

The toll that these natural disasters took on the private sector placed an extra burden on an already over-bloated government sector and increased the obstacles to our struggle to downsize or right-size.

Even though government revenues are still not where they should be because of the problems yet being faced by our private sector, steps are being put in place to reduce government spending and increase revenues in order to begin to reduce our deficit. Initiatives are also in progress to stimulate our economy.

The bill before us today is an important part of this effort. But there are other important areas in which we look to Congress for support and assistance.

The first is lifting the current cap on the return of Federal excise taxes on Virgin Islands-produced rum, as provided for in our Organic Act, or our working constitution. I cannot overstate the importance of the funds that lifting the rum cap would provide to the Virgin Islands. It is essential that we receive these additional funds if we are to have any success at all in recovering from the current fiscal crisis.

We have certainly appreciated the passage of my bill to revive a watch industry that has been the mainstay of employment for many on the island of St. Croix, and I thank my colleagues, but that will not be enough.

We also need for my colleagues to provide full funding to the territories under the Children's Health Insurance Program or CHIP. Full funding under CHIP to the territories, based on our populations, was proposed by the administration when the program first began. However, decisions made by this body as a result of the Balanced Budget Act of 1997, provided us with less than what is necessary to ensure that our children receive medical care, and this causes an undue strain on our already beleaguered local treasury.

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Mr. Speaker, my colleague, the gentleman from Puerto Rico (Mr. ROMERO-BARCELÓ), and I have a bill to provide full funding for the territories under CHIP, and I hope that all my colleagues will support its passage.

There are incipient discussions on several other initiatives for which, when further researched and developed, we may ask later for your assistance and support as well.

Mr. Speaker, H.R. 2841 would allow the government of the Virgin Islands to avoid a costly two-step financing arrangement. In the absence of such legislation, the outdated limitations in the Government's general obligation authority would cause the government of the Virgin Islands to incur extraordinary costs in excess of \$6 million in order to complete this process.

Additionally, the new authority that the bill provides will expire on December 31, 1999, if the government of the Virgin Islands and the Secretary of the Interior do not reach an agreement on

various fiscal and accountability standards for reducing the islands' deficit. I urge my colleagues to support this bill.

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

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume to note that, as the gentlewoman has just pointed out, this is a bill which is intended to provide, we hope, the economic stimulus necessary for the Virgin Islands to do a better job economically in order to benefit the constituents of the gentleman from the Virgin Islands (Mrs. CHRISTENSEN).

But beyond that, I would like to say that the gentlewoman has worked so hard to bring this bill to the floor, and I hope that her constituents are mindful of the great effort that she has put into this bill. So, Mr. Speaker, at this time I would just like to commend her for it and ask all my colleagues to support the bill.

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

Mrs. CHRISTENSEN. Mr. Speaker, I yield myself such time as I may consume to just thank again the gentleman from Alaska (Mr. YOUNG), the ranking member of the committee, the gentleman from California (Mr. GEORGE MILLER), and my colleague, the gentleman from New Jersey (Mr. SAXTON), as well as my staff and the staff of the committee for the hard work in assisting me to get this bill to the floor today.

Mr. UNDERWOOD. Mr. Speaker, I rise to speak in favor of H.R. 2841 which provides the U.S. Virgin Islands (USVI) greater fiscal autonomy. I commend my colleague, Representative DONNA CHRISTENSEN for ensuring that the voices of the people of the USVI are heard in Congress. I also thank Chairman DON YOUNG and Ranking Member GEORGE MILLER for making certain that this legislation moved quickly and without resistance through the Committee.

As is the condition with most other U.S. Territories, such as Guam, American Samoa, and the Commonwealth of the Northern Marianas Islands, the USVI is also experiencing financial difficulties. For the past several years, while the U.S. has been able to boast of low unemployment and increased revenues, the U.S. territories have not been as fortunate. For the economies of Guam and the CNMI, which are largely dependent on tourism, our downturn has been a condition of Asia's financial crisis. Other Territories remain diligent and continue to explore new ways to attract businesses to their island. The USVI, however, has been placed at a disadvantage of providing themselves the opportunity for more economic activity.

H.R. 2841 will help with USVI get back on their feet and provide them the opportunity to diversify and expand their economic opportunities. This same authority exists with other U.S. Territories but was not included in USVI's Revised Organic Act. H.R. 2481 corrects this oversight and extends them the ability already enjoyed by the other territories.

I encourage my colleagues to vote in favor of H.R. 2481.

Mrs. CHRISTENSEN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. UPTON). The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 2841, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2841, S. 944, S. 323, S. 293, and H.R. 1934, the five bills just debated.

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

There was no objection.

PRESERVING AFFORDABLE HOUSING FOR SENIOR CITIZENS AND FAMILIES INTO THE 21ST CENTURY ACT

Mr. BEREUTER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 202) to restructure the financing for assisted housing for senior citizens and otherwise provide for the preservation of such housing in the 21st Century, and for other purposes, as amended.

The Clerk read as follows:

H.R. 202

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act".

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Regulations.
- Sec. 3. Effective date.

TITLE I—CONVERSION OF FINANCING AND REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

- Sec. 101. Conversion of financing
- Sec. 102. Prepayment and refinancing.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

- Sec. 201. Supportive housing for elderly persons.
- Sec. 202. Supportive housing for persons with disabilities.
- Sec. 203. Service coordinators and congregate services for elderly and disabled housing.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

- Subtitle A—Housing for the Elderly
- Sec. 301. Matching grant program.

- Sec. 302. Eligibility of for-profit limited partnerships.
- Sec. 303. Mixed funding sources.
- Sec. 304. Authority to acquire structures.
- Sec. 305. Mixed-income occupancy.
- Sec. 306. Use of project reserves.
- Sec. 307. Commercial activities.
- Sec. 308. Mixed finance pilot program.
- Sec. 309. Grants for conversion of elderly housing to assisted living facilities.
- Sec. 310. Grants for conversion of public housing projects to assisted living facilities.
- Sec. 311. Use of section 8 assistance for assisted living facilities.
- Sec. 312. Annual HUD inventory of assisted housing designated for elderly persons.
- Sec. 313. Treatment of applications.
- Subtitle B—Housing for Persons With Disabilities
- Sec. 321. Matching grant program.
- Sec. 322. Eligibility of for-profit limited partnerships.
- Sec. 323. Mixed funding sources.
- Sec. 324. Tenant-based assistance.
- Sec. 325. Project size.
- Sec. 326. Use of project reserves.
- Sec. 327. Commercial activities.
- Subtitle C—Other Provisions
- Sec. 341. Service coordinators.
- Sec. 342. Commission on Affordable Housing and Health Care Facility Needs in the 21st Century.

TITLE IV—RENEWAL OF EXPIRING RENTAL ASSISTANCE CONTRACTS AND PROTECTION OF RESIDENTS

- Sec. 401. Findings and purpose.
- Sec. 402. Renewal of expiring contracts and enhanced vouchers for project residents.
- Sec. 403. Section 236 assistance.
- Sec. 404. Matching grant program for affordable housing preservation.
- Sec. 405. Rehabilitation of assisted housing.
- Sec. 406. Technical assistance.
- Sec. 407. Termination of section 8 contract and duration of renewal contract.
- Sec. 408. Enhanced voucher eligibility for residents of flexible subsidy properties.
- Sec. 409. Enhanced disposition authority.
- Sec. 410. Assistance for nonprofit purchasers preserving affordable housing.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES

- Sec. 501. Rehabilitation of existing hospitals, nursing homes, and other facilities.
- Sec. 502. New health care facilities.
- Sec. 503. Hospitals and hospital-based health care facilities.
- Sec. 504. Insurance for mortgages to refinance existing home equity conversion mortgages.

SEC. 2. REGULATIONS.

The Secretary of Housing and Urban Development shall issue any regulations to carry out this Act and the amendments made by this Act that the Secretary determines may or will affect tenants of federally assisted housing only after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section). Notice of such proposed rulemaking shall be provided by publication in the Federal Register. In issuing such regulations, the Secretary shall take such actions as may be necessary to ensure that such tenants are notified of, and

provided an opportunity to participate in, the rulemaking, as required by such section 553.

SEC. 3. EFFECTIVE DATE.

(a) IN GENERAL.—The provisions of this Act and the amendments made by this Act are effective as of the date of the enactment of this Act, unless such provisions or amendments specifically provide for effectiveness or applicability upon another date certain.

(b) EFFECT OF REGULATORY AUTHORITY.—Any authority in this Act or the amendments made by this Act to issue regulations, and any specific requirement to issue regulations by a date certain, may not be construed to affect the effectiveness or applicability of the provisions of this Act or the amendments made by this Act under such provisions and amendments and subsection (a) of this section.

TITLE I—CONVERSION OF FINANCING AND REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

SEC. 101. CONVERSION OF FINANCING

(a) IN GENERAL.—Subject to the provisions of this section, at the request of the owner of a project assisted under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act) and section 8 of the United States Housing Act of 1937 (or any other rental housing assistance programs of the Department of Housing and Urban Development, including the rent supplement program under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s)), the Secretary shall convert the financing of any such housing project to financing under section 202 of the Housing Act of 1959, as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q). In such a conversion, the Secretary shall, if requested by the owner, convert loans made under such section 202 (as in effect before enactment of the Cranston-Gonzalez National Affordable Housing Act), and shall convert section 8 contracts (or such other contracts for rental housing assistance) provided in connection with such loans, into capital advances and project rental assistance under section 202 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act), respectively, in accordance with this section.

(b) DEBT FORGIVENESS.—

(1) IN GENERAL.—Subject to paragraph (2), in converting the financing of any housing project pursuant to this section, the Secretary shall cancel any indebtedness to the Secretary relating to any remaining principal and interest under any loan for the project made under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act).

(2) BUDGET ACT COMPLIANCE.—The authority of the Secretary to cancel indebtedness under paragraph (1) shall be effective only to the extent or in such amounts as are or have been provided in advance in appropriation Acts.

(c) CANCELLATION OF RENTAL ASSISTANCE CONTRACTS AND USE OF PROJECT FUNDS.—

(1) IN GENERAL.—For each housing project for which debt is canceled under subsection (b) of this section pursuant to a request for conversion under subsection (a), the Secretary shall cancel any contract for rental assistance for the project under section 8 of the United States Housing Act of 1937 (or any other contract for rental housing assistance under a program of the Department of Housing and Urban Development, including the rent supplement program under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s)).

(2) USE OF UNEXPENDED AMOUNTS.—Amounts previously obligated for such contract that remain unexpended shall be used as follows:

(A) PROJECT RENTAL ASSISTANCE CONTRACT.—Remaining amounts shall be used first, to the extent necessary, to provide rental assistance for the project, under a contract for project rental assistance under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)), that—

(i) has a duration that is not less than the remainder of the section 8 or other rental housing assistance contract canceled; and

(ii) provides assistance in an annual amount that is equal to the aggregate amount provided during the last 12-month period under the section 8 or other rental housing assistance contract for the project canceled (pursuant to paragraph (1) of this subsection), less the portion of such assistance that is attributable to debt service for the loan on the project canceled under subsection (b) of this section, subject to an annual adjustment of existing rents under the contract by an operating cost adjustment factor established by the Secretary (which shall not result in a negative adjustment).

(B) CREDIT AGAINST LOAN CANCELLATION.—Amounts remaining after compliance with subparagraph (A) shall, on a fiscal year basis, be transferred to the account covering the loan for the project canceled pursuant to subsection (b) and shall be credited as offsetting collection to such account, in an amount for each fiscal year that is equal to the amount of indebtedness canceled for such year pursuant such subsection.

(C) RETROFITTING, RENOVATION, AND SERVICE COORDINATORS.—Any amounts remaining after compliance with subparagraphs (A) and (B) may be used, to the extent the Secretary considers appropriate, to retrofit or renovate the project or provide a service coordinator for residents of the project, to the same extent that such activities are authorized to be provided under section 802 of the Cranston-Gonzalez National Affordable Housing Act to housing assisted under such section.

Any such unexpended amounts in excess of the amount used in accordance with subparagraphs (A) through (C) shall be recaptured by the Secretary.

(3) USE OF PROJECT FUNDS.—In converting the financing of any housing project pursuant to this section, the Secretary may authorize the owner of the project to use any residual receipts held for the project that exceed \$500 per unit (or such other amount as the Secretary may prescribe based on the needs of the project) in accordance with paragraph (2) to improve the market viability, affordability, or service to low-income elderly residents of the project.

(d) THIRD PARTY PROCESSING.—The Secretary may enter into contracts with public or private entities as the Secretary considers appropriate to facilitate efficient processing of elderly housing project conversions under this section.

(e) TENANT PROTECTIONS.—Notwithstanding any provision of section 202 of the Housing Act of 1959, as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q)—

(1) any tenant who, at the time of the conversion under this section of the financing for a housing project, is lawfully residing in a dwelling unit in the project, may not be considered to be ineligible for continued residency in the project after such date because such tenant is not a very low-income elderly person; and

(2) very low-income persons with disabilities (as such term is defined in section 811 of the Cranston-Gonzalez National Affordable Housing Act) shall be eligible for occupancy

in such project, and units in the project shall be reserved for occupancy by such persons in not less than the same ratio that units in such project are occupied, upon the date of conversion under this section, by handicapped families (as such term is defined in section 202 of the Housing Act of 1959, as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act).

(f) **WAIVER AUTHORITY.**—The Secretary may waive the applicability of any provision of law or regulation necessary to carry out this section.

(g) **STUDY OF DEBT FORGIVENESS.**—

(1) **IN GENERAL.**—The Secretary shall conduct an analysis of the net impact on the Federal budget deficit or surplus of making available, on a one-time basis, to sponsors of projects assisted under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act), forgiveness of any indebtedness to the Secretary relating to any remaining principal and interest under loans made under such section, together with a dollar for dollar reduction in the amount of rental assistance under section 8 of the United States Housing Act of 1937 or other rental assistance provided for such project. Such analysis shall take into consideration the full cost of future appropriations for rental assistance under such section 8 expected to be provided if such debt forgiveness does not take place, notwithstanding current budgetary treatment of such actions pursuant to the Congressional Budget Act of 1974.

(2) **REPORT.**—Not later than the expiration of the 3-month period beginning on the date of the enactment of this Act, the Secretary shall submit a report to the Congress containing the quantitative results of the analysis and an enumeration of any project or administrative benefits of such actions.

SEC. 102. PREPAYMENT AND REFINANCING.

(a) **APPROVAL OF PREPAYMENT OF DEBT.**—Upon request of the project sponsor of a project assisted with a loan under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act), the Secretary shall approve the prepayment of any indebtedness to the Secretary relating to any remaining principal and interest under the loan as part of a prepayment plan under which—

(1) the project sponsor agrees to operate the project until the maturity date of the original loan under terms at least as advantageous to existing and future tenants as the terms required by the original loan agreement or any rental assistance payments contract under section 8 of the United States Housing Act of 1937 (or any other rental housing assistance programs of the Department of Housing and Urban Development, including the rent supplement program under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s)) relating to the project; and

(2) the prepayment may involve refinancing of the loan if such refinancing results in a lower interest rate on the principal of the loan for the project and in reductions in debt service related to such loan.

(b) **SOURCES OF REFINANCING.**—In the case of prepayment under this section involving refinancing, the project sponsor may refinance the project through any third party source, including financing by State and local housing finance agencies, use of tax-exempt bonds, multi-family mortgage insurance under the National Housing Act, reinsurance, or other credit enhancements, including risk sharing as provided under section 542 of the Housing and Community Development Act of 1992 (12 U.S.C. 1707 note).

For purposes of underwriting a loan insured under the National Housing Act, the Secretary may assume that any section 8 rental assistance contract relating to a project will be renewed for the term of such loan.

(c) **USE OF UNEXPENDED AMOUNTS.**—Upon execution of the refinancing for a project pursuant to this section, the Secretary shall make available at least 50 percent of the annual savings resulting from reduced section 8 or other rental housing assistance contracts in a manner that is advantageous to the tenants, including—

(1) not more than 15 percent of the cost of increasing the availability or provision of supportive services, which may include the financing of service coordinators and congregate services;

(2) rehabilitation, modernization, or retrofitting of structures, common areas, or individual dwelling units;

(3) construction of an addition or other facility in the project, including assisted living facilities (or, upon the approval of the Secretary, facilities located in the community where the project sponsor refinances a project under this section, or pools shared resources from more than one such project); or

(4) rent reduction of unassisted tenants residing in the project according to a pro rata allocation of shared savings resulting from the refinancing.

(d) **USE OF CERTAIN PROJECT FUNDS.**—The Secretary shall allow a project sponsor that is prepaying and refinancing a project under this section—

(1) to use any residual receipts held for that project in excess of \$500 per individual dwelling unit for not more than 15 percent of the cost of activities designed to increase the availability or provision of supportive services; and

(2) to use any reserves for replacement in excess of \$1,000 per individual dwelling unit for activities described in paragraphs (2) and (3) of subsection (c).

(e) **BUDGET ACT COMPLIANCE.**—This section shall be effective only to extent or in such amounts that are provided in advance in appropriation Acts.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

SEC. 201. SUPPORTIVE HOUSING FOR ELDERLY PERSONS.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended by adding at the end the following new subsection:

“(m) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for providing assistance under this section \$700,000,000 for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004. Of the amount provided in appropriation Acts for assistance under this section in each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (c)(4) (relating to matching funds), except that if there insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.”.

