or delivery of possession of the develop-
10 ment to the Secretary pursuant to subsection (a) upon the
11 subsequent occurrence of a substantial default.

12 (c) CONTINUED GRANTS FOR REPAYMENT OF BONDS
13 AND NOTES UNDER 1937 ACT.—If—

14 (1) a contract for block grants under title II for
15 an authority includes provisions that expressly state
16 that the provisions are included pursuant to this
17 subsection, and

18 (2) the portion of the block grant payable for
19 debt service requirements pursuant to the contract
20 has been pledged by the local housing and manage-
21 ment authority as security for the payment of the
22 principal and interest on any of its obligations,
23 then—

24 (A) the Secretary shall (notwithstanding
25 any other provisions of this Act), continue to

1 make the block grant payments for the author-
2 ity so long as any of such obligations remain
3 outstanding; and

4 (B) the Secretary may covenant in such a
5 contract that in any event such block grant
6 amounts shall in each year be at least equal to
7 an amount which, together with such income or
8 other funds as are actually available from the
9 development for the purpose at the time such
10 block grant payments are made, will suffice for
11 the payment of all installments of principal and
12 interest on the obligations for which the
13 amounts provided for in the contract shall have
14 been pledged as security that fall due within the
15 next succeeding 12 months.

16 In no case shall such block grant amounts be in excess
17 of the maximum sum specified in the contract involved,
18 nor for longer than the remainder of the maximum period
19 fixed by the contract.

20 **SEC. 437. REMOVAL OF INEFFECTIVE LHMA'S.**

21 (a) **CONDITIONS OF REMOVAL.**—The actions speci-
22 fied in subsection (b) may be taken only upon—

23 (1) the occurrence of events or conditions that
24 constitute a substantial default by a local housing
25 and management authority with respect to (A) the

1 covenants or conditions to which the local housing
2 and management authority is subject, or (B) an
3 agreement entered into under section 435;

4 (2) designation of the authority as dysfunc-
5 tional pursuant to section 431(a)(2)(D);

6 (3) in the case only of action under subsection
7 (b)(1), failure of a local housing and management
8 authority to obtain reaccreditation upon the expira-
9 tion of the term of a previous accreditation granted
10 under this subtitle; or

11 (4) submission to the Secretary of a petition by
12 the residents of the public housing owned or oper-
13 ated by a local housing and management authority
14 that is designated as troubled or dysfunctional pur-
15 suant to section 431(a)(2).

16 (b) REMOVAL ACTIONS.—Notwithstanding any other
17 provision of law or of any block grant contract under title
18 II or any grant agreement under title III, in accordance
19 with subsection (a), the Secretary may—

20 (1) solicit competitive proposals from other local
21 housing and management authorities and private
22 housing management agents (which, in the discre-
23 tion of the Secretary, may be selected by existing
24 public housing residents through administrative pro-
25 cedures established by the Secretary) and, if appro-

1 prorate, provide for such agents to manage all, or
2 part, of the housing administered by the local hous-
3 ing and management authority or all or part of the
4 other functions of the authority;

5 (2) take possession of the local housing and
6 management authority, including any developments
7 or functions of the authority under any section of
8 this Act;

9 (3) solicit competitive proposals from other local
10 housing and management authorities and private en-
11 tities with experience in construction management
12 and, if appropriate, provide for such authorities or
13 firms to oversee implementation of assistance made
14 available for capital improvements for public hous-
15 ing;

16 (4) require the authority to make other ar-
17 rangements acceptable to the Secretary and in the
18 best interests of the public housing residents and as-
19 sisted families under title III for managing all, or
20 part of, the public housing administered by the au-
21 thority or the functions of the authority; or

22 (5) if the Secretary determines that reasonable
23 opportunities for remedy using the actions under
24 paragraphs (1) through (4) have failed or are not
25 available, petition for the appointment of a receiver

1 for the local housing and management authority to
2 any district court of the United States or to any
3 court of the State in which any portion of the juris-
4 diction of the local housing and management author-
5 ity is located, that is authorized to appoint a receiver
6 for the purposes and having the powers prescribed
7 in this section.