SEC. 202. SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) by redesignating subsection (m) as subsection (n); and

(2) by inserting after subsection (l) the following new subsection:

“(m) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for providing assistance under this section

\$225,000,000 for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004. Of the amount provided in appropriation Acts for assistance under this section in each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (d)(5) (relating to matching funds), except that if there insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.”.

SEC. 203. SERVICE COORDINATORS AND CONGREGATE SERVICES FOR ELDERLY AND DISABLED HOUSING.

(a) **AUTHORIZATION OF APPROPRIATIONS FOR FEDERALLY ASSISTED HOUSING.**—There is authorized to be appropriated to the Secretary of Housing and Urban Development \$50,000,000 for fiscal year 2000, and such sums as may be necessary for each of fiscal years 2001 and 2002, for the following purposes:

(1) **GRANTS FOR SERVICE COORDINATORS FOR CERTAIN FEDERALLY ASSISTED MULTIFAMILY HOUSING.**—For grants under section 676 of the Housing and Community Development Act of 1992 (42 U.S.C. 13632) for providing service coordinators.

(2) **CONGREGATE SERVICES FOR FEDERALLY ASSISTED HOUSING.**—For contracts under section 802 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011) to provide congregate services programs for eligible residents of eligible housing projects under subparagraphs (B) through (D) of subsection (k)(6) of such section.

(b) **PUBLIC HOUSING.**—There is authorized to be appropriated to the Secretary of Housing and Urban Development for fiscal year 2000 for grants for use only for activities described in paragraph (2) of section 34(b) of the United States Housing Act of 1937 (42 U.S.C. 1437z-6(b)(2))—

(1) such sums as may be necessary for renewal of all grants made in prior fiscal years for providing service coordinators and congregate services for the elderly and disabled in public housing; and

(B) \$11,000,000 for grants in addition to such renewal grants.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

SEC. 301. MATCHING GRANT PROGRAM.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (b), in the second sentence, by inserting “or through matching grants under subsection (c)(4)” after “subsection (c)(1)”; and

(2) in subsection (c), by adding at the end the following new paragraph:

“(4) **MATCHING GRANTS.**—

“(A) **IN GENERAL.**—Amounts made available for assistance under this paragraph shall be used only for capital advances in accordance with paragraph (1), except that the Secretary shall require that, as a condition of providing assistance under this paragraph for a project, the applicant for assistance shall supplement the assistance with amounts from sources other than this section in an amount that is not less than 25 to 50 percent (as the Secretary may determine) of the amount of assistance provided pursuant to this paragraph for the project.

“(B) **REQUIREMENT FOR NON-FEDERAL FUNDS.**—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. Such supplemental amounts may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as the Secretary considers appropriate, but only if the existence of such in-kind contributions results in the construction of

more dwelling units than would have been constructed absent such contributions.

“(C) INCOME ELIGIBILITY.—Notwithstanding any other provision of this section, the Secretary shall provide that, in a project assisted under this paragraph, a number of dwelling units may be made available for occupancy by elderly persons who are not very low-income persons in a number such that the ratio that the number of dwelling units in the project so occupied bears to the total number of units in the project does not exceed the ratio that the amount from non-Federal sources provided for the project pursuant to this paragraph bears to the sum of the capital advances provided for the project under this paragraph and all supplemental amounts for the project provided pursuant to this paragraph.”.

SEC. 302. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNERSHIPS.

Section 202(k)(4) of the Housing Act of 1959 (12 U.S.C. 1701q(k)(4)) is amended by adding after and below subparagraph (C) the following new sentence:

“Such term includes a for-profit limited partnership the sole general partner of which is an organization meeting the requirements under subparagraphs (A), (B), and (C) and a corporation wholly owned by an organization meeting the requirements under subparagraphs (A), (B), and (C).”.

SEC. 303. MIXED FUNDING SOURCES.

Section 202(h)(6) of the Housing Act of 1959 (12 U.S.C. 1701q(h)(6)) is amended by striking “non-Federal sources” and inserting “sources other than this section”.

SEC. 304. AUTHORITY TO ACQUIRE STRUCTURES.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (b), by striking “from the Resolution Trust Corporation”; and

(2) in subsection (h)(2)—

(A) in the heading for subparagraph (A), by striking “RTC PROPERTIES” and inserting “ACQUISITION”; and

(B) by striking “from the Resolution” and all that follows through “Insurance Act”.

SEC. 305. MIXED-INCOME OCCUPANCY.

(a) IN GENERAL.—The first sentence of section 202(i)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(i)(1)) is amended by striking “and (B)” and inserting the following: “(B) notwithstanding clause (A) and in the case only of a supportive housing project for the elderly which has a high vacancy level (as such term is defined by the Secretary, but which shall not include vacancy upon the initial availability of units in a building), consistent with the purpose of improving housing opportunities for very low- and low-income elderly persons; and (C).”.

(b) AVAILABILITY OF UNITS.—Section 202(i) of the Housing Act of 1959 (12 U.S.C. 1701q(i)) is amended by adding at the end the following new paragraph:

“(3) AVAILABILITY OF UNITS.—In the case of a supportive housing project described in subsection (i)(1)(B) that has a vacant dwelling unit, an owner may not make a dwelling unit available for occupancy by, nor make any commitment to provide occupancy in the unit to, a low-income family that is not a very low-income family unless each eligible very low-income family that has applied for occupancy in the project has been offered an opportunity to accept occupancy in a unit in the project.”.

(b) CONFORMING AMENDMENTS.—Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (c)—

(A) in paragraph (1), by inserting after “elderly persons” the following: “, and for low-income elderly persons to the extent such occupancy is made available pursuant to subsection (i)(1)(B),”; and

(B) in the first sentence of paragraph (2), by inserting after “elderly persons” the following: “or by low-income elderly persons (to the extent such occupancy is made available pursuant to subsection (i)(1)(B))”; and

(C) in paragraph (3), by inserting after “very low-income person” the following: “or a low-income person to the extent such occupancy is made available pursuant to subsection (i)(1)(B)”; and

(2) in subsection (d)(1), by inserting after “elderly persons” the following: “, and low-income elderly persons to the extent such occupancy is made available pursuant to subsection (i)(1)(B),”; and

(3) in subsection (k)—

(A) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(B) by inserting after paragraph (2) the following new paragraph:

“(3) LOW-INCOME.—The term ‘low-income’ has the same meaning given the term ‘low-income families’ under section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).”.

SEC. 306. USE OF PROJECT RESERVES.

Section 202(j) of the Housing Act of 1959 (12 U.S.C. 1701q(j)) is amended by adding at the end the following new paragraph:

“(8) USE OF PROJECT RESERVES.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.”.

SEC. 307. COMMERCIAL ACTIVITIES.

Section 202(h)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(h)(1)) is amended by adding at the end the following new sentence: “Neither this section nor any other provision of law may be construed as prohibiting or preventing the location and operation, in a project assisted under this section, of commercial facilities for the benefit of residents of the project and the community in which the project is located.”.

SEC. 308. MIXED FINANCE PILOT PROGRAM.

(a) AUTHORITY.—The Secretary of Housing and Urban Development shall carry out a pilot program under this section to determine the effectiveness and feasibility of providing assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for housing projects that are used both for supportive housing for the elderly and for other types of housing, which may include market rate housing.

(b) SCOPE.—Under the pilot program the Secretary shall provide, to the extent that sufficient approvable applications for such assistance are received, assistance in the manner provided under subsection (d) for not more than 5 housing projects.

(c) MIXED USE.—The Secretary shall require, for a project to be assisted under the pilot program—

(1) that a portion of the dwelling units in the project be reserved for use in accordance with, and subject to, the requirements applicable to units assisted under section 202 of the Housing Act of 1959; and

(2) that the remainder of the dwelling units be used for other purposes.

(d) FINANCING.—The Secretary may use amounts provided for assistance under section 202 of the Housing Act of 1959 for assistance under the pilot program for capital advances in accordance with subsection (d)(1) of such section and project rental assistance in accordance with subsection (d)(2) of such section, only for dwelling units described in subsection (c)(1) of this section. Any assist-

ance provided pursuant to subsection (d)(1) of such section 202 shall be provided in the form of a capital advance, subject to repayment as provided in such subsection, and shall not be structured as a loan. The Secretary shall take such action as may be necessary to ensure that the repayment contingency under such subsection is enforceable for projects assisted under the pilot program and to provide for appropriate protections of the interests of the Secretary in relation to other interests in the projects so assisted.

(e) WAIVER AUTHORITY.—Notwithstanding subsection (c)(1) of this section, the Secretary may waive the applicability of any provision of section 202 of the Housing Act of 1959 for any project assisted under the pilot program under this section as may be appropriate to carry out the program, except to the extent inconsistent with this section.

SEC. 309. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

Title II of the Housing Act of 1959 is amended by inserting after section 202a (12 U.S.C. 1701q-1) the following new section:

“SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

“(a) GRANT AUTHORITY.—The Secretary of Housing and Urban Development may make grants in accordance with this section to owners of eligible projects described in subsection (b) for one or both of the following activities:

“(1) REPAIRS.—Substantial capital repairs to a project that are needed to rehabilitate, modernize, or retrofit aging structures, common areas, or individual dwelling units.

“(2) CONVERSION.—Activities designed to convert dwelling units in the eligible project to assisted living facilities for elderly persons.

“(b) ELIGIBLE PROJECTS.—An eligible project described in this subsection is a multifamily housing project that is—

“(1) described in subparagraph (B), (C), (D), (E), (F), or (G) of section 683(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13641(2)), or (B) only to the extent amounts of the Department of Agriculture are made available to the Secretary of Housing and Urban Development for such grants under this section for such projects, subject to a loan made or insured under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

“(2) owned by a private nonprofit organization (as such term is defined in section 202); and

“(3) designated primarily for occupancy by elderly persons.

Notwithstanding any other provision of this subsection or this section, an unused or underutilized commercial property may be considered an eligible project under this subsection, except that the Secretary may not provide grants under this section for more than 3 such properties. For any such projects, any reference under this section to dwelling units shall be considered to refer to the premises of such properties.

“(c) APPLICATIONS.—Applications for grants under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

“(1) a description of the substantial capital repairs or the proposed conversion activities for which a grant under this section is requested;

“(2) the amount of the grant requested to complete the substantial capital repairs or conversion activities;

“(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under this section; and

“(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

“(d) FUNDING FOR SERVICES.—The Secretary may not make a grant under this section for conversion activities unless the application contains sufficient evidence, in the determination of the Secretary, of firm commitments for the funding of services to be provided in the assisted living facility, which may be provided by third parties.

“(e) SELECTION CRITERIA.—The Secretary shall select applications for grants under this section based upon selection criteria, which shall be established by the Secretary and shall include—

“(1) in the case of a grant for substantial capital repairs, the extent to which the project to be repaired is in need of such repair, including such factors as the age of improvements to be repaired, and the impact on the health and safety of residents of failure to make such repairs;

“(2) in the case of a grant for conversion activities, the extent to which the conversion is likely to provide assisted living facilities that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve, with a special emphasis on very low-income elderly persons who need assistance with activities of daily living;

“(3) the inability of the applicant to fund the repairs or conversion activities from existing financial resources, as evidenced by the applicant's financial records, including assets in the applicant's residual receipts account and reserves for replacement account;

“(4) the extent to which the applicant has evidenced community support for the repairs or conversion, by such indicators as letters of support from the local community for the repairs or conversion and financial contributions from public and private sources;

“(5) in the case of a grant for conversion activities, the extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility is intended to serve;

“(6) in the case of a grant for conversion activities, the quality, completeness, and managerial capability of providing the services which the assisted living facility intends to provide to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and

“(7) such other criteria as the Secretary determines to be appropriate to ensure that funds made available under this section are used effectively.

“(f) DEFINITIONS.—For the purposes of this section—

“(1) the term ‘assisted living facility’ has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)); and

“(2) the definitions in section 202(k) shall apply.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for each of fiscal years 2000, 2001, 2002, 2003, and 2004.”

SEC. 310. GRANTS FOR CONVERSION OF PUBLIC HOUSING PROJECTS TO ASSISTED LIVING FACILITIES.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section: **“SEC. 36. GRANTS FOR CONVERSION OF PUBLIC HOUSING TO ASSISTED LIVING FACILITIES.**

“(a) GRANT AUTHORITY.—The Secretary may make grants in accordance with this section to public housing agencies for use for activities designed to convert dwelling units in an eligible projects described in sub-

section (b) to assisted living facilities for elderly persons.

“(b) ELIGIBLE PROJECTS.—An eligible project described in this subsection is a public housing project (or a portion thereof) that has been designated under section 7 for occupancy only by elderly persons.

“(c) APPLICATIONS.—Applications for grants under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

“(1) a description of the proposed conversion activities for which a grant under this section is requested;

“(2) the amount of the grant requested;

“(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under this section; and

“(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

“(d) FUNDING FOR SERVICES.—The Secretary may not make a grant under this section unless the application contains sufficient evidence, in the determination of the Secretary, of firm commitments for the funding of services to be provided in the assisted living facility.

“(e) SELECTION CRITERIA.—The Secretary shall select applications for grants under this section based upon selection criteria, which shall be established by the Secretary and shall include—

“(1) the extent to which the conversion is likely to provide assisted living facilities that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve;

“(2) the inability of the public housing agency to fund the conversion activities from existing financial resources, as evidenced by the agency's financial records;

“(3) the extent to which the agency has evidenced community support for the conversion, by such indicators as letters of support from the local community for the conversion and financial contributions from public and private sources;

“(4) extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility is intended to serve;

“(5) the quality, completeness, and managerial capability of providing the services which the assisted living facility intends to provide to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and

“(6) such other criteria as the Secretary determines to be appropriate to ensure that funds made available under this section are used effectively.

“(f) DEFINITION.—For the purposes of this section, the term ‘assisted living facility’ has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)).

“(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for each of fiscal years 2000, 2001, 2002, 2003, and 2004.”

SEC. 311. USE OF SECTION 8 ASSISTANCE FOR ASSISTED LIVING FACILITIES.

(a) VOUCHER ASSISTANCE.—Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by adding at the end the following new paragraph:

“(18) RENTAL ASSISTANCE FOR ASSISTED LIVING FACILITIES.—

“(A) IN GENERAL.—A public housing agency may make assistance payments on behalf of a family that uses an assisted living facility as a principal place of residence and that uses such supportive services made available

in the facility as the agency may require. Such payments may be made only for covering costs of rental of the dwelling unit in the assisted living facility and not for covering any portion of the cost of residing in such facility that is attributable to service relating to assisted living.

“(B) RENT CALCULATION.—

“(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent of the dwelling unit that is a assisted living facility with respect to which assistance payments are made shall include maintenance and management charges related to the dwelling unit and tenant-paid utilities. Such rent shall not include any charges attributable to services relating to assisted living.

“(ii) PAYMENT STANDARD.—In determining the monthly assistance that may be paid under this paragraph on behalf of any family residing in an assisted living facility, the public housing agency shall utilize the payment standard established under paragraph (1), for the market area in which the assisted living facility is located, for the applicable size dwelling unit.

“(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment for a family assisted under this paragraph shall be determined in accordance with paragraph (2) (using the rent and payment standard for the dwelling unit as determined in accordance with this subsection).

“(C) DEFINITION.—For the purposes of this paragraph, the term ‘assisted living facility’ has the meaning given that term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)), except that such a facility may be contained within a portion of a larger multifamily housing project.”

(b) PROJECT-BASED ASSISTANCE.—Section 202b of the Housing Act of 1959, as added by section 2 of this Act, is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following new subsection:

“(f) SECTION 8 PROJECT-BASED ASSISTANCE.—

“(1) ELIGIBILITY.—Notwithstanding any other provision of law, a multifamily project which includes one or more dwelling units that have been converted to assisted living facilities using grants made under this section shall be eligible for project-based assistance under section 8 of the United States Housing Act of 1937, in the same manner in which the project would be eligible for such assistance but for the assisted living facilities in the project.

“(2) CALCULATION OF RENT.—For assistance pursuant to this subsection, the maximum monthly rent of a dwelling unit that is an assisted living facility with respect to which assistance payments are made shall not include charges attributable to services relating to assisted living.”

SEC. 312. ANNUAL HUD INVENTORY OF ASSISTED HOUSING DESIGNATED FOR ELDERLY PERSONS.

Subtitle D of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13611 et seq.) is amended by adding at the end the following new section:

“SEC. 662. ANNUAL INVENTORY OF ASSISTED HOUSING DESIGNATED FOR ELDERLY PERSONS.

“(a) IN GENERAL.—The Secretary shall establish and maintain, and on an annual basis shall update and publish, an inventory of housing that—

“(1) is assisted under a program of the Department of Housing and Urban Development, including all federally assisted housing; and

“(2) is designated, in whole or in part, for occupancy by elderly families or disabled families, or both.

“(b) CONTENTS.—The inventory required under this section shall identify housing described in subsection (a) and the number of dwelling units in such housing that—

“(1) are in projects designated for occupancy only by elderly families;

“(2) are in projects designated for occupancy only by disabled families;

“(3) contain special features or modifications designed to accommodate persons with disabilities and are in projects designated for occupancy only by disabled families;

“(4) are in projects for which a specific percentage or number of the dwelling units are designated for occupancy only by elderly families;

“(5) are in projects for which a specific percentage or number of the dwelling units are designated for occupancy only by disabled families; and

“(6) are in projects designed for occupancy only by both elderly or disabled families.

“(c) PUBLICATION.—The Secretary shall annually publish the inventory required under this section in the Federal Register and shall make the inventory available to the public by posting on a World Wide Web site of the Department.”.

SEC. 313. TREATMENT OF APPLICATIONS.

(a) IN GENERAL.—Notwithstanding any other provision of law or any regulation of the Secretary of Housing and Urban Development, in the case of any denial of an application for assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for failure to timely provide information required by the Secretary, the Secretary shall notify the applicant of the failure and provide the applicant an opportunity to show that the failure was due to the failure of a third party to provide information under the control of the third party. If the applicant demonstrates, within a reasonable period of time after notification of such failure, that the applicant did not have such information but requested the timely provision of such information by the third party, the Secretary may not deny the application on the grounds of failure to timely provide such information.

(b) APPLICABILITY.—This section shall have no force or effect after the expiration of the 12-month period beginning on the date of the enactment of this Act.

Subtitle B—Housing for Persons With Disabilities

SEC. 321. MATCHING GRANT PROGRAM.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in subsection (b)(2)(A), by inserting “or through matching grants under subsection (d)(5)” after “subsection (d)(1)”; and

(2) in subsection (d), by adding at the end the following new paragraph:

“(5) MATCHING GRANTS.—

“(A) IN GENERAL.—Amounts made available for assistance under this paragraph shall be used only for capital advances in accordance with paragraph (1), except that the Secretary shall require that, as a condition of providing assistance under this paragraph for a project, the applicant for assistance shall supplement the assistance with amounts from sources other than this section in an amount that is not less than 25 to 50 percent (as the Secretary may determine) of the amount of assistance provided pursuant to this paragraph for the project.

“(B) REQUIREMENT FOR NON-FEDERAL FUNDS.—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. Such supplemental amounts may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as

the Secretary considers appropriate, but only if the existence of such in-kind contributions results in the construction of more dwelling units than would have been constructed absent such contributions.

“(C) INCOME ELIGIBILITY.—Notwithstanding any other provision of this section, the Secretary shall provide that, in a project assisted under this paragraph, a number of dwelling units may be made available for occupancy by persons with disabilities who are not very low-income persons in a number such that the ratio that the number of dwelling units in the project so occupied bears to the total number of units in the project does not exceed the ratio that the amount from non-Federal sources provided for the project pursuant to this paragraph bears to the sum of the capital advances provided for the project under this paragraph and all supplemental amounts for the project provided pursuant to this paragraph.”.

SEC. 322. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNERSHIPS.

Section 811(k)(6) of the Housing Act of 1959 (42 U.S.C. 8013(k)(6)) is amended by adding after and below subparagraph (D) the following new sentence:

“Such term includes a for-profit limited partnership the sole general partner of which is an organization meeting the requirements under subparagraphs (A), (B), (C), and (D) and a corporation wholly owned by an organization meeting the requirements under subparagraphs (A), (B), (C), and (D).”.

SEC. 323. MIXED FUNDING SOURCES.

Section 811(h)(5) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(h)(5)) is amended by striking “non-Federal sources” and inserting “sources other than this section”.

SEC. 324. TENANT-BASED ASSISTANCE.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in subsection (d), by striking paragraph (4) and inserting the following new paragraph:

“(4) TENANT-BASED RENTAL ASSISTANCE.—

“(A) ADMINISTERING ENTITIES.—Tenant-based rental assistance provided under subsection (b)(1) may be provided only through a public housing agency that has submitted and had approved an plan under section 7(d) of the United States Housing Act of 1937 (42 U.S.C. 1437e(d)) that provides for such assistance, or through a private nonprofit organization. A public housing agency shall be eligible to apply under this section only for the purposes of providing such tenant-based rental assistance.

“(B) PROGRAM RULES.—Tenant-based rental assistance under subsection (b)(1) shall be made available to eligible persons with disabilities and administered under the same rules that govern tenant-based rental assistance made available under section 8 of the United States Housing Act of 1937, except that the Secretary may waive or modify such rules, but only to the extent necessary to provide for administering such assistance under subsection (b)(1) through private nonprofit organizations rather than through public housing agencies.

“(C) ALLOCATION OF ASSISTANCE.—In determining the amount of assistance provided under subsection (b)(1) for a private nonprofit organization or public housing agency, the Secretary shall consider the needs and capabilities of the organization or agency, in the case of a public housing agency, as described in the plan for the agency under section 7 of the United States Housing Act of 1937.”; and

(2) in subsection (l)(1)—

(A) by striking “subsection (b)” and inserting “subsection (b)(2)”; and

(B) by striking the last comma and all that follows through “subsection (n)”; and

(C) by inserting after the last period the following new sentence: “Notwithstanding any other provision of this section, the Secretary may use not more than 25 percent of the total amounts made available for assistance under this section for any fiscal year for tenant-based rental assistance under subsection (b)(1) for persons with disabilities, and no authority of the Secretary to waive provisions of this section may be used to alter the percentage limitation under this sentence.”.

SEC. 325. PROJECT SIZE.

(a) LIMITATION.—Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in subsection (k)(4), by inserting “, subject to the limitation under subsection (h)(6)” after “prescribe”; and

(2) in subsection (l), by adding at the end the following new paragraph:

“(4) SIZE LIMITATION.—Of any amounts made available for any fiscal year and used for capital advances or project rental assistance under paragraphs (1) and (2) of subsection (d), not more than 25 percent may be used for supportive housing which contains more than 24 separate dwelling units.”.

(b) STUDY.—Not later than the expiration of the 3-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall conduct a study and submit a report to the Congress regarding—

(1) the extent to which the authority of the Secretary under section 811(k)(4) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(k)(4)), as in effect immediately before the enactment of this Act, has been used in each year since 1990 to provide for assistance under such section for supportive housing for persons with disabilities having more than 24 separate dwelling units;

(2) the per-unit costs of, and the benefits and problems associated with, providing such housing in projects having 8 or less dwelling units, 8 to 24 units, and more than 24 units; and

(3) the per-unit costs of, and the benefits and problems associated with providing housing under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) in projects having 30 to 50 dwelling units, in projects having more than 50 but not more than 80 dwelling units, in projects having more than 80 but not more than 120 dwelling units, and in projects having more than 120 dwelling units, but the study shall also examine the social considerations afforded by smaller and moderate-size developments and shall not be limited to economic factors.

SEC. 326. USE OF PROJECT RESERVES.

Section 811(j) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(j)) is amended by adding at the end the following new paragraph:

“(7) USE OF PROJECT RESERVES.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.”.

SEC. 327. COMMERCIAL ACTIVITIES.

Section 811(h)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(h)(1)) is amended by adding at the end the following new sentence: “Neither this section nor any other provision of law may be construed as prohibiting or preventing the location and operation, in a project assisted under this section, of commercial facilities

for the benefit of residents of the project and the community in which the project is located.”.

Subtitle C—Other Provisions

SEC. 341. SERVICE COORDINATORS.

(a) INCREASED FLEXIBILITY FOR USE OF SERVICE COORDINATORS IN CERTAIN FEDERALLY ASSISTED HOUSING.—Section 676 of the Housing and Community Development Act of 1992 (42 U.S.C. 13632) is amended—

(1) in the section heading, by striking “MULTIFAMILY HOUSING ASSISTED UNDER THE NATIONAL HOUSING ACT” and inserting “CERTAIN FEDERALLY ASSISTED HOUSING”;

(2) in subsection (a)—

(A) in the first sentence, by striking “(E) and (F)” and inserting “(B), (C), (D), (E), (F), and (G)”;

(B) in the last sentence—

(i) by striking “section 661” and inserting “section 671”; and

(ii) by adding after the period at the end the following new sentence: “A service coordinator funded with a grant under this section for a project may provide services to low-income elderly or disabled families living in the vicinity of such project.”;

(3) in subsection (d)—

(A) by striking “(E) or (F)” and inserting “(B), (C), (D), (E), (F), or (G)”;

(B) by striking “section 661” and inserting “section 671”; and

(4) by striking subsection (c) and redesignating subsection (d) (as amended by paragraph (3) of this subsection) as subsection (c).

(b) REQUIREMENT TO PROVIDE SERVICE COORDINATORS.—Section 671 of the Housing and Community Development Act of 1992 (42 U.S.C. 13631) is amended—

(1) in the first sentence of subsection (a), by striking “to carry out this subtitle pursuant to the amendments made by this subtitle” and inserting the following: “for providing service coordinators under this section”;

(2) in subsection (d), by inserting “)” after “section 683(2)”;

(3) by adding at the end following new subsection:

“(e) SERVICES FOR LOW-INCOME ELDERLY OR DISABLED FAMILIES RESIDING IN VICINITY OF CERTAIN PROJECTS.—To the extent only that this section applies to service coordinators for covered federally assisted housing described in subparagraphs (B), (C), (D), (E), (F), and (G) of section 683(2), any reference in this section to elderly or disabled residents of a project shall be construed to include low-income elderly or disabled families living in the vicinity of such project.”.

(c) PROTECTION AGAINST TELEMARKEETING FRAUD.—

(1) SUPPORTIVE HOUSING FOR THE ELDERLY.—The first sentence of section 202(g)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(g)(1)) is amended by striking “and (F)” and inserting the following: “(F) providing education and outreach regarding telemarketing fraud, in accordance with the standards issued under section 671(f) of the Housing and Community Development Act of 1992 (42 U.S.C. 13631(f)); and (G)”.

(2) OTHER FEDERALLY ASSISTED HOUSING.—Section 671 of the Housing and Community Development Act of 1992 (42 U.S.C. 13631), as amended by subsection (b) of this section, is further amended—

(A) in the first sentence of subsection (c), by inserting after “response,” the following: “providing education and outreach regarding telemarketing fraud, in accordance with the standards issued under subsection (f),”; and

(B) by adding at the end the following new subsection:

“(f) PROTECTION AGAINST TELEMARKEETING FRAUD.—

“(1) IN GENERAL.—The Secretary, in coordination with the Secretary of Health and Human Services, shall establish standards for service coordinators in federally assisted housing who are providing education and outreach to elderly persons residing in such housing regarding telemarketing fraud. The standards shall be designed to ensure that such education and outreach informs such elderly persons of the dangers of telemarketing fraud and facilitates the investigation and prosecution of telemarketers engaging in fraud against such residents.

“(2) CONTENTS.—The standards established under this subsection shall require that any such education and outreach be provided in a manner that—

“(A) informs such residents of (i) the prevalence of telemarketing fraud targeted against elderly persons; (ii) how telemarketing fraud works; (iii) how to identify telemarketing fraud; (iv) how to protect themselves against telemarketing fraud, including an explanation of the dangers of providing bank account, credit card, or other financial or personal information over the telephone to unsolicited callers; (v) how to report suspected attempts at telemarketing fraud; and (vi) their consumer protection rights under Federal law;

“(B) provides such other information as the Secretary considers necessary to protect such residents against fraudulent telemarketing; and

“(C) disseminates the information provided by appropriate means, and in determining such appropriate means, the Secretary shall consider on-site presentations at federally assisted housing, public service announcements, a printed manual or pamphlet, an Internet website, and telephone outreach to residents whose names appear on ‘mooch lists’ confiscated from fraudulent telemarketers.”.

SEC. 342. COMMISSION ON AFFORDABLE HOUSING AND HEALTH CARE FACILITY NEEDS IN THE 21ST CENTURY.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the Commission on Affordable Housing and Health Care Facility Needs in the 21st Century (in this section referred to as the “Commission”).

(b) STUDY.—The duty of the Commission shall be to conduct a study that—

(1) compiles and interprets information regarding the expected increase in the population of persons 62 years of age or older, particularly information regarding distribution of income levels, homeownership and home equity rates, and degree or extent of health and independence of living;

(2) provides an estimate of the future needs of seniors for affordable housing and assisted living and health care facilities;

(3) provides a comparison of estimate of such future needs with an estimate of the housing and facilities expected to be provided under existing public programs, and identifies possible actions or initiatives that may assist in providing affordable housing and assisted living and health care facilities to meet such expected needs;

(4) identifies and analyzes methods of encouraging increased private sector participation, investment, and capital formation in affordable housing and assisted living and health care facilities for seniors through partnerships between public and private entities and other creative strategies;

(5) analyzes the costs and benefits of comprehensive aging-in-place strategies, taking into consideration physical and mental well-being and the importance of coordination between shelter and supportive services;

(6) identifies and analyzes methods of promoting a more comprehensive approach to dealing with housing and supportive service

issues involved in aging and the multiple governmental agencies involved in such issues, including the Department of Housing and Urban Development and the Department of Health and Human Services; and

(7) examines how to establish intergenerational learning and care centers and living arrangements, in particular to facilitate appropriate environments for families consisting only of children and a grandparent or grandparents who are the head of the household.

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of 14 members, appointed not later than January 1, 2000, as follows:

(A) 2 co-chairpersons, of whom—

(i) 1 co-chairperson shall be appointed by a committee consisting of the chairman of the Subcommittee on Housing and Community Opportunities of the House of Representatives and the chairman of the Subcommittee on Housing and Transportation of the Senate, and the chairmen of the Subcommittees on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies of the Committees on Appropriations of the House of Representatives and the Senate; and

(ii) 1 co-chairperson shall be appointed by a committee consisting of the ranking minority member of the Subcommittee on Housing and Community Opportunities of the House of Representatives and the ranking minority member of the Subcommittee on Housing and Transportation of the Senate, and the ranking minority members of the Subcommittees on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies of the Committees on Appropriations of the House of Representatives and the Senate.

(B) 6 members appointed by the Chairman and Ranking Minority Member of the Committee on Banking and Financial Services of the House of Representatives and the Chairman and Ranking Minority Member of the Committee on Appropriations of the House of Representatives.

(C) 6 members appointed by the Chairman and Ranking Minority Member of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Chairman and Ranking Minority Member of the Committee on Appropriations of the Senate.

(2) QUALIFICATIONS.—Appointees should have proven expertise in directing, assembling, or applying capital resources from a variety of sources to the successful development of affordable housing, assisted living facilities, or health care facilities.

(3) VACANCIES.—Any vacancy on the Commission shall not affect its powers and shall be filled in the manner in which the original appointment was made.

(4) CHAIRPERSONS.—The members appointed pursuant to paragraph (1)(A) shall serve as co-chairpersons of the Commission.

(5) PROHIBITION OF PAY.—Members of the Commission shall serve without pay.

(6) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(7) QUORUM.—A majority of the members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(8) MEETINGS.—The Commission shall meet at the call of the Chairpersons.

(d) DIRECTOR AND STAFF.—

(1) DIRECTOR.—The Commission shall have a Director who shall be appointed by the Chairperson. The Director shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule.

(2) STAFF.—The Commission may appoint personnel as appropriate. The staff of the Commission shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates.

(3) EXPERTS AND CONSULTANTS.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for the General Schedule.

(4) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Commission to assist it in carrying out its duties under this Act.

(e) POWERS.—

(1) HEARINGS AND SESSIONS.—The Commission may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Commission considers appropriate.

(2) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take by this section.

(3) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairpersons of the Commission, the head of that department or agency shall furnish that information to the Commission.

(4) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(5) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(6) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its responsibilities under this section.

(7) CONTRACT AUTHORITY.—The Commission may contract with and compensate government and private agencies or persons for services, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(f) REPORT.—The Commission shall submit to the Committees on Banking and Financial Services and Appropriations of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Appropriations of the Senate, a final report not later than December 31, 2001. The report shall contain a detailed statement of the findings and conclusions of the Commission with respect to the study conducted under subsection (b), together with its recommendations for legislation, administrative actions, and any other actions the Commission considers appropriate.

(g) FUNDING.—Of any amounts appropriated for fiscal year 2000 to carry out title V of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 et seq.) \$500,000 shall be

available to the Commission for carrying out this section.

(h) TERMINATION.—The Commission shall terminate on June 30, 2002. Section 14(a)(2)(B) of the Federal Advisory Committee Act (5 U.S.C. App.; relating to the termination of advisory committees) shall not apply to the Commission.

TITLE IV—RENEWAL OF EXPIRING RENTAL ASSISTANCE CONTRACTS AND PROTECTION OF RESIDENTS

SEC. 401. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the United States a need for decent, safe and affordable housing;

(2) affordable housing is critical to the well-being of seniors, persons with disabilities, and vulnerable families;

(3) an unprecedented number of contracts for Federal rental assistance are expiring now and will expire in the near future;

(4) a significant number of private owners of affordable housing developments are choosing to not renew their subsidy contracts with the Federal government;

(5) in cases where assistance contracts are not renewed, rent levels in the affected developments may rise dramatically;

(6) a significant number of residents in these developments are seniors or persons with disabilities or are otherwise vulnerable because of scarcity of available affordable housing in the neighborhood, and have little or no means of paying additional rent from personal income, putting at risk what have been their homes for almost a quarter of a century; and

(7) the Federal Government should continue to work to ensure that those least able to provide for themselves enjoy the protection and welfare of the people of the United States.

(b) PURPOSE.—The purpose of this title is to protect seniors, persons with disabilities, and other vulnerable residents of affordable housing and to help provide those residents with peace of mind and security for living—

(1) by providing greater rental assistance flexibility to ensure that vulnerable populations are not forced to move from their homes when rent levels rise; and

(2) where appropriate, by encouraging private owners of affordable housing developments to continue serving low-income families by providing appropriate levels of Federal resources, by allowing greater flexibility for refinancing, and by ensuring more effective administration by the Federal Government of rental assistance contract renegotiations.