8 (c) EMERGENCY ASSISTANCE.—The Secretary may
9 make available to receivers and other entities selected or
10 appointed pursuant to this section such assistance as is
11 fair and reasonable to remedy the substantial deteriora-
12 tion of living conditions in individual public housing devel-
13 opments or other related emergencies that endanger the
14 health, safety and welfare of public housing residents or
15 assisted families under title III.

16 (d) POWERS OF SECRETARY.—If the Secretary takes
17 possession of an authority, or any developments or func-
18 tions of an authority, pursuant to subsection (b)(2), the
19 Secretary—

20 (1) may abrogate contracts that substantially
21 impede correction of the substantial default or im-
22 provement of the classification;

23 (2) may demolish and dispose of assets of the
24 authority in accordance with subtitle E;

1 (3) where determined appropriate by the Sec-
2 retary, may require the establishment of one or more
3 new local housing and management authorities;

4 (4) may consolidate the authority into other
5 well-managed local housing and management au-
6 thorities with the consent of such well-managed au-
7 thorities;

8 (5) shall not be subject to any State or local
9 laws that, in the determination of the receiver, sub-
10 stantially impede correction of the substantial de-
11 fault or improvement of the classification; and

12 (6) shall have such additional authority as a
13 district court of the United States has the authority
14 to confer under like circumstances upon a receiver to
15 achieve the purposes of the receivership.

16 The Secretary may appoint, on a competitive or non-
17 competitive basis, an individual or entity as an administra-
18 tive receiver to assume the Secretary's responsibility under
19 this paragraph for the administration of a local housing
20 and management authority. The Secretary may delegate
21 to the administrative receiver any or all of the powers of
22 the Secretary under this subsection. Regardless of any del-
23 egation under this subsection, an administrative receiver
24 may not require the establishment of one or more new
25 local housing and management authorities pursuant to

1 paragraph (3) unless the Secretary first approves such es-
2 tablishment. For purposes of this subsection, the term
3 “local housing and management authority” includes any
4 developments or functions of a local housing and manage-
5 ment authority under any section of this title.

6 (e) RECEIVERSHIP.—

7 (1) REQUIRED APPOINTMENT.—In any proceed-
8 ing under subsection (b)(5), upon a determination
9 that a substantial default has occurred, and without
10 regard to the availability of alternative remedies, the
11 court shall appoint a receiver to conduct the affairs
12 of the local housing and management authority in a
13 manner consistent with this Act and in accordance
14 with such further terms and conditions as the court
15 may provide. The receiver appointed may be another
16 local housing and management authority, a private
17 management corporation, the Secretary, or any
18 other appropriate entity. The court shall have power
19 to grant appropriate temporary or preliminary relief
20 pending final disposition of the petition by the Sec-
21 retary.

22 (2) POWERS OF RECEIVER.—If a receiver is ap-
23 pointed for a local housing and management author-
24 ity pursuant to subsection (b)(5), in addition to the

1 powers accorded by the court appointing the re-
2 ceiver, the receiver—

3 (A) may abrogate contracts that substan-
4 tially impede correction of the substantial de-
5 fault or improvement of the classification;

6 (B) may demolish and dispose of assets of
7 the authority in accordance with subtitle E;

8 (C) where determined appropriate by the
9 Secretary, may require the establishment of one
10 or more new local housing and management au-
11 thorities, to the extent permitted by State and
12 local law; and

13 (D) except as provided in subparagraph
14 (C), shall not be subject to any State or local
15 laws that, in the determination of the receiver,
16 substantially impede correction of the substan-
17 tial default or improvement of the classification.

18 For purposes of this paragraph, the term “local
19 housing and management authority” includes any
20 developments or functions of a local housing and
21 management authority under any section of this
22 title.

23 (3) TERMINATION.—The appointment of a re-
24 ceiver pursuant to this subsection may be termi-
25 nated, upon the petition of any party, when the

1 court determines that all defaults have been cured or
2 the local housing and management authority will be
3 able to make the same amount of progress in cor-
4 recting the management of the housing as the re-
5 ceiver.

6 (f) LIABILITY.—If the Secretary takes possession of
7 an authority pursuant to subsection (b)(2) or a receiver
8 is appointed pursuant to subsection (b)(5) for a local
9 housing and management authority, the Secretary or the
10 receiver shall be deemed to be acting in the capacity of
11 the local housing and management authority (and not in
12 the official capacity as Secretary or other official) and any
13 liability incurred shall be a liability of the local housing
14 and management authority.