SEC. 402. RENEWAL OF EXPIRING CONTRACTS AND ENHANCED VOUCHERS FOR PROJECT RESIDENTS.

(a) IN GENERAL.—Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended to read as follows:

“SEC. 524. RENEWAL OF EXPIRING PROJECT-BASED SECTION 8 CONTRACTS.

“(a) IN GENERAL.—

“(1) RENEWAL.—Subject to paragraph (2), upon termination or expiration of a contract for project-based assistance under section 8 for a multifamily housing project (and notwithstanding section 8(v) of the United States Housing Act of 1937 for loan management assistance), the Secretary shall, at the request of the owner of the project and to the extent sufficient amounts are made available in appropriation Acts, use amounts available for the renewal of assistance under section 8 of such Act to provide such assistance for the project. The assistance shall be provided under a contract having such terms and conditions as the Secretary considers appropriate, subject to the requirements of this

section. This section shall not require contract renewal for a project that is eligible under this subtitle for a mortgage restructuring and rental assistance sufficiency plan, if there is no approved plan for the project and the Secretary determines that such an approved plan is necessary.

“(2) PROHIBITION ON RENEWAL.—Notwithstanding part 24 of title 24 of the Code of Federal Regulations, the Secretary may elect not to renew assistance for a project otherwise required to be renewed under paragraph (1) or provide comparable benefits under paragraph (1) or (2) of subsection (e) for a project described in either such paragraph, if the Secretary determines that a violation under paragraph (1) through (4) of section 516(a) has occurred with respect to the project. For purposes of such a determination, the provisions of section 516 shall apply to a project under this section in the same manner and to the same extent that the provisions of such section apply to eligible multifamily housing projects, except that the Secretary shall make the determination under section 516(a)(4).

“(3) CONTRACT TERM FOR MARK-UP-TO-MARKET CONTRACTS.—In the case of an expiring or terminating contract that has rent levels less than comparable market rents for the market area, if the rent levels under the renewal contract under this section are equal to comparable market rents for the market area, the contract shall have a term of not less than 5 years, subject to the availability of sufficient amounts in appropriation Acts.

“(4) RENEWAL RENTS.—Except as provided in subsection (b), the contract for assistance shall provide assistance at the following rent levels:

“(A) MARKET RENTS.—At the request of the owner of the project, at rent levels equal to the lesser of comparable market rents for the market area or 150 percent of the fair market rents, in the case only of a project that—

“(i) has rent levels under the expiring or terminating contract that do not exceed such comparable market rents;

“(ii) does not have a low- and moderate-income use restriction that can not be eliminated by unilateral action by the owner;

“(iii) is decent, safe, and sanitary housing, as determined by the Secretary;

“(iv) is not—

“(I) owned by a nonprofit entity;

“(II) subject to a contract for moderate rehabilitation assistance under section 8(e)(2) of the United States Housing Act of 1937, as in effect before October 1, 1991; or

“(III) a project for which the public housing agency provided voucher assistance to one or more of the tenants after the owner has provided notice of termination of the contract covering the tenant's unit; and

“(v) has units assisted under the contract for which the comparable market rent exceeds 110 percent of the fair market rent.

The Secretary may adjust the percentages of fair market rent (as specified in the matter preceding clause (i) and in clause (v)), but only upon a determination and written notification to the Congress within 10 days of making such determination, that such adjustment is necessary to ensure that this subparagraph covers projects with a high risk of nonrenewal of expiring contracts for project-based assistance.

“(B) REDUCTION TO MARKET RENTS.—In the case of a project that has rent levels under the expiring or terminating contract that exceed comparable market rents for the market area, at rent levels equal to such comparable market rents.

“(C) RENTS NOT EXCEEDING MARKET RENTS.—In the case of a project that is not subject to subparagraph (A) or (B), at rent levels that—

“(i) are not less than the existing rents under the terminated or expiring contract, as adjusted by an operating cost adjustment factor established by the Secretary (which shall not result in a negative adjustment), if such adjusted rents do not exceed comparable market rents for the market area; and

“(ii) do not exceed comparable market rents for the market area.

In determining the rent level for a contract under this subparagraph, the Secretary shall approve rents sufficient to cover budget-based cost increases and shall give greater consideration to providing rent at a level up to comparable market rents for the market area based on the number of the criteria under clauses (i) through (iv) of subparagraph (D) that the project meets.

“(D) WAIVER OF 150 PERCENT LIMITATION.—Notwithstanding subparagraph (A), at rent levels up to comparable market rents for the market area, in the case of a project that meets the requirements under clauses (i) through (v) of subparagraph (A) and—

“(i) has residents who are a particularly vulnerable population, as demonstrated by a high percentage of units being rented to elderly families, disabled families, or large families;

“(ii) is located in an area in which tenant-based assistance would be difficult to use, as demonstrated by a low vacancy rate for affordable housing, a high turnback rate for vouchers, or a lack of comparable rental housing;

“(iii) is a high priority for the local community, as demonstrated by a contribution of State or local funds to the property; or

“(iv) is primarily occupied by elderly or disabled families.

In determining the rent level for a contract under this subparagraph, the Secretary shall approve rents sufficient to cover budget-based cost increases and shall give greater consideration to providing rent at a level up to comparable market rents for the market area based on the number of the criteria under clauses (i) through (iv) that the project meets.

“(5) COMPARABLE MARKET RENTS AND COMPARISON WITH FAIR MARKET RENTS.—The Secretary shall prescribe the method for determining comparable market rent by comparison with rents charged for comparable properties (as such term is defined in section 512), which may include appropriate adjustments for utility allowances and adjustments to reflect the value of any subsidy (other than section 8 assistance) provided by the Department of Housing and Urban Development.

“(b) EXCEPTION RENTS.—

“(1) RENEWAL.—In the case of a multifamily housing project described in paragraph (2), pursuant to the request of the owner of the project, the contract for assistance for the project pursuant to subsection (a) shall provide assistance at the lesser of following rent levels:

“(A) ADJUSTED EXISTING RENTS.—The existing rents under the expiring contract, as adjusted by an operating cost adjustment factor established by the Secretary (which shall not result in a negative adjustment).

“(B) BUDGET-BASED RENTS.—Subject to a determination by the Secretary that a rent level under this subparagraph is appropriate for a project, a rent level that provides income sufficient to support a budget-based rent (including a budget-based rent adjustment if justified by reasonable and expected operating expenses).

“(2) PROJECTS COVERED.—A multifamily housing project described in this paragraph is a multifamily housing project that—

“(A) is not an eligible multifamily housing project under section 512(2); or

“(B) is exempt from mortgage restructuring under this subtitle pursuant to section 514(h).

“(c) RENT ADJUSTMENTS AFTER RENEWAL OF CONTRACT.—

“(1) REQUIRED.—After the initial renewal of a contract for assistance under section 8 of the United States Housing Act of 1937 pursuant to subsection (a), (b), or (e)(2), the Secretary shall annually adjust the rents using an operating cost adjustment factor established by the Secretary (which shall not result in a negative adjustment) or, upon the request of the owner and subject to approval of the Secretary, on a budget basis. In the case of projects with contracts renewed pursuant to subsection (a) or pursuant to subsection (e)(2) at rent levels equal to comparable market rents for the market area, at the expiration of each 5-year period, the Secretary shall compare existing rents with comparable market rents for the market area and may make any adjustments in the rent necessary to maintain the contract rents at a level not greater than comparable market rents or to increase rents to comparable market rents.

“(2) DISCRETIONARY.—In addition to review and adjustment required under paragraph (1), in the case of projects with contracts renewed pursuant to subsection (a) or pursuant to subsection (e)(2) at rent levels equal to comparable market rents for the market area, the Secretary may, at the discretion of the Secretary but only once within each 5-year period referred to in paragraph (1), conduct a comparison of rents for a project and adjust the rents accordingly to maintain the contract rents at a level not greater than comparable market rents or to increase rents to comparable market rents.

“(d) ENHANCED VOUCHERS UPON CONTRACT EXPIRATION.—

“(1) IN GENERAL.—In the case of a contract for project-based assistance under section 8 for a covered project that is not renewed under subsection (a) or (b) of this section (or any other authority), to the extent that amounts for assistance under this subsection are provided in advance in appropriation Acts, upon the date of the expiration of such contract the Secretary shall make enhanced voucher assistance under this subsection available on behalf of each low-income family who, upon the date of such expiration, is residing in an assisted dwelling unit in the covered project.

“(2) ENHANCED ASSISTANCE.—Enhanced voucher assistance under this subsection for a family shall be voucher assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), except that under such enhanced voucher assistance—

“(A) during any period that the assisted family continues residing in the covered project in which the family was residing on the date of the expiration of such contract and the rent for the dwelling unit of the family in such project exceeds the applicable payment standard established pursuant to section 8(o) for the unit, the amount of rental assistance provided on behalf of the family shall be determined using a payment standard that is equal to the rent for the dwelling unit (as such rent may be increased from time to time), subject to paragraph (10)(A) of such section 8(o); and

“(B) subparagraph (A) of this paragraph shall not apply and the payment standard for the dwelling unit occupied by the family shall be determined in accordance with section 8(o) if—

“(i) the assisted family moves, at any time, from such covered project; or

“(ii) the voucher is made available for use by any family other than the original family on behalf of whom the voucher was provided pursuant to paragraph (1).

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

“(A) ASSISTED DWELLING UNIT.—The term ‘assisted dwelling unit’ means a dwelling unit that—

“(i) is in a covered project; and

“(ii) is covered by rental assistance provided under the contract for project-based assistance for the covered project.

“(B) COVERED PROJECT.—The term ‘covered project’ means any housing that—

“(i) consists of more than 4 dwelling units;

“(ii) is covered in whole or in part by a contract for project-based assistance under—

“(I) the new construction or substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983),

“(II) the property disposition program under section 8(b) of the United States Housing Act of 1937,

“(III) the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1991);

“(IV) the loan management assistance program under section 8 of the United States Housing Act of 1937,

“(V) section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975),

“(VI) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965, or

“(VII) section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965,

which contract will (under its own terms) expire during the period consisting of fiscal years 2000 through 2004; and

“(iii) is not housing for which residents are eligible for enhanced voucher assistance as provided, pursuant to the ‘Preserving Existing Housing Investment’ account in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2884) or any other subsequently enacted provision of law, in lieu of any benefits under section 223 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4113).

“(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each of fiscal years 2000, 2001, 2002, 2003, and 2004 such sums as may be necessary for enhanced voucher assistance under this subsection.

“(e) CONTRACTUAL COMMITMENTS UNDER PRESERVATION LAWS.—Except as provided in subsection (a)(2) and notwithstanding any other provision of this subtitle, the following shall apply:

“(1) PRESERVATION PROJECTS.—Upon expiration of a contract for assistance under section 8 for a project that is subject to an approved plan of action under the Emergency Low Income Housing Preservation Act of 1987 (12 U.S.C. 1715l note) or the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4101 et seq.), to the extent sufficient amounts are made available in appropriation Acts, the Secretary shall provide to the owner benefits comparable to those provided under such plan of action, including distributions, rent increase procedures, and duration of low-income affordability restrictions. This paragraph shall apply to projects with contracts expiring before, on, or after the date of the enactment of this section.

“(2) DEMONSTRATION PROJECTS.—

“(A) IN GENERAL.—Upon expiration of a contract for assistance under section 8 for a project entered into pursuant to any authority specified in subparagraph (B) for which

the Secretary determines that debt restructuring is inappropriate, the Secretary shall, at the request of the owner of the project and to the extent sufficient amounts are made available in appropriation Acts, provide benefits to the owner comparable to those provided under such contract, including annual distributions, rent increase procedures, and duration of low-income affordability restrictions. This paragraph shall apply to projects with contracts expiring before, on, or after the date of the enactment of this section.

“(B) DEMONSTRATION PROGRAMS.—The authority specified in this subparagraph is the authority under—

“(i) section 210 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (Public Law 104-134; 110 Stat. 1321-285; 42 U.S.C. 1437f note);

“(ii) section 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2897; 42 U.S.C. 1437f note); and

“(iii) either of such sections, pursuant to any provision of this title.

“(f) PREEMPTION OF CONFLICTING STATE LAWS LIMITING DISTRIBUTIONS.—No State or political subdivision of a State may establish, continue in effect, or enforce any law or regulation that limits or restricts, to an amount that is less than the amount provided for under the regulations of the Secretary establishing allowable project distributions to provide a return on investment, the amount of surplus funds accruing after the date of the enactment of this section that may be distributed from any project assisted under a contract for rental assistance renewed under any provision of this section to the owner of the project. This subsection may not be construed to provide for, allow, or result in the release or termination, for any project, of any low- or moderate-income use restrictions that can not be eliminated by unilateral action of the owner of the project.

“(g) RULE OF CONSTRUCTION.—Expiring contracts for moderate rehabilitation assistance under section 8(e)(2) of the United States Housing Act of 1937, as in effect before October 1, 1991, shall be subject to renewal under the provisions of this section and such renewal contract may not be considered, construed, or administered as providing moderate rehabilitation assistance under such section 8(e)(2), except that the Secretary may provide such assistance in a manner, and subject to such rules and procedures, as the Secretary may designate. If the owner of a project with such an expiring contract requests renewal of the contract, the Secretary shall renew the expiring contract, subject to the provisions of this section, within 6 months of the date of such expiration, notwithstanding whether any tenant-based rental assistance has been provided to tenants of the project. This subsection shall apply to projects with contracts expiring before, on, or after the date of the enactment of this section.

“(h) APPLICABILITY.—Except to the extent otherwise specifically provided in this section, this section shall apply with respect to any multifamily housing project having a contract for project-based assistance under section 8 that terminates or expires during fiscal year 2000 or thereafter.”

(b) DEFINITION OF ELIGIBLE MULTIFAMILY HOUSING PROJECT.—Section 512(2) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by inserting after and below subparagraph (C) the following:

“Such term does not include any project with an expiring contract described in paragraph (1) or (2) of section 524(e).”

(c) PROJECTS EXEMPTED FROM RESTRUCTURING AGREEMENTS.—Section 514(h) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by inserting before the semicolon at the end the following: “and the financing involves mortgage insurance under the National Housing Act, such that the implementation of a mortgage restructuring and rental assistance sufficiency plan under this subtitle is in conflict with applicable law or agreements governing such financing”.

(d) CONFORMING AMENDMENTS.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) by designating as subsection (v) the sentence added by section 405(c) of The Balanced Budget Downpayment Act, I (Public Law 104-99; 110 Stat. 44); and

(2) by striking subsection (w).

SEC. 403. SECTION 236 ASSISTANCE.

(a) CONTINUED RECEIPT OF SUBSIDIES UPON REFINANCING.—Section 236(e) of the National Housing Act (12 U.S.C. 1715z-1(e)) is amended—

(1) by inserting “(1)” after “(e)”; and

(2) by adding at the end the following new paragraph:

“(2) A project for which interest reduction payments are made under this section and for which the mortgage on the project has been refinanced shall continue to receive the interest reduction payments under this section under the terms of the contract for such payments, but only if the project owner enters into such binding commitments as the Secretary may require (which shall be applicable to any subsequent owner) to ensure that the owner will continue to operate the project in accordance with all low-income affordability restrictions for the project in connection with the Federal assistance for the project for a period having a duration that is not less than the term for which such interest reduction payments are made.”

(b) RETENTION OF EXCESS INCOME.—Section 236(g) of the National Housing Act (12 U.S.C. 1715z-1(g)) is amended—

(1) by inserting “(1)” after “(g)”; and

(2) by striking the last sentence; and

(3) by adding at the end the following new paragraphs:

“(2) Subject to paragraph (3) and notwithstanding any other requirements of this subsection, a project owner may retain some or all of such excess charges for project use if authorized by the Secretary. Such use shall be for project use and upon terms and conditions established by the Secretary.

“(3) The authority under paragraph (2) to retain and use excess charges shall apply—

“(A) during fiscal year 2000, to all project owners collecting such excess charges; and

“(B) during fiscal year 2001 and thereafter—

“(i) to any owner of project with a mortgage insured under this section, or a project previously assisted under subsection (b) but without a mortgage insured under this section if the project was insured under section 207 of this Act before July 30, 1998, pursuant to section 223(f) of this Act and assisted under subsection (b); and

“(ii) to other project owners not referred to in clause (i) who collect such excess charges, but only to the extent that such retention and use is approved in advance in an appropriation Act.”

(c) PREVIOUSLY OWED EXCESS INCOME.—Section 236(g) of the National Housing Act (12 U.S.C. 1715z-1(g)), as amended by subsection (b) of this section, is further amended by adding at the end the following new paragraph:

“(4) The Secretary shall not withhold approval of the retention by the owner of such excess charges because of the existence of

unpaid excess charges if such unpaid amount is being remitted to the Secretary over a period of time in accordance with a workout agreement with the Secretary, unless the Secretary determines that the owner is in violation of the workout agreement.”

(d) FLEXIBILITY REGARDING BASIC RENTS AND MARKET RENTS.—Section 236(f) of the National Housing Act (12 U.S.C. 1715z-1(f)(1)) is amended by striking the subsection designation and all that follows through the end of paragraph (1) and inserting the following:

“(f)(1)(A)(i) For each dwelling unit there shall be established, with the approval of the Secretary, a basic rental charge and fair market rental charge.