15 **SEC. 438. MANDATORY TAKEOVER OF CHRONICALLY TROU-**
16 **BLED PHA'S.**

17 (a) REMOVAL OF AGENCY.—Notwithstanding any
18 other provision of this Act, not later than the expiration
19 of the 180-day period beginning on the date of the enact-
20 ment of this Act, the Secretary shall take one of the fol-
21 lowing actions with respect to each chronically troubled
22 public housing agency:

23 (1) CONTRACTING FOR MANAGEMENT.—Solicit
24 competitive proposals for the management of the
25 agency pursuant to section 437(b)(1) and replace

1 the management of the agency pursuant to selection
2 of such a proposal.

3 (2) TAKEOVER.—Take possession of the agency
4 pursuant to section 437(b)(2) of such Act.

5 (b) DEFINITION.—For purposes of this section, the
6 term “chronically troubled public housing agency” means
7 a public housing agency that, as of the date of the enact-
8 ment of this Act, is designated under section 6(j)(2) of
9 the United States Housing Act of 1937 (as in effect imme-
10 diately before the enactment of this Act) as a troubled
11 public housing agency and has been so designated continu-
12 ously for the 3-year period ending upon such date of en-
13 actment; except that such term does not include any agen-
14 cy that owns or operates less than 1250 public housing
15 dwelling units and that the Secretary determines can, with
16 a reasonable amount of effort, make such improvements
17 or remedies as may be necessary to remove its designation
18 as troubled within 12 months.

19 **SEC. 439. TREATMENT OF TROUBLED PHA’S.**

20 (a) EFFECT OF TROUBLED STATUS ON CHAS.—The
21 comprehensive housing affordability strategy for the first
22 year beginning after the date of the enactment of this Act
23 for the State or unit of general local government in which
24 any troubled public housing agency is located shall not be
25 considered to comply with the requirements under section

1 105 of the Cranston-Gonzalez National Affordable Hous-
2 ing Act unless such plan includes a description of the man-
3 ner in which the State or unit will assist such troubled
4 agency in improving its operations to remove such des-
5 ignation.

6 (b) DEFINITION.—For purposes of this section, the
7 term “troubled public housing agency” means a public
8 housing agency that—

9 (1) upon the date of the enactment of this Act,
10 is designated under section 6(j)(2) of the United
11 States Housing Act of 1937 (as in effect imme-
12 diately before the enactment of this Act) as a trou-
13 bled public housing agency; and

14 (2) is not a chronically troubled public housing
15 agency, as such term is defined in section 438(b) of
16 this Act.

17 **SEC. 438. MAINTENANCE OF AND ACCESS TO RECORDS.**

18 (a) KEEPING OF RECORDS.—Each local housing and
19 management authority shall keep such records as may be
20 reasonably necessary to disclose the amount and the dis-
21 position by the authority of the proceeds of assistance re-
22 ceived pursuant to this Act and to ensure compliance with
23 the requirements of this Act.

24 (b) ACCESS TO DOCUMENTS.—The Secretary, the In-
25 spector General for the Department of Housing and

1 Urban Development, and the Comptroller General of the
2 United States shall each have access for the purpose of
3 audit and examination to any books, documents, papers,
4 and records of a local housing and management authority
5 that are pertinent to this Act and assistance received pur-
6 suant to this Act.

7 **SEC. 440. ANNUAL REPORTS REGARDING TROUBLED**
8 **LHMA'S.**

9 The Secretary shall submit a report to the Congress
10 annually, as a part of the report of the Secretary under
11 section 8 of the Department of Housing and Urban Devel-
12 opment Act, that—

13 (1) identifies the local housing and management
14 authorities that are designated as troubled or dys-
15 functional under section 431(a)(2) and the reasons
16 for such designation;

17 (2) identifies the local housing and management
18 authorities that have lost accreditation pursuant to
19 section 432; and

20 (3) describes any actions that have been taken
21 in accordance with sections 433, 434, and 435.