“(ii) The basic rental charge shall be—

“(I) the amount needed to operate the project with payments of principal and interest due under a mortgage bearing interest at the rate of 1 percent per annum; or

“(II) an amount greater than that determined under clause (ii)(I), but not greater than the market rent for a comparable unassisted unit, reduced by the value of the interest reduction payments subsidy.

“(iii) The fair market rental charge shall be—

“(I) the amount needed to operate the project with payments of principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage covering the project; or

“(II) an amount greater than that determined under clause (iii)(I), but not greater than the market rent for a comparable unassisted unit.

“(iv) The Secretary may approve a basic rental charge and fair market rental charge for a unit that exceeds the minimum amounts permitted by this subparagraph for such charges only if—

“(I) the approved basic rental charge and fair market rental charges each exceed the applicable minimum charge by the same amount; and

“(II) the project owner agrees to restrictions on project use or mortgage prepayment that are acceptable to the Secretary.

“(v) The Secretary may approve a basic rental charge and fair market rental charge under this paragraph for a unit with assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that differs from the basic rental charge and fair market rental charge for a unit in the same project that is similar in size and amenities but without such assistance, as needed to ensure equitable treatment of tenants in units without such assistance.

“(B)(i) The rental charge for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the fair market rental charge determined pursuant to subparagraph (A), as represents 30 percent of the tenant’s adjusted income, except as otherwise provided in this subparagraph.

“(ii) In the case of a project which contains more than 5000 units, is subject to an interest reduction payments contract, and is financed under a State or local project, the Secretary may reduce the rental charge ceiling, but in no case shall the rental charge be below the basic rental charge set forth in subparagraph (A)(ii)(I).

“(iii) For plans of action approved for capital grants under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low Income Housing Preservation Act of 1987, the rental charge for each dwelling unit shall be at the minimum basic rental charge set forth in subparagraph (A)(ii)(I) or such greater amount, not exceeding the lower of (I) the fair market rental charge set forth in subparagraph (A)(iii)(I), or (II) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which

the housing assisted under this section is located, as represents 30 percent of the tenant's adjusted income.

"(C) With respect to those projects which the Secretary determines have separate utility metering paid by the tenants for some or all dwelling units, the Secretary may—

"(i) permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the project without the payment of the cost of utility services used by such dwelling units; and

"(ii) permit the charging of a rental for such dwelling units at such an amount less than 30 percent of a tenant's adjusted income as the Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall rental be lower than 25 percent of a tenant's adjusted income."

(e) EFFECTIVE DATE OF 1998 PROVISIONS.—Section 236(g) of the National Housing Act (12 U.S.C. 1715z-1(g)), as amended by section 227 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 (Public Law 105-276; 112 Stat. 2490) shall be effective on the date of the enactment of such Public Law 105-276, and any excess rental charges referred to in such section that have been collected since such date of enactment with respect to projects with mortgages insured under section 207 of the National Housing Act (12 U.S.C. 1713) may be retained by the project owner unless the Secretary of Housing and Urban Development specifically provides otherwise. The Secretary may return any excess charges remitted to the Secretary since such date of enactment.

(f) EFFECTIVE DATE.—This section shall take effect, and the amendments made by this section are made and shall apply, on the date of the enactment of this Act.

SEC. 404. MATCHING GRANT PROGRAM FOR AFFORDABLE HOUSING PRESERVATION.

(a) AMENDMENT TO LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—Title II of the Housing and Community Development Act of 1987 (12 U.S.C. 4101 et seq.) is amended—

(1) by striking subtitles C and D (as enacted by Public Law 100-242; 101 Stat. 1886); and

(2) by adding at the end the following new subtitle:

"Subtitle D—Matching Grants for States

"SEC. 261. AUTHORITY.

"The Secretary of Housing and Urban Development shall, to the extent amounts are made available pursuant to section 269, make grants under this subtitle to States and qualified units of general local government for low-income housing preservation.

"SEC. 262. USE OF GRANTS.

"(a) IN GENERAL.—Amounts from grants under this subtitle may be used only for assistance for acquisition, preservation incentives, operating costs, and capital expenditures for a housing project that—

"(1) is at risk of loss for use as affordable housing;

"(2)(A) is primarily occupied by elderly or disabled families;

"(B) contains one or more dwelling units with 3 or more bedrooms that are occupied by large families;

"(C) is located in a rural area with an inadequate supply of comparable housing, as determined by the Secretary; or

"(D) is located in a neighborhood or area—

"(i) that is geographically smaller than a market area; and

"(ii) within which, in the determination of the Secretary, rental assistance vouchers would be difficult to use, as demonstrated by

a low vacancy rate for affordable housing, a high turnback rate for such vouchers, or a lack of comparable rental housing;

"(3) meets the requirements under subsection (b), (c), or (d); and

"(4) is subject to such binding commitments as the Secretary shall require (which shall be applicable to any subsequent owner) to ensure that the low-income affordability restrictions for the project in connection with Federal assistance for the project have been extended for the full period applicable under the terms of assistance for the project, but in no case for a period shorter than 5 years.

"(b) PROJECTS WITH FEDERALLY ASSISTED MORTGAGES.—A project meets the requirements under this subsection only if—

"(1) the project is financed by a loan or mortgage that is—

"(A) insured or held by the Secretary under section 221(d)(3) of the National Housing Act and receiving loan management assistance under section 8 of the United States Housing Act of 1937 due to a conversion from section 101 of the Housing and Urban Development Act of 1965;

"(B) insured or held by the Secretary and bears interest at a rate determined under the proviso of section 221(d)(5) of the National Housing Act;

"(C) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act;

"(D) held by the Secretary and formerly insured under a program referred to in subparagraph (A), (B), or (C); or

"(E) insured or held by the Secretary of Agriculture under section 514 or 515 of the Housing Act of 1949; and

"(2) the project is subject to an unconditional waiver of, with respect to the remaining term of the mortgage referred to in paragraph (1)—

"(A) all rights to any prepayment of the mortgage; and

"(B) all rights to any voluntary termination of the mortgage insurance contract for the mortgage or the interest reduction payments contract, as applicable;

except that such requirement shall not apply in the case of a project that is subject to a binding agreement that ensures that the project will continue to operate, at least until the maturity date of the loan or mortgage, in a manner that will provide rental housing on terms at least as advantageous to existing and future tenants as the terms required by the program under which the loan or mortgage was made or insured prior to the proposed prepayment or termination.

"(c) PROJECTS WITH SECTION 8 PROJECT-BASED ASSISTANCE.—A project meets the requirements under this subsection only if—

"(1) the project is subject to a contract for project-based assistance; and

"(2) the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend such assistance (subject to the availability of amounts for such purpose) for a minimum of 5 years, or longer, as the Secretary may prescribe under this section.

"(d) PROJECTS PURCHASED BY RESIDENTS.—A project meets the requirements under this subsection only if the project—

"(1) is or was eligible low-income housing (as such term is defined in section 229 (42 U.S.C. 4119)); and

"(2) has been purchased by a resident council for the housing or is approved by the Secretary for such purchase, for conversion to homeownership housing under a resident homeownership program meeting the requirements under section 226 (12 U.S.C. 4116).

"(e) COMBINATION OF ASSISTANCE.—Notwithstanding subsection (a), any project that

is otherwise eligible for assistance with grant amounts provided under this subtitle because the project meets the requirements under subsection (b) or (c) and that also meets the requirements under paragraph (1) of the other of such subsections, shall be eligible for such assistance only if the project complies with all of the requirements under such other subsection.

"SEC. 263. GRANT AMOUNT LIMITATION.

"The Secretary shall limit the portion of the aggregate amount of grants under this subtitle made available for any fiscal year that may be provided to a single State or qualified unit of general local government based upon the proportion of such State's or unit's need (as determined by the Secretary) for such assistance to the aggregate need among all States and qualified units of general local government approved for such assistance for such fiscal year.

"SEC. 264. MATCHING REQUIREMENT.

"(a) IN GENERAL.—The Secretary may not make a grant under this subtitle to any State or qualified unit of general local government for any fiscal year in a total amount that exceeds the sum of the following amounts:

"(1) 100 percent of the amount that the State or qualified unit of general local government certifies, as the Secretary shall require, that the State or qualified unit will contribute for such fiscal year, or has contributed since January 1, 1999, for the purposes under section 262(a).

"(2) 50 percent of the amount that the State or qualified unit of general local government certifies will be or have been so contributed from Federal sources.

"(b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—Any portion of amounts contributed after January 1, 1999, that are counted for purposes of meeting the applicable requirement under subsection (a) for a fiscal year may not be counted for such purposes for any subsequent fiscal year.

"(c) TREATMENT OF TAX CREDITS.—Tax credits provided under section 42 of the Internal Revenue Code of 1986 and proceeds from the sale of tax-exempt revenue bonds, by any State, county, or local government entity, which are subject to volume limitation under Federal law, shall not be considered non-Federal sources for purposes of this section.

"SEC. 265. TREATMENT OF SUBSIDY LAYERING REQUIREMENTS.

"Neither section 264 nor any other provision of this subtitle may be construed to prevent the use of tax credits provided under section 42 of the Internal Revenue Code of 1986 in connection with housing assisted with grant amounts provided under this subtitle, to the extent that such use is in accordance with section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)) and section 911 of the Housing and Community Development Act of 1992 (42 U.S.C. 3545 note).

"SEC. 266. APPLICATIONS AND PREFERENCE.

"(a) APPLICATIONS.—The Secretary shall provide for States and units of general local government (through appropriate State and local government agencies, including State and local housing finance agencies) to submit applications for grants under this subtitle. The Secretary shall require the applications to contain any information and certifications necessary for the Secretary to determine whether the State or unit of general local government is eligible to receive such a grant.

"(b) PREFERENCE.—In making grants under this subtitle during fiscal years 2001 and thereafter, the Secretary shall give preference—

"(1) among applications otherwise having equal merit for funding under this subtitle,

to funding applications for eligible States, and qualified units of general local government located in States, that have not previously received a grant under this subtitle; and

"(2) to grants for eligible housing projects that are subject to such binding commitments as the Secretary may require to ensure that the project will be sold or transferred to an owner that is a nonprofit organization.

"SEC. 267. DEFINITIONS.

"For purposes of this subtitle, the following definitions shall apply:

"(1) **LOW-INCOME AFFORDABILITY RESTRICTIONS.**—The term 'low-income affordability restrictions' has the meaning given such term in section 229.

"(2) **PROJECT-BASED ASSISTANCE.**—The term 'project-based assistance' has the meaning given such term in section 16(c) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)), except that such term includes assistance under any successor programs to the programs referred to in such section.

"(3) **QUALIFIED UNIT OF GENERAL LOCAL GOVERNMENT.**—The term 'qualified unit of general local government' means, with respect to a fiscal year, a unit of general local government that is located within a State that—

"(A) has not applied, and has indicated (in accordance with such requirements as the Secretary shall establish) that it will not apply, to the Secretary for a grant under this subtitle for the fiscal year; or

"(B) has been determined by the Secretary not to be eligible for a grant under this subtitle for the fiscal year.

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

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

"(6) **UNIT OF GENERAL LOCAL GOVERNMENT.**—The term 'unit of general local government' has the meaning given such term in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302).

"SEC. 268. REGULATIONS.

"The Secretary may issue any regulations necessary to carry out this subtitle.

"SEC. 269. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated for grants under this subtitle such sums as may be necessary for each of fiscal years, 2000, 2001, and 2002."

(b) **RULE OF CONSTRUCTION.**—The amendment made by subsection (a)(1) of this section (relating to striking subtitles C and D of title II of the Housing and Community Development Act of 1987) may not be construed to repeal or otherwise affect any provision of law that was amended by such subtitles.

SEC. 405. REHABILITATION OF ASSISTED HOUSING.

(a) **REHABILITATION LOANS FROM RECAPTURED IRP AMOUNTS.**—Section 236(s) of the National Housing Act (12 U.S.C. 1715z-1) is amended—

(1) by striking the subsection designation and heading and inserting the following:

"(s) **GRANTS AND LOANS FOR REHABILITATION OF MULTIFAMILY PROJECTS.**—";

(2) in paragraph (1), by inserting "and loans" after "grants";

(3) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "capital grant assistance under this subsection" and inserting "capital assistance under this subsection under a grant or loan only"; and

(B) in subparagraph (D)(i), by striking "capital grant assistance" and inserting "capital assistance under this subsection from a grant or loan (as appropriate)";

(4) in paragraph (3), by striking all of the matter that precedes subparagraph (A) and inserting the following:

"(3) **ELIGIBLE USES.**—Amounts from a grant or loan under this subsection may be used only for projects eligible under paragraph (2) for the purposes of—";

(5) in paragraph (4)—

(A) by striking the paragraph heading and inserting "GRANT AND LOAN AGREEMENTS"; and

(B) by inserting "or loan" after "grant", each place it appears;

(6) in paragraph (5), by inserting "or loan" after "grant", each place it appears;

(7) in paragraph (6), as amended by the preceding provisions of this Act, by adding at the end the following new subparagraph:

"(D) **LOANS.**—In making loans under this subsection using the amounts that the Secretary has recaptured from contracts for interest reduction payments pursuant to clause (i) or (ii) of paragraph (7)(A)—

"(i) the Secretary may use such recaptured amounts for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of such loans;

"(ii) the Secretary may make loans in any fiscal year only to the extent or in such amounts that amounts are used under clause (i) to cover costs of such loans; and

"(iii) the authority of the Secretary to enter into commitments to make such loans shall be effective for any fiscal year only to the extent that (I) there is enacted in advance, in an appropriations Act, a maximum limitation on the aggregate principal amount of such commitments for such fiscal year, and (II) the aggregate principal amount of such commitments entered into by the Secretary does not exceed such maximum amount.";

(8) by redesignating paragraphs (5) and (6) (as amended by the preceding provisions of this subsection) as paragraphs (6) and (7); and

(9) by inserting after paragraph (4) the following new paragraph:

"(5) **LOAN TERMS.**—A loan under this subsection—

"(A) shall provide amounts for the eligible uses under paragraph (3) in a single loan disbursement of loan principal;

"(B) shall be repaid, as to principal and interest, on behalf of the borrower using amounts recaptured from contracts for interest reduction payments pursuant to clause (i) or (ii) of paragraph (7)(A);

"(C) shall have a term to maturity of a duration not shorter than the remaining period for which the interest reduction payments for the insured mortgage or mortgages that fund repayment of the loan would have continued after extinguishment or writedown of the mortgage (in accordance with the terms of such mortgage in effect immediately before such extinguishment or writedown);

"(D) shall bear interest at a rate, as determined by the Secretary of the Treasury, that is based upon the current market yields on outstanding marketable obligations of the United States having comparable maturities; and

"(E) shall involve a principal obligation of an amount not exceeding the amount that can be repaid using amounts described in subparagraph (B) over the term determined in accordance with subparagraph (C), with interest at the rate determined under subparagraph (D)."

(b) **ELIGIBILITY OF NONINSURED PROJECTS FOR IRP CAPITAL GRANTS.**—Section 236(s)(2) of the National Housing Act (12 U.S.C. 1715z-1(s)(2)(A)) is amended by striking subpara-

graph (A) and inserting the following new subparagraph:

"(A) if the project is federally assisted housing described in subparagraph (B), (C), (D), (E), (F) or (G) of section 683(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13641(2))."

(c) **IRP CAPITAL GRANTS REQUIREMENT FOR EXTENSION OF LOW-INCOME AFFORDABILITY REQUIREMENTS.**—Section 236(s) of the National Housing Act (12 U.S.C. 1715z-1(s)) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (C) and (D), as amended by the preceding provisions of this section, as subparagraphs (D) and (E), respectively; and

(B) by inserting after subparagraph (B) the following new subparagraph:

"(C) the project owner enters into such binding commitments as the Secretary may require (which shall be applicable to any subsequent owner) to ensure that the owner will continue to operate the project in accordance with all low-income affordability restrictions for the project in connection with the Federal assistance for the project for a period having a duration that is not less than the period referred to in paragraph (5)(C);"; and

(2) in paragraph (4)(B), by inserting "and consistent with paragraph (2)(C)" before the period at the end.

SEC. 406. TECHNICAL ASSISTANCE.

Section 514(f)(3) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by inserting after "new owners)" the following: ", for technical assistance for preservation of low-income housing for which project-based rental assistance is provided at below market rent levels and may not be renewed (including transfer of developments to tenant groups, nonprofit organizations, and public entities)."

SEC. 407. TERMINATION OF SECTION 8 CONTRACT AND DURATION OF RENEWAL CONTRACT.

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

(1) in subparagraph (A)—

(A) by striking "terminating" and inserting "termination of"; and

(B) by striking the third comma of the first sentence and all that follows through the end of the subparagraph and inserting the following: ". The notice shall also include a statement that, if the Congress makes funds available, the owner and the Secretary may agree to a renewal of the contract, thus avoiding termination, and that in the event of termination the Department of Housing and Urban Development will provide tenant-based rental assistance to all eligible residents, enabling them to choose the place they wish to rent, which is likely to include the dwelling unit in which they currently reside. Any contract covered by this paragraph that is renewed may be renewed for a period of up to one year or any number or years, with payments subject to the availability of appropriations for any year.";

(2) by striking subparagraph (B);

(3) in subparagraph (C)—

(A) by striking the first sentence;

(B) by striking "in the immediately preceding sentence";

(C) by striking "180-day" each place it appears;

(D) by striking "such period" and inserting "one year"; and

(E) by striking "180 days" and inserting "one year"; and

(4) by redesignating subparagraphs (C), (D), and (E), as amended by the preceding provisions of this subsection, as subparagraphs (B), (C), and (D), respectively.

SEC. 408. ENHANCED VOUCHER ELIGIBILITY AND BENEFITS.

(a) **ELIGIBILITY OF RESIDENTS OF FLEXIBLE SUBSIDY PROJECTS.**—Section 201 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a) is amended by adding at the end the following new subsection:

“(p) **ENHANCED VOUCHER ELIGIBILITY.**—Notwithstanding any other provision of law, any project that receives or has received assistance under this section and which is the subject of a transaction under which the project is preserved as affordable housing, as determined by the Secretary, shall be considered eligible low-income housing under section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4119) for purposes of eligibility of residents of such project for enhanced voucher assistance provided in accordance with the ‘Preserving Existing Housing Investment’ account in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2884) and pursuant to such provision or any other subsequently enacted provision of law.”

(b) **EFFECT OF RENTAL INCREASES ON OTHER ENHANCED VOUCHERS.**—To the extent that amounts are provided in advance in appropriations Acts for enhanced vouchers (including amendments and renewals) pursuant to the authority under the heading “Preserving Existing Housing Investment” in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2884), each family receiving such enhanced voucher assistance after the date of prepayment or voluntary termination which continues to reside in the housing occupied on the date of prepayment or voluntary termination and the rent of which, absent enhanced voucher assistance, would exceed the greater of 30 percent of adjusted income or the rent paid by the family on such date, may continue to receive such enhanced voucher assistance indefinitely, subject to other requirements of that authority, as amended: *Provided*, That rent resulting from rent increases occurring later than 1 year after the date of prepayment or voluntary termination may be used to increase the applicable payment standard: *Provided further*, That the rent for the dwelling unit is reasonable in comparison to the rent charged for comparable dwelling units in the private, unassisted local market.

SEC. 409. ENHANCED DISPOSITION AUTHORITY.

Section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z-11a) is amended—

(1) by striking “and 1999” and inserting “1999, and 2000”; and

(2) by striking “or demolition” and inserting “, demolition, or construction on the properties (which shall be eligible whether vacant or occupied)”.

SEC. 410. ASSISTANCE FOR NONPROFIT PURCHASERS PRESERVING AFFORDABLE HOUSING.

(a) **CONGRESSIONAL FINDINGS.**—The Congress finds that—

(1) a substantial number of existing federally assisted or federally insured multifamily properties are at risk of being lost from the affordable housing inventory of the Nation through market rate conversion, deterioration, or demolition;

(2) it is in the interests of the Nation to encourage transfer of control of such properties to competent national, regional, and local nonprofit entities and intermediaries whose missions involve maintaining the affordability of such properties;

(3) such transfers may be inhibited by a shortage of such entities that are appropriately capitalized; and

(4) the Nation would be well served by providing assistance to such entities to aid in accomplishing this purpose.

(b) **GRANTS.**—The Secretary of Housing and Urban Development may make grants, to the extent amounts are made available for such grants, to eligible entities under subsection (c) for use only for operational, working capital, and organizational expenses of such entities and activities by such entities to acquire eligible affordable housing for the purpose of ensuring that the housing will remain affordable, as the Secretary considers appropriate, for low-income or very low-income families (including elderly persons).

(c) **ELIGIBLE ENTITIES.**—The Secretary shall establish standards for eligible entities under this subsection, which shall include requirements that to be considered an eligible entity for purposes of this section an entity shall—

(1) be a nonprofit organization (as such term is defined in 104 of the Cranston-Gonzalez National Affordable Housing Act);

(2) have among its purposes maintaining the affordability to low-income or very low-income families of multifamily properties that are at risk of loss from the inventory of housing that is affordable to low-income or very low-income families; and

(3) demonstrate need for assistance under this section for the purposes under subsection (b), experience in carrying out activities referred to in such subsection, and capability to carry out such activities.

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

(1) **ELIGIBLE AFFORDABLE HOUSING.**—The term “eligible affordable housing” means housing that—

(A) consists of more than 4 dwelling units;

(B) is insured or assisted under a program of the Department of Housing and Urban Development or the Department of Agriculture under which the property is subject to limitations on tenant rents, rent contributions, or incomes; and

(C) is at risk, as determined by the Secretary, of termination of any of the limitations referred to in subparagraph (B).

(2) **LOW-INCOME FAMILIES; VERY LOW-INCOME FAMILIES.**—The terms “low-income families” and “very low-income families” have the meanings given such terms in section 3(b) of the United States Housing Act of 1937.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 2000, 2001, and 2002.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES**SEC. 501. REHABILITATION OF EXISTING HOSPITALS, NURSING HOMES, AND OTHER FACILITIES.**

Section 223(f) of the National Housing Act (12 U.S.C. 1715n(f)) is amended—

(1) in paragraph (1), by inserting “existing health care facility,” after “existing board and care home.”; and

(2) in paragraph (4)—

(A) by inserting “existing health care facility,” after “board and care home,” each place it appears;

(B) in subparagraph (A), by inserting before the semicolon at the end the following: “, which refinancing, in the case of a loan on a hospital, home, or facility that is within 5 years of maturity, shall include a mortgage made to prepay such loan.”;

(C) in subparagraph (B), by inserting after “indebtedness” the following: “, pay the costs of any repairs, maintenance, improve-

ments, or additional equipment which may be approved by the Secretary.”; and

(D) in subparagraph (D)—

(i) by inserting “existing” before “intermediate care facility.”; and

(ii) by inserting “existing” before “board and care home”.

SEC. 502. NEW HEALTH CARE FACILITIES.

Section 232 of the National Housing Act (12 U.S.C. 1715w) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

“(4) The development of health care facilities for the care and treatment of the elderly and other persons in need of health care and related services, but who are not acutely ill and do not require hospital care, and the support of health care facilities which provide such health care and related services (including those which support hospitals, as defined in section 242(b)).”;

(2) in subsection (b)—

(A) in paragraph (4), by inserting after the first period the following new sentence:

“Such term includes a parity first mortgage or parity first deed of trust, subject to such terms and conditions as the Secretary may provide.”;

(B) in paragraph (6)—

(i) by striking subparagraph (A) and inserting the following new subparagraph:

“(A) meets all licensing and regulatory requirements of the State, or if there is no State law providing for such licensing and regulation by the State, meets all licensing and regulatory requirements of the municipality or other political subdivision in which the facility is located, or, in the absence of any such requirements, meets any requirements of the Secretary for such purposes.”; and

(ii) in subparagraph (C), by striking “and” at the end;

(C) in paragraph (7), by striking the period at the end and inserting “; and”; and

(D) by adding at the end the following new paragraph:

“(8) the term ‘health care facility’ means a facility—

“(A) providing integrated health care delivery services designed and operated to provide medical, convalescent, skilled and intermediate nursing, board and care services, assisted living, rehabilitation, custodial, personal care services, or any combination thereof;

“(B) designed, in whole or in part, to provide a continuum of care, as determined by the Secretary;

“(C) providing clinical services, outpatient services, including community health services and medical practice facilities and group practice facilities to persons not in need of the services rendered in other facilities insurable under this title; or

“(D)(i) designed, in whole or in part—

“(I) to provide health care services which are not acute care in nature to persons (including the elderly and infirm); or

“(II) to provide supportive or ancillary services to hospitals (as defined in section 242(b)), which services may include services provided by special use health care facilities, professional office buildings, laboratories, administrative offices, and other facilities supportive or ancillary to health care delivery; and

“(ii) that meet standards acceptable to the Secretary, which may include standards governing licensure or State or local approval and regulation of a mortgagor; or

“(E) that provides any combination of the services under subparagraphs (a) through (D).”;

(3) in subsection (d)—

(A) in the matter preceding paragraph (1)—

(i) by inserting “board and care home,” after “rehabilitated nursing home.”;

(ii) by inserting "health care facility," after "assisted living facility," the first 2 places it appears;

(iii) by inserting "board and care home," after "existing nursing home,"; and

(iv) by striking "or a board and care home" and inserting ", board and care home or health care facility";

(B) in paragraph (2), in the matter preceding subparagraph (A), by inserting after "including" the following: "or a public body, public agency, or public corporation eligible under this section";

(C) in paragraph (4)(A)—

(i) in the first sentence—

(I) by inserting ", and health care facilities which include such nursing home and intermediate care facilities," before ", the Secretary";

(II) by inserting "or the portion of a health care facility providing such services" before "covered by the mortgage,"; and

(III) by inserting "or for such nursing or intermediate care services within a health care facility" before ", and (ii)";

(ii) in the second sentence, by inserting "(which may be within a health care facility)" after "home and facility"; and

(iii) in the third sentence—

(I) by striking "mortgage under this section" and all that follows through "feasibility" and inserting the following: "such mortgage under this section unless (i) the proposed mortgagor or applicant for the mortgage insurance for the home or facility or combined home or facility, or the health care facility containing such services, has commissioned and paid for the preparation of an independent study of market need for the project";

(II) in clause (i)(II), by striking "and its relationship to, other health care facilities and" and inserting "or such facilities within a health care facility, and its relationship to, other facilities providing health care";

(III) in clause (i)(IV), by striking "in the event the State does not prepare the study,"; and

(IV) in clause (i)(IV), by striking "the State or";

(iv) by striking the penultimate sentence and inserting the following new sentences: "A study commissioned or undertaken by the State in which the facility will be located shall be considered to satisfy such market study requirement. The proposed mortgagor or applicant may reimburse the State for the cost of an independent study referred to in the preceding sentence."; and

(v) in the last sentence—

(I) by inserting "the proposed mortgagor or applicant for mortgage insurance may obtain from" after "10 individuals,";

(II) by striking "may" and inserting "and"; and

(III) by inserting a comma before "written support"; and

(D) in paragraph (4)(C)(iii), by striking "the appropriate State" and inserting "any appropriate"; and

(4) in subsection (i)(I) by inserting "health care facilities," after "assisted living facilities,".

SEC. 503. HOSPITALS AND HOSPITAL-BASED HEALTH CARE FACILITIES.

Section 242 of the National Housing Act (12 U.S.C. 1715z-7) is amended—

(I) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by inserting "and" after the semicolon at the end;

(ii) by striking subparagraph (B);

(iii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iv) by redesignating subparagraph (C) as subparagraph (B);

(B) in paragraph (2), by striking "respectfully" and all that follows and inserting

"given such terms in section 207(a), except that the term 'mortgage' shall include a parity first mortgage or parity first deed of trust, subject to such terms and conditions as the Secretary may provide."; and

(C) by adding at the end the following new paragraph:

"(3) the term 'health care facility' has the meaning given such term in section 232(b).";

(2) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after "operation," the following: "or which covers a health care facility owned or to be owned by an applicant or proposed mortgagor which also owns a hospital, including equipment to be used in its operation,";

(B) in paragraph (1)—

(i) in the first sentence, by inserting before the period at the end the following: "and who, in the case of a mortgage covering a health care facility, is also the owner of a hospital facility"; and

(ii) by adding at the end the following new sentence: "A mortgage covering a health care facility may only cover the property on which the eligible facility will be located.";

(C) in paragraph (2)(A) by inserting "or health care facility" before the comma; and

(D) in paragraph (4)—

(i) in the first sentence, by inserting "for a hospital" after "any mortgage";

(ii) by striking the third sentence and inserting the following: "If no such State agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the hospital as set forth in clause (A) of the first sentence, the Secretary shall not insure any such mortgage under this section unless (A) the proposed mortgagor or applicant for the hospital has commissioned and paid for the preparation of an independent study of market need for the proposed project that (i) is prepared in accordance with the principles established by the Secretary, in consultation with the Secretary of Health and Human Services (to the extent the Secretary of Housing and Urban Development considers appropriate); (ii) assesses, on a marketwide basis, the impact of the proposed hospital on, and its relationship to, other facilities providing health care services, the percentage of excess beds, demographic projections, alternative health care delivery systems, and the reimbursement structure of the hospital; (iii) is addressed to and is acceptable to the Secretary in form and substance; and (iv) is prepared by a financial consultant selected by the proposed mortgagor or applicant and approved by the Secretary; and (B) the State complies with the other provisions of this paragraph that would otherwise be required to be met by a State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act. A study commissioned or undertaken by the State in which the hospital will be located shall be considered to satisfy such market study requirement.";

(iii) in the last sentence, by striking "feasibility"; and

(3) in subsection (f), by inserting "and public health care facilities" after "public hospitals".

SEC. 504. HOME EQUITY CONVERSION MORTGAGES.

(a) INSURANCE FOR MORTGAGES TO REFINANCE EXISTING HECMS.—

(1) IN GENERAL.—Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is amended—

(A) by redesignating subsection (k) as subsection (l); and

(B) by inserting after subsection (j) the following new subsection:

"(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

"(1) IN GENERAL.—The Secretary may, upon application by a mortgagee, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

"(2) ANTI-CHURNING DISCLOSURE.—The Secretary shall, by regulation, require that the mortgagee of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of (A) the total cost of the refinancing, and (B) the increase in the mortgagor's principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

"(3) WAIVER OF COUNSELING REQUIREMENT.—The mortgagor under a mortgage insured under this subsection may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

"(A) the mortgagor has received the disclosure required under paragraph (2);

"(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

"(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this subsection and the application for a refinancing mortgage insured under this subsection does not exceed 5 years.

"(4) CREDIT FOR PREMIUMS PAID.—Notwithstanding section 203(c)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on the actuarial study required under paragraph (5).

"(5) ACTUARIAL STUDY.—Not later than 180 days after the date of the enactment of this subsection, the Secretary shall conduct an actuarial analysis to determine the adequacy of the insurance premiums collected under the program under this subsection with respect to—

"(A) a reduction in the single premium payment collected at the time of the insurance of a mortgage refinanced and insured under this subsection;

"(B) the establishment of a single national limit on the benefits of insurance under subsection (g) (relating to limitation on insurance authority); and

"(C) the combined effect of reduced insurance premiums and a single national limitation on insurance authority.

"(6) FEES.—The Secretary may establish a limit on the origination fee that may be charged to a mortgagor under a mortgage insured under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and shall include any fees paid to correspondent mortgagees approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection."

"(1) IN GENERAL.—The Secretary may, upon application by a mortgagee, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

"(2) ANTI-CHURNING DISCLOSURE.—The Secretary shall, by regulation, require that the mortgagee of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of (A) the total cost of the refinancing, and (B) the increase in the mortgagor's principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

"(3) WAIVER OF COUNSELING REQUIREMENT.—The mortgagor under a mortgage insured under this subsection may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

"(A) the mortgagor has received the disclosure required under paragraph (2);

"(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

"(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this subsection and the application for a refinancing mortgage insured under this subsection does not exceed 5 years.

"(4) CREDIT FOR PREMIUMS PAID.—Notwithstanding section 203(c)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on the actuarial study required under paragraph (5).

"(5) ACTUARIAL STUDY.—Not later than 180 days after the date of the enactment of this subsection, the Secretary shall conduct an actuarial analysis to determine the adequacy of the insurance premiums collected under the program under this subsection with respect to—

"(A) a reduction in the single premium payment collected at the time of the insurance of a mortgage refinanced and insured under this subsection;

"(B) the establishment of a single national limit on the benefits of insurance under subsection (g) (relating to limitation on insurance authority); and

"(C) the combined effect of reduced insurance premiums and a single national limitation on insurance authority.

"(6) FEES.—The Secretary may establish a limit on the origination fee that may be charged to a mortgagor under a mortgage insured under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and shall include any fees paid to correspondent mortgagees approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection."

(2) REGULATIONS.—Notwithstanding sections 2 and 3 of the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act, the Secretary shall issue any final regulations necessary to implement the amendments made by paragraph (1) of this subsection, which shall take

effect not later than the expiration of the 180-day period beginning on the date of the enactment of this Act. The regulations shall be issued after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).

(b) **STUDY OF SINGLE NATIONAL MORTGAGE LIMIT.**—The Secretary of Housing and Urban Development shall conduct an actuarially based study of the effects of establishing, for mortgages insured under section 255 of the National Housing Act (12 U.S.C. 1715z–20), a single maximum mortgage amount limitation in lieu of applicability of section 203(b)(2) of such Act (12 U.S.C. 1709(b)(2)). The study shall—

(1) examine the effects of establishing such limitation at different dollar amounts; and

(2) examine the effects of such various limitations on—

(A) the risks to the General Insurance Fund established under section 519 of such Act; and

(B) the mortgage insurance premiums that would be required to be charged to mortgagors to ensure actuarial soundness of such Fund; and

(C) take into consideration the various approaches to providing credit to borrowers who refinance home equity conversion mortgages insured under section 255 of such Act. Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the study under this subsection and submit a report describing the study and the results of the study to the Committee on Banking and Financial Services of the House of Representatives and to the Committee on Banking, Housing, and Urban Affairs of the Senate.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. BEREUTER) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill before the House today is the result of a truly bipartisan effort to address the range of critical housing needs of our seniors, individuals with disabilities, and low-income families. The proposal not only contains many original provisions from H.R. 202, a bill introduced this year by the chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH), and the subcommittee chairman, the gentleman from New York (Mr. LAZIO), but also brings the facets of H.R. 1336, the Emergency Residents Protection Act, introduced by the gentleman from Iowa (Mr. LEACH), the chairman of the Subcommittee on VA, HUD and Independent Agencies of the Committee on Appropriations, the gentleman from New York (Mr. WALSH), and the gentleman from New York (Mr. LAZIO) on March 25.