22 **SEC. 442. APPLICABILITY TO RESIDENT MANAGEMENT**
23 **CORPORATIONS.**

24 The Secretary shall apply the provisions of this sub-
25 title to resident management corporations in the same

1 manner as applied to local housing and management au-
2 thorities.

3 **SEC. 443. INAPPLICABILITY TO INDIAN HOUSING.**

4 The provisions of sections 431, 432, 433, 434, 435,
5 437, and 441 shall not apply to public housing developed
6 or operated pursuant to a contract between the Secretary
7 and an Indian housing authority.

8 **TITLE V—REPEALS AND**
9 **CONFORMING AMENDMENTS**

10 **SEC. 501. REPEALS.**

11 (a) IN GENERAL.—The following provisions of law
12 are hereby repealed:

13 (1) UNITED STATES HOUSING ACT OF 1937.—

14 The United States Housing Act of 1937 (42 U.S.C.
15 1437 et seq.).

16 (2) ASSISTED HOUSING ALLOCATION.—Section
17 213 of the Housing and Community Development
18 Act of 1974 (42 U.S.C. 1439).

19 (3) PUBLIC HOUSING RENT WAIVERS FOR PO-
20 LICE.—Section 519 of the Cranston-Gonzalez Na-
21 tional Affordable Housing Act (42 U.S.C. 1437a–1).

22 (4) OCCUPANCY PREFERENCES AND INCOME
23 MIX FOR NEW CONSTRUCTION AND SUBSTANTIAL
24 REHABILITATION PROJECTS.—Subsection (c) of sec-
25 tion 545, and section 555, of the Cranston-Gonzalez

1 National Affordable Housing Act (42 U.S.C. 1437f
2 note).

3 (5) RETROACTIVE PAYMENT FOR ANNUAL AD-
4 JUSTMENT FACTORS.—Section 801 of the Depart-
5 ment of Housing and Urban Development Reform
6 Act of 1989 42 U.S.C. 1437f note).

7 (6) EXCESSIVE RENT BURDEN DATA.—Sub-
8 section (b) of section 550 of the Cranston-Gonzalez
9 National Affordable Housing Act (42 U.S.C. 1437f
10 note).

11 (7) SECTION 8 DISASTER RELIEF.—Sections
12 931 and 932 of the Cranston-Gonzalez National Af-
13 fordable Housing Act (42 U.S.C. 1737c note).

14 (8) MOVING TO OPPORTUNITY FOR FAIR HOUS-
15 ING.—Section 152 of the Housing and Community
16 Development Act of 1992 (42 U.S.C. 1437f note).

17 (9) REPORT REGARDING FAIR HOUSING OBJEC-
18 TIVES.—Section 153 of the Cranston-Gonzalez Na-
19 tional Affordable Housing Act (42 U.S.C. 1437f
20 note).

21 (10) SECTION 8 COMMUNITY INVESTMENT DEM-
22 ONSTRATION.—Section 6 of the HUD Demonstra-
23 tion Act of 1993 (42 U.S.C. 1437f note).

24 (11) SPECIAL PROJECTS FOR ELDERLY OR
25 HANDICAPPED FAMILIES.—Section 209 of the Hous-

1 ing and Community Development Act of 1974 (42
2 U.S.C. 1438).

3 (12) ACCESS TO PHA BOOKS.—Section 816 of
4 the Housing Act of 1954 (42 U.S.C. 1435).

5 (13) MISCELLANEOUS PROVISIONS.—Sub-
6 sections (b)(1), (c), and (d) of section 326 of the
7 Housing and Community Development Amendments
8 of 1981 (Public Law 97-35, 95 Stat. 406; 42
9 U.S.C. 1437f note).

10 (14) PAYMENT FOR DEVELOPMENT MAN-
11 AGERS.—Section 329A of the Housing and Commu-
12 nity Development Amendments of 1981 (42 U.S.C.
13 1437j-1).

14 (15) PURCHASE OF PHA OBLIGATIONS.—Sec-
15 tion 329E of the Housing and Community Develop-
16 ment Amendments of 1981 (12 U.S.C. 2294a).