Also contained within the bill are ideas from H.R. 1624, the Elderly Housing Quality Improvement Act, and provisions of H.R. 425, the Housing Preservation Matching Grant Act, introduced by the gentleman from Minnesota (Mr. VENTO), and also the gentleman from Minnesota (Mr. RAMSTAD).

The bills have been the subject of three committee hearings during the 106th Congress. Majority and minority committee staff have worked along with HUD staff for the last several months to develop a bipartisan consensus product supported by the committee's Republican and Democratic leadership. The Committee on Banking and Financial Services reported out the bill last Friday by a unanimous vote. As Members can see, Mr. Speaker, this bill encompasses a broad spectrum of ideas, and they are all the right ideas to help America's seniors and other vulnerable citizens find affordable housing.

Let me take a moment to explain why I feel this is such an important legislative matter. On the horizon, a gray dawn is approaching where more and more Americans will live longer and enjoy more active healthy lives. More than 33 million people in the United States are now 65 years of age or older, and by the year 2020 that number will grow to almost 53 million Americans. That is one in every six Americans. This new-found longevity should be celebrated, but we must also not take our future quality of life for granted.

In this environment of an aging population, we must not overlook the fact that millions of senior citizens will suffer a crisis of safe, affordable housing if we fail to prepare for it. Even today, the U.S. General Accounting Office and the U.S. Department of Housing and Urban Development have determined that at least 1.4 million senior citizens are already experiencing worst-case housing needs. Seniors are more likely than any other adults to be poor, and nearly 40 percent of seniors not in nursing homes are limited by chronic conditions, unable to perform the simplest activities associated with independent living.

These senior citizens who helped create the foundations for the greatness of our country today deserve to know that they will be taken care of. This bill should provide that peace of mind.

The provisions in this bill are designed to protect our seniors, the disabled, and our vulnerable families from displacement of drastic rent increases, and offers greater program flexibility to broaden the scope of these important programs. Specifically, the bill accomplishes that through a number of provisions.

First, it provides HUD with the authority to convert the subsidy financing of section 202 senior housing projects built from section 8 prior to 1990 to the 5-year project rental assistance contracts, PRAC, that have been offered to projects since 1990. This allows nonprofit senior housing providers and HUD to streamline the administration of the program. Operated outside of the section 8 regulatory regime, providers are provided relief from often complex and burdensome rules. More importantly, the extraordinary level of stress and anxiety senior citizens often

feel under section 8 programs are removed.

Secondly, it reauthorizes the section 202 program, which is the primary method of Federal finance for low-income senior citizens. We authorize supportive housing for elderly persons and for persons with disabilities and provide grants for service coordinators for elderly and disabled projects.

Third, it expands housing opportunities for seniors and individuals with disabilities, and it contains many common sense provisions to increase program flexibility.

Fourth, this bill protects seniors, the disabled, and vulnerable families from being displaced from their housing because of section 8 opt-outs. The Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services held hearings earlier this year on the problem of expiring section 8 contracts and found that a significant number of owners that were indicating they planned to opt out of section 8 programs. Five hundred units are at risk over the next 5 years of being lost as affordable housing if we do not act.

Finally, it would make amendments to the existing Home Equity Conversion Mortgage program, allowing seniors to maximize the equity in their homes by streamlining the process of refinancing reverse mortgages.

Mr. Speaker, I thank the chairman of the subcommittee and the chairman of the full committee for their leadership on this issue and thank many members of the committee, the leadership on the minority side, as well as HUD for working with us in such a bipartisan manner to solve these problems.

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

Mr. FRANK of Massachusetts. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LAFALCE), the ranking member of the full committee, whose leadership was essential to this bill coming forward.

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

Mr. LAFALCE. Mr. Speaker, first I rise in strong support of H.R. 202 and urge its adoption.

According to HUD, there are over 1 million elderly families in this country with worst-case housing needs. As our population ages, the housing and related health care needs of senior citizens is certain to grow, yet not only has the role of the Federal Government in affordable housing new construction been cut back, but the so-called opt-out crisis threatens us with the loss of hundreds of thousands of section 8 housing units.

H.R. 202 is a well-crafted bill to address the dual challenges of preserving affordable housing and improving our existing elderly and disabled housing programs. It has been developed in a thoroughly bipartisan manner, taking the best provisions offered from both sides of the aisle.

I would like to start by commending the chairman of the Subcommittee on Housing and Community Opportunity, the gentleman from New York (Mr. LAZIO), for his leadership on this bill. He has made affordable housing preservation a priority of our housing subcommittee, culminating in the inclusion of strong housing preservation and tenant protections in this bill. I also appreciate his acceptance of many provisions for my elderly housing legislation, H.R. 1624, the Elderly Housing Quality Improvement Act.

I would also like to acknowledge the extremely hard work on this bill by the gentleman from Massachusetts (Mr. FRANK), the Housing Subcommittee ranking member. The gentleman from Massachusetts has been a leader in preserving our section 8 project base housing stock through the prevention of section 8 opt-outs. He has played an instrumental role in both the HUD mark-to-market initiative and in the legislation before us.

I would also like to note this bill includes H.R. 425, a very important bill authorized by the gentleman from Minnesota (Mr. VENTO) that would create a matching grant housing preservation program. The Vento bill complements HUD's mark-to-market initiative by encouraging States and localities to participate in housing preservation in a partnership with the Federal Government under a matching grant program.

Today, the House is considering H.R. 202, the "Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act." H.R. 202 includes a number of provisions from H.R. 1624, the "Elderly Housing Quality Improvement Act," which I introduced earlier this year, along with Reps. VENTO, KANJORSKI, and a number of other members. Following is a detailed explanation of the provisions from H.R. 1624 which are being included in H.R. 202.

Experts agree that we should provide housing options that help seniors age in place, that preserve their independence and self-sufficiency, and that provide alternatives to nursing home care. H.R. 1624 furthers these goals, by making changes to our elderly affordable housing programs to enhance the quality of life and to improve the continuum of care for lower income senior citizens.

A major focus of H.R. 1624 is the physical repair and maintenance of our federally assisted elderly housing stock. As units built in the 1970's and 1980's have aged, project sponsors, many of them non-profits, too often lack the resources for adequate repair and maintenance. There are four provisions in H.R. 1624 that give elderly affordable housing sponsors more resources in this area.

Section 309 of H.R. 202 [Section 2 of H.R. 1624] creates a new capital grant program for capital repair of federally assisted elderly housing units. Funds are to be awarded on a competitive basis, based on the need for repairs, the financial need of the applicant, and the negative impact on tenants of any failure to make such repairs.

Sections 405(a) and (b) of H.R. 202 [Sections 3(b) and 3(c) of H.R. 1624] amend an existing grant program, created by the 1997 mark-to-market legislation, which authorizes

HUD to make multi-year grants to federally insured affordable housing projects from funds recaptured when existing Section 236 projects prepay their loans and surrender their Interest Reduction Payment (IRP) subsidies. Section 405(a) of H.R. 202 accelerates the availability of these multi-year grants to an up-front capital grant, so that sponsors may use the funds for much-needed capital repairs. Newly added Section 405(c) requires that any project which receives an accelerated capital grant under this program must agree to maintain the project's affordability for at least the term of the IRP payments which secure the grant.

Section 405(b) expands eligibility for such grants to include non-insured, federally assisted affordable housing projects—eg., to include non-profit-sponsored and Section 202 projects. The Congressional Budget Office has determined there is no cost to either of these provisions.

Section 403(b) of H.R. 202 [Section 3(d) of H.R. 1624] helps undercapitalized non-federally-insured Section 236 projects, many of which are non-profit—by letting them keep their "excess income," as insured projects are currently allowed to do. Excess income is rent that uninsured projects can collect, but must give back to the federal government.

And, Section 102 of H.R. 202 [Section 3(a) of H.R. 1624] facilitates the refinancing of high interest rate Section 202 elderly housing projects. Specifically, this section guarantees that, in addition to keeping all of the funds generated up-front by a refinancing, a Section 202 sponsor may keep 50% of annual debt service savings, plus all of excess reserve funds, as long as such savings are used for the benefit of the tenants or for the benefit of the project.

A second major focus of the bill is to make assisted living facilities more available and affordable to low income elderly. Assisted living facilities provide meals, health care, and other services to frail senior citizens who need assistance with activities of daily living. Unfortunately, poorer seniors who can't afford assisted living facilities are generally forced to move into nursing homes, with a lower quality of life, at a higher cost to the federal government.

To address this affordability problem, Section 309 of H.R. 202 also authorizes funds under the newly created capital grant program to be used for the conversion of existing federally assisted elderly housing to assisted living facilities. Section 310 of H.R. 202 authorizes a similar grant program for the conversion of public housing projects to assisted living facilities.

Section 311 of H.R. 202 [Section 5 of H.R. 1624] authorizes the use of Section 8 vouchers to pay the rental component of any assisted living facility. This would make 200,000 senior citizens currently receiving vouchers eligible to use such vouchers in assisted living facilities. This flexibility, designed to enhance the continuum of care, is accomplished at no cost to the federal government.

A third major focus of H.R. 1624 is the promotion of the use of service coordinators, which help elderly and disabled tenants gain access to local community services, thereby facilitating their independence. Section 203 of H.R. 202 [Sections 4(a) and (b) of H.R. 1624] doubles funding for grants for service coordinators in federally assisted housing—by authorizing \$50 million in fiscal year 2000 for

new and renewal grants. Section 203 also authorizes \$11 million in funds for new public housing service coordinator grants, and mandates renewal of all expiring grants, alleviating concerns raised earlier this year by the public housing service coordinator lottery.

And, Section 341 of H.R. 202 [Section 4(c) of H.R. 1624] changes existing law to let service coordinators serve other low-income seniors in a local community, in addition to those at the site of the grant sponsor. This allows for economies of scale, permitting smaller elderly and disabled housing projects to better compete for funds, and generally improves flexibility of the program.

Finally, I would note that H.R. 202 also increases funding for the Section 202 elderly housing new construction program, and promotes the use of pilot programs to create additional mixed income, mixed financing housing. Both increased funding and increased flexibility were provisions included in Section 7 of H.R. 1624.

Cumulative, the provisions cited above improve the quality and availability of affordable elderly and disabled housing, promote aging in place, and complement the other provisions of H.R. 202. I urge their enactment into law.

Mr. Speaker, this is a very good bill that will do a great deal of good for many elderly, disabled, and families throughout our Nation. I commend all those who have worked together collegially on it and urge its adoption.

Mr. LAZIO. Mr. Speaker, I yield myself 30 seconds to compliment both the gentleman from New York (Mr. LA-FALCE) and the gentleman from Massachusetts (Mr. FRANK) for their extraordinary collaboration on this bill and their cooperation in moving this through. It is very important, and we are trying to get ahead of the appropriations process. This was almost an ideal model, Mr. Speaker, of putting a bill together and taking the best ideas of both sides.

I also want to tip my hat to the chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH), for both his leadership and his interest in issues affecting both disabled and seniors' housing.

Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. BEREUTER), a great champion of housing, and I also want to thank the gentleman for standing in for me and delivering some remarks.

Mr. BEREUTER. Mr. Speaker, I thank my distinguished subcommittee chairman, the gentleman from New York (Mr. LAZIO), for yielding me this time.

I want to particularly commend the distinguished gentlewoman from Illinois (Ms. SCHAKOWSKY) for successfully offering a specific amendment that expands an existing study in H.R. 202 regarding the number of section 811 projects for disabled housing to also include the per-unit cost of section 202 projects for senior citizens. This amendment was passed en bloc with the manager's amendment in the Subcommittee on Housing and Community Opportunity and then in the full committee.

Due to the efforts of the gentlewoman from Illinois, this Member and others, by unanimous consent a second-tree amendment to the manager's amendment was accepted by the Committee on Banking and Financial Services.

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The second-degree amendment provides for the insertion of an additional consideration to the above-mentioned study of section 202 and section 811 housing. This provision requires that the section 202 study examine social considerations afforded by smaller and moderate-sized developments and not be limited to the examination of solely economic factors. The intent behind this provision is a recognition of the probability that if only per-unit cost factors were examined in this H.R. 202 study, then the economies of scale would dictate a construction bias toward large, high-rise section 202 or section 811 complexes as compared to small and moderate-sized developments in both urban and nonmetropolitan areas.

However, this Member believes that bigger is not always better in such housing developments. In many cases, it can be shown that housing developments which are not very big in size may better meet the living environment desires and the social concerns of its residents and also provides for a more advantageous integration of the development and the residents into the immediate neighborhood.

Moreover, the second-degree amendment also increases the availability of developable sites for section 202 and section 811 projects. Finally, among other important considerations, smaller and moderate-sized section 202 and section 811 projects which are certainly needed in smaller and medium-sized communities are more likely to be approved if the cost per unit criterion is not the overwhelming consideration.

In closing, I want to thank my colleague from Illinois and all of those on both sides of the aisle that supported her and this Member and encourage my colleagues to support this legislation generally. It is excellent legislation.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself 10 seconds. When I was a kid growing up watching baseball games, I remember Mel Allen, the Yankee announcer, saying it was often the case that someone made a great play out in the field and then that person would be the first one up at bat in the next inning. The gentleman from Nebraska has just pointed out the great work done by the gentlewoman from Illinois, so it is only appropriate that she be first up now in speaking.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, I rise in strong support of H.R. 202. I want to thank the gentleman from Nebraska for his support of this particular provision. I know that his sup-

port has helped to improve this bill. I want to thank the chairman and ranking member of the Committee on Banking and Financial Services for bringing this matter to the attention of the committee and to the full House of Representatives and the chairman and ranking member of the Subcommittee on Housing and Community Opportunity as well as my colleague from Minnesota who made such significant contributions to the improvement of this bill. I am happy to add what I could and to cosponsor it.

The bill would authorize more money for housing for seniors and persons with disabilities and make that money available to buy more amenities for that housing. In so doing, this bill recognizes that there is a crisis in housing for seniors and persons with disabilities and seeks to meet their particular housing needs. I am especially enthusiastic about this legislation because it includes provisions that will encourage more funding for smaller and more livable housing developments and thereby allow nonprofits in my district and across the country to better meet the housing needs of seniors.

Traditionally, publicly assisted housing was large scale. And while we may have achieved economies of scale, we also did not consider necessarily what is best for seniors and persons with disabilities. We do not build large developments in the same way that we did anymore. Instead, we are building smaller and more livable developments.

Unfortunately, the grant formula does not account for smaller developments and the lost savings. In my district there is housing development after housing development whose grant award is insufficient to build developments that are already approved. For example, I spent part of Sunday at Ebenezer AME church announcing the award of over \$2 million in supplemental HUD grants so that we could finally build a project that HUD had originally approved 3 years ago. In fact, this year I had to request supplemental grants for nearly 10 underfunded projects back home. Clearly, the grant formula needs to be adjusted. I hope that the provision that I was able to add that was included in this bill will get us the necessary information to make the appropriate adjustment.

For this reason, I urge my colleagues to support H.R. 202 and again thank the ranking member of the Subcommittee on Housing and Community Opportunity for granting me the time to speak to this.

Mr. LAZIO. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, I thank the gentleman from New York for yielding me this time. I too would like to commend my friend and colleague the gentlewoman from Illinois (Ms. SCHAKOWSKY) for her work on this bill.

I rise today in strong support of H.R. 202. This bill takes a very successful

program, section 202, and makes it more cost effective, easier to administer and more supportive of a good quality of life for older Americans as they age in our senior facilities.

When I meet with seniors back home in Illinois, many say that the issue that concerns them most is housing and the fear that at any time it can be taken away, that they will be forced to leave their familiar surroundings. This bill attempts to lessen that fear by discouraging for-profit owners from opting out of the section 8 program, by protecting elderly and other residents, and by providing the resources States need to preserve the existing supply of affordable housing.

The desire to remain in familiar surroundings does not diminish with age. H.R. 202 will help ensure that comfort and peace of mind. I urge my colleagues to join me in support of H.R. 202.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. VENTO) who has for a long time been a leader in the most creative use of our housing resources.

Mr. VENTO. Mr. Speaker, I thank the gentleman from Massachusetts (Mr. FRANK) for yielding me this time and commend him for his good work and that of his staff as well as the gentleman from New York (Mr. LAZIO) for the work he has done on this bill and his staff and others that have worked so hard on the committee. I know that there are many to be recognized and everyone wants to be associated with a good product. That is an indication of a bill that should pass in this House with little opposition.

Frankly, Mr. Speaker, I think today in housing we have a very severe problem, one in which we have to move forward to meet. Our public housing is in fact in decline in terms of numbers. I think the quality is good. Just this weekend a survey came out in the Minnesota press which indicated that 86 percent of the respondents that lived in public housing were very, very satisfied with the type and quality of housing that they are receiving. Another area of housing, of course, is the private sector, the privately owned section 8 housing that we are addressing in this particular bill as well as some of the housing for the elderly and disabled. Our problems with especially the privately owned section 8 is that 3 to 4,000 units a month are being lost because privately owned buildings are coming up to the point where they can pay off the loan and get out of the contract in terms of serving low-income persons, and we had to address that.

We do it in a couple of ways in this bill. One is to provide for greater fair market rents, a project, an initiative that had been started some years ago and is enhanced in this bill. And we come up with a grant program that I helped put together with my State housing finance agency and the leadership of the Minnesota governors that

had supported it. It would create a partnership so that States and local governments can get involved through a grant process that we have in this bill to try and preserve those 3 or 4,000 units of housing per month that are being lost.

Our State is especially hard hit by this because we were very aggressive in taking advantage of the assisted housing or privately owned section 8 housing. We have been able to enlist about 63 sponsors on this. I think the bill is obviously slated for passage today. Trying to get ahead of the appropriations or the spending bills process has been difficult for us this year, but fortunately we have time. I hope that we can add now to the policy that we have in paper here the dollars that are necessary to carry it out.

This is a good bill in the sense that it tries to do some innovative things for the elderly, some assisted housing programs. Increasingly as we are dealing with frail elderly, our populations are aging in the public and assisted housing programs, very often served by nonprofits, sometimes served by local and State governments, but these individuals need increasing numbers of services. I think it is important to remind ourselves that the longer people stay in their own residence, apartments such as this, the cheaper it is for the taxpayer and for all of us, and I think more importantly providing them the dignity and quality of life that is necessary.

Mr. Speaker, we have worked hard in the past to try and respond to that, but we have enormous problems ahead of us as the demographics of our population shift to more elderly, and, of course, I think that we need to continue to respond to the needs of the disabled with the special housing needs, integrating them into our communities, making them part rather than setting them apart from the communities in which they work and in which we live. I think it is a hallmark of our society and that we aspire to fulfill an American promise of shelter, of home ownership very often, or of adequate residence so that persons can be part of our society and can have good housing.

The issue of course, Mr. Speaker, I think that looms over us as a dark shadow is the increasing problems that persist with homelessness and other problems. These types of bills and these actions are positive efforts to avert that particular phenomenon. But we have got a long way to go before we rest, Mr. Speaker. I would hope that this is the first step and the downward decline in terms of Federal housing, that we will be able to change our priorities and put the dollars that are necessary into good housing programs we have, whether they be the public assisted, the 202, the disabled or the other programs that are included in this positive policy measure before us.

Mr. Speaker, I rise in support of H.R. 202, legislation that will give us several tools to pre-

serve affordable housing for Americans across the country and that will work to improve the services and living arrangement for seniors and physically-challenged Americans as well.

One of those tools is the creation of a new housing preservation matching grant taken from a bill I sponsored, H.R. 425, which has 63 House cosponsors including all of the Minnesota delegation. I am especially pleased at its inclusion as our state, led by the Governor and Commissioner of Housing Finance Hadley, has taken a leadership role in working to preserve federally-assisted housing. Enactment of this legislation would help the federal government partner with Minnesota and other states and localities that step up to the plate with resources to save this precious resource.

Just last week, the Department of Housing and Urban Development released a new study showing that the number of houses and apartments that low-income families can afford is shrinking. Based on data from the Census Bureau's latest Housing Survey, the report, entitled *The Widening Gap: New Findings on Housing Affordability in America*, found that affordable rental units decreased by 372,000 units from 1991 through to 1997. No doubt, the pace has only accelerated these past two years.

This report and the ever growing body of data and surveys, such as the recent "Out of Reach" report released by the National Low Income Housing Coalition that showed that the national average hourly wage needed to be able to afford housing is well over eleven dollars, indicate that we are no longer on the cusp of a crisis, but are actually in a severe affordable housing crisis that we must arrest. That is why the passage of this policy bill today will be a great step towards addressing the tremendous need for affordable housing.

In Minnesota, the situation is critical. In the St. Paul-Minneapolis Metro area, our vacancy rate is hovering at one percent. The market is hot. There are few options besides long waiting lists and closed doors for people who lose their housing. Those fortunate enough to have a new voucher in all likelihood won't be able to use it. The MN Metropolitan Council HRA tells us that eight out of nine households with section 8 certificates, and three out of four with vouchers are unable to find housing and are forced to return the assistance!

In the Twin Cities and across the nation, the combination of low entry level wage rates, rents outpacing incomes and a retreat in federal support for affordable housing has left us in a dire situation in terms of meeting affordable low-cost housing needs. If owners choose to opt-out or prepay their mortgages, the result is that many income limited residents who cannot afford the increase will lose their homes as well as the support network provided by their communities. So-called "sticky", or enhanced vouchers are only a temporary band-aid. Sticky vouchers detach if you leave the building or rents rise too much. This adhesive becomes unglued with too much weight and dry with time.

I want to express my appreciation to Chairman LEACH and Subcommittee Chairman LAZIO and his staff, and to Ranking Members LAFALCE and FRANK and their staff for all the cooperative work involved in this bill. I also am thankful for the support of the many bipartisan cosponsors of this bill and for the tenants and organizations across the country that have worked in support of H.R. 425.

I am hopeful that the revised provisions of H.R. 425, embodied in Section 404 of the bill will be enacted into law as there is support in the other body as evidenced by the introduction of companion legislation, S. 1318. Section 404 in which H.R. 425 is incorporated will provide a 1:1 match for non-federally sourced dollars and a 50 cents match for every federally sourced dollar focussed on preserving federally-assisted housing, including Section 236, Section 515, and Section 8. It is a simple program that will target the dollars to low-vacancy areas and to tenants who would otherwise find it very difficult to locate alternative affordable housing. It is another important tool in the toolbox for HUD, the state and local governments, and the non-profits and for-profit owners who own and manage this low-income housing.

Mr. Speaker, I am also pleased that we were able to include language that will ensure that previously issued enhanced vouchers, just like those we are creating in this legislation, are able to sustain subsequent, reasonable rent increases. This has been a very critical issue for families in Minnesota. HUD has already lost a court case contesting the rent increases. We need to move forward on this and I hope that we can see such sound housing policy implemented and fully funded by our appropriators as soon as possible.

Mr. Speaker, we must commit ourselves to move forward once the House has passed this important measure, to be certain that the provisions are supported in the appropriations conference on the VA, HUD and Independent Agencies appropriations bill. Providing adequate funds for these ideas and programs is essential if the dream is to be a reality. Without funding for preserving affordable housing, the promise of H.R. 202 will not be met. The issue and crisis are immediate; so, too, must be the policy and funding. Each month we lose 3,000-4,000 units through "opt out" decisions alone. To postpone the policy and funding a year will mean the loss of over 40,000 units!

Mr. Speaker, I urge my colleagues to support H.R. 202.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 3 minutes to the gentleman from Rhode Island (Mr. WEYGAND), another member whose work is reflected in this bill.

Mr. WEYGAND. Mr. Speaker, I would like to first begin by thanking our ranking member on the subcommittee the gentleman from Massachusetts (Mr. FRANK) as well as the gentleman from New York (Mr. LAZIO) for the great work that they did in putting this bill together. Truly if we could get all bills before us in this manner, I think this session would be over rather quickly. I also want to thank the ranking member of the full committee the gentleman from New York (Mr. LAFALCE) for his help on this bill and particularly sections that we got incorporated into the bill.

Mr. Speaker, I would like to talk about two sections: Actually one is on telemarketing fraud. The other is on assisted living. Telemarketing fraud has besieged many people throughout this country. As a matter of fact, latest estimates are about \$40 billion a year are lost in this country in telemarketing fraud. The largest amount

of fraud that goes on are for those people over the age of 65. There are 33.1 million people in this country over that age and many of them live in much of our section 8 housing and other assisted housing that we have throughout this country. Yet there is not much done about trying to show them, educate them and prevent telemarketing fraud from occurring in those developments and those section 8 housing programs.

There is a section within this bill that will provide and allow for HUD to embark upon a new program that will actually help reduce and eliminate telemarketing fraud in many of our housing developments, particularly those for the senior citizens. It is incredibly important, because many of our seniors are very proud and when they are struck by telemarketing fraudsters, they indeed do not tell other people. Programs that can be initiated to help save billions of dollars will be very, very good for our seniors but most importantly it is good that we have included it in this program.

There is another section in this bill that is extremely good, I am very happy to see that we are moving forward on, and that is assisted living. Many of the section 8 housing units and many of the assisted programs that we have in the 202 bills do not provide presently for assisted living. It is the area that the low-income and the low-middle income really need assistance in. We have now begun to embark upon real change and modification to help in the assisted living area. This is most needed. I congratulate our ranking member and our chairman for including these provisions in there. It is a step in the right direction.

For those of us who have done so much on senior issues, this I think will be an added boost to making sure that not only do we have independent living but we have the assisted living funding for these people that is so desperately necessary.

Mr. FRANK of Massachusetts. Mr. Speaker, to close on our side, I yield myself such time as I may consume.

I want to begin by acknowledging the staff work on this. This is, more than most bills, one where the staff did a great deal of work because what we had was a bipartisan consensus on some very important but technical issues. So on the Republican side to Mr. Ventrone, Mr. Cassidy and Mr. Suarez; on our side to Mr. Olson, Ms. Kuntz and Ms. Johnson-Obey, a great deal of thanks is due because they are the reason we got this worked out.

I want to talk for just a couple of minutes about the nature of both the bipartisanship and the partisanship because it sometimes can seem to people paradoxical that we are on the one hand sometimes very partisan and then we talk about the importance of bipartisanship. The answer is in our democratic society, they both have a place and this bill illustrates it.

When it comes to the question of how much in the way of Federal resources

we should put into housing, whether we should be expanding these programs, whether the government needs to step in or whether the private market can be left entirely on its own, there are legitimate partisan differences that ought to be debated, how much needs to be done by the public sector and how much can be left to the private sector.

The bipartisanship comes in here once we have a decision made as to what resources are going to be available. This bill is a bipartisan consensus, because it deals with a fixed amount of resources and, in fact, it even deals to a great extent, not entirely, but to a great extent with programs in being.

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The chairman of the subcommittee, who did excellent work on this, and the other Members, including the senior Members on both sides, the chairman and the ranking member and myself, we were confronted with the consequences, potentially socially disastrous, of decisions made 30 years ago or more. Decisions were then made unwisely, but not much we can do about them, which put people into certain kinds of housing, especially more vulnerable people, all the people and disabled people, but not exclusively, and then had the programs set to expire in 20 or 30 years without apparent thought as to what would happen to those people who had moved in at the age of 68 or 69 or 70 into a program where the building was 15 years into that expiration, and then in their eighties faced the possibility, when this program expired, of being kicked out.

So what we have here, and it is important for people to understand this, to the extent that the Federal Government has constitutional power to preserve existing subsidized tenancies for individuals who are now living in them, this bill does it. We cannot in some cases compel owners who want to move out of the program and were given the rights to do it.

We hope, and the bill is generously enough drafted, and this is something, again, I acknowledge the bipartisan support which was important. The bill is well enough drafted so that owners ought not to drop out. No one can say I am driven economically to drop out. This bill would treat anyone fairly. No one is going to be asked to lose money by staying in the program. We cannot take away their legal right to get out; we can diminish their financial incentive to get out. We do that. We, to the extent that we can, preserve various forms of assisted-housing tenancies, and that is very important.

We also, Mr. Speaker, again in a bipartisan way, say in this bill to the extent that we get some new resources for the future there will be more flexibility in how you use them, and that is also very important.

That is what is bipartisan about this bill, and that is why I think it is some-

thing that ought to be passed by a large amount.

On the other hand, I want to note the area where partisanship remains legitimately. That is, we may still have later in this session differences over how much we should be devoting to these kind of programs. I would simply say this, and I do not mean to delay us to get into that debate now because I hope we can resolve that debate because I hope this bill will become part of an appropriation bill that will become law, and let me say I have been told that some people at the Office of Management and Budget do not like some provisions of this because going forward it bothers them.

Let me say that it bothers me that it bothers them, and speaking on behalf of the Democrats on our side, it is our intention completely and utterly to ignore them, and I hope my friends on the other side will join us in paying no attention to what I hear OMB may say. As long as we are within the overall limits, the specifics of this are not matters on which I wish to hear from them; and if they speak out, let them do that, but let them be the tree that fell in the forest where nobody was around, Mr. Speaker.

But I would say this: we responded here, and I thank the gentleman from New York for this, the gentleman from Iowa, and the senior gentleman from New York on our side. We responded to a desperate set of pleas. We heard this in hearings: people now living in these federally assisted programs said to us: please save our homes. These are in many cases federally assisted, subsidized, taxpayer-supported housing units; and they are so successful as programs that the residents literally begged us not to allow them to be kicked out.

Now obviously we have, as I said, legitimate debates about resources, but I would note the fervor with which they asked us to save their housing as an example of how government programs can be valuable and valued. We responded to people that said, It's a good thing that you put these public resources in here. Please don't leave us out.

Now, with that, Mr. Speaker, you can finally get the gavel you reached for three times already because I am through. I just want to say in summary this is bipartisan appropriately in working within the limited resources we have, but I believe it also ought not to be forgotten when we get into the more partisan argument and the more philosophical argument about whether programs like this ought to be expanded into the future. The depths of the desire to preserve these programs to which we have responded is also an argument, I believe, for an expansion in the future.

Mr. LAZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to return the compliment from the gentleman from Massachusetts (Mr. FRANK) and

thank him for his commitment to housing, for his intellectual grasp of the issues, and for his engagement on this. As the gentleman from Massachusetts had mentioned, we are, if not nearly, then precisely, in a crisis situation. Twenty and 25 years ago, the Federal Government extended contracts to apartment owners in the hopes that it would encourage them to build these apartment units to help house seniors that could not find any other place to live. They came to these assisted housing, these section 8 locations, because they could not afford an apartment in some other part of the community, and now 20 years later the contracts which the Federal Government had with these owners have expired or are expiring, and they threaten 500,000 seniors, 500,000 people who are seniors, who are disabled, many who are folks that have lived there for very long, because the owners now have the opportunity to opt out, and what we have done with this bill is to create the right incentive for owners to ensure the continuity of allowing the seniors, the disabled, the folks that have been in there, to continue to live in there.

I cannot think of what else our challenge, our charge, ought to be if we cannot at the outset ensure that we have housing for the elderly, for the disabled, for the folks that no matter what the encouragement of the incentive cannot go out, cannot work harder, cannot go out into the market and afford their own unit. That is the very reason why we have a public sector response for housing for folks who are elderly and disabled and who suffer with other income problems.

But in particular I want to say that we are creating some new tools here with this legislation that would not just affect seniors who are living in section 8 housing, but also seniors who have come to live in what we call section 202 housing, which really is the premier senior housing program that our Nation has.

If colleagues have a section 202 project in their community, they probably do not know that it is a section 202 project. We only know here in Washington, some bureaucrat may know, but my colleagues probably know it as a place where a lot of seniors enjoy themselves very much, where they have a common room, where they love where they live, where they have a sense of neighborhood, and the last thing that we want to do is create anxiety to erode the peace of mind that seniors have that the place that they live will be there for them next month and next year and the year after that.

Unlike other parts of the population, there is not the same drive, for example, for vouchers for seniors. Seniors who come to the committee who see us in our districts say that they like where they live for the most part. They want to know that they will be able to stay there, to age in place. They like their friends and family in the area,

they enjoy the services that they have come to rely on through section 202 program, and by making some relatively modest, but very important, adjustments in this program we give those seniors the peace of mind to know that they can live their life out there, if that is what they want.

This bill will provide greater flexibility and resources to our existing seniors in disabled housing programs. It allows project-financed modernization, the creation of mixed income environments and conversion to assisted living facilities for aging in place without undermining the current population that relies on section 202. We also protect seniors, individuals with disabilities and vulnerable families from displacement in the opt-out situations that I was just talking about by providing rental vouchers that have enough value to allow them to remain in their homes.

Mr. Speaker, this bill does exactly what the public calls upon Republicans and Democrats to do, to put their differences aside, to try and work within the confines, as the gentleman from Massachusetts (Mr. FRANK) had mentioned of a budget and to make sure that we get value for our dollars, to look with a sense of creativity but commitment to the future, to trust that people will use the flexibility that they have in this bill to extend these resources to even more seniors, to even more folks who struggle with disabilities and to ensure that they have the security and peace of mind to know that that housing will be there for them in the years ahead because, Mr. Speaker, I will say it is very important that one has health care.

It is essential; it is very important that one has a meal. It is very important that one has counseling to ensure that they pay your bills. But if one does not have a roof over their head, if they do not have a place to go back at night, if one does not have a pillow to put their head on, they cannot begin to even get their life together, and that is the role that the Federal Government plays.

Mr. Speaker, I am proud of the collaborative effort that we have here, a bipartisan effort. I want to thank again the gentleman from Massachusetts (Mr. FRANK) and the gentleman from New York (Mr. LAFALCE) and again compliment the chairman of the full committee, the gentleman from Iowa (Mr. LEACH), for his great work. There were two people that were left out of the common staff people that the gentleman from Massachusetts (Mr. FRANK) left out which I now want to mention, if I can. One is Clinton Jones who sits right here on my left who helped greatly and also Sarah Chapman within the committee who also assisted with the drafting of this bill.

I urge adoption of the legislation before us.

MARKING UP TO MARKET: RENEWING SECTION 8 CONTRACTS AND THE PROBLEM OF OWNER "OPT OUTS"

Prepared By: Majority Staff.

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STATEMENT OF THE PROBLEM

Owners of affordable multifamily housing projects subsidized through the federal "Section 8" program are, in increasing numbers, discontinuing their participation in the program and choosing to "opt out" upon expiration of their current Section 8 contracts. These increasing opt-outs could place thousands of residents, many of whom are elderly or persons with disabilities, at risk of losing their housing.

Section 8 opt-outs further erode the stock of affordable housing. Already Section 8 mortgage prepayments of federally-insured mortgages (the method by which a Section 8 project owner may terminate any affordability or use restrictions imposed on the property), have removed