17 (16) PROCUREMENT OF INSURANCE BY
18 PHA'S.—

19 (A) In the item relating to “ADMINISTRA-
20 TIVE PROVISIONS” under the heading “MAN-
21 AGEMENT AND ADMINISTRATION” in title II of
22 the Departments of Veterans Affairs and Hous-
23 ing and Urban Development, and Independent
24 Agencies Appropriations Act, 1991, the penul-

1 timate undesignated paragraph of such item
2 (Public Law 101–507; 104 Stat. 1369).

3 (B) In the item relating to “ADMINISTRA-
4 TIVE PROVISIONS” under the heading “MAN-
5 AGEMENT AND ADMINISTRATION” in title II of
6 the Departments of Veterans Affairs and Hous-
7 ing and Urban Development, and Independent
8 Agencies Appropriations Act, 1992, the 19th
9 through 23d undesignated paragraphs of such
10 item (Public Law 102–139; 105 Stat. 758).

11 (17) PUBLIC HOUSING CHILDHOOD DEVELOP-
12 MENT.—Section 222 of the Housing and Urban-
13 Rural Recovery Act of 1983 (12 U.S.C. 1701z–6
14 note).

15 (18) INDIAN HOUSING CHILDHOOD DEVELOP-
16 MENT.—Section 518 of the Cranston-Gonzalez Na-
17 tional Affordable Housing Act (12 U.S.C. 1701z–6
18 note).

19 (19) PUBLIC HOUSING COMPREHENSIVE TRAN-
20 SITION DEMONSTRATION.—Section 126 of the Hous-
21 ing and Community Development Act of 1987 (42
22 U.S.C. 1437f note).

23 (20) PUBLIC HOUSING ONE-STOP PERINATAL
24 SERVICES DEMONSTRATION.—Section 521 of the

1 Cranston-Gonzalez National Affordable Housing Act
2 (42 U.S.C. 1437t note).

3 (21) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522 of the Cranston-Gonzalez Na-
4 tional Affordable Housing Act (42 U.S.C. 1437f
5 note).

6
7 (22) PUBLIC HOUSING ENERGY EFFICIENCY
8 DEMONSTRATION.—Section 523 of the Cranston-
9 Gonzalez National Affordable Housing Act (42
10 U.S.C. 1437g note).

11 (23) OMAHA HOMEOWNERSHIP DEMONSTRATION.—Section 132 of the Housing and Community
12 Development Act of 1992 (Public Law 102–550;
13 106 stat. 3712).

14
15 (24) PUBLIC AND ASSISTED HOUSING YOUTH
16 SPORTS PROGRAMS.—Section 520 of the Cranston-
17 Gonzalez National Affordable Housing Act (42
18 U.S.C. 11903a).

19 (25) PUBLIC AND ASSISTED HOUSING DRUG
20 ELIMINATION.—The Public and Assisted Housing
21 Drug Elimination Act of 1990 (42 U.S.C. 11901
22 note).

23 (b) SAVINGS PROVISION.—Except as otherwise spe-
24 cifically provided in this Act, any amounts appropriated
25 to carry out the provisions repealed by subsection (a) that

1 are obligated before the date of the enactment of this Act
2 shall be used in the manner provided under such provi-
3 sions (as in effect before such repeal) and under any re-
4 quirements, agreements, and regulations pursuant to such
5 provisions.

6 **SEC. 502. CONFORMING PROVISIONS.**

7 (a) ALLOCATION OF ELDERLY HOUSING
8 AMOUNTS.—Section 202(l) of the Housing Act of 1959
9 (12 U.S.C. 1701q(l)) is amended by adding at the end
10 the following new paragraph:

11 “(4) CONSIDERATION IN ALLOCATING ASSIST-
12 ANCE.—Assistance under this section shall be allo-
13 cated in a manner that ensures that the awards of
14 the assistance are made for projects of sufficient size
15 to accommodate facilities for supportive services ap-
16 propriate to the needs of frail elderly residents.”.

17 (b) REFERENCES.—Except as provided in section
18 271 and 501(b), any reference in any other Federal law,
19 Executive order, rule, regulation, or delegation of author-
20 ity, or any document of or pertaining to—

21 (1) public housing assisted under the United
22 States Housing Act of 1937 is deemed to refer to
23 public housing assisted under title II of this Act;
24 and

1 (2) to assistance under section 8 of the United
2 States Housing Act of 1937 is deemed to refer to
3 assistance under title III of this Act.

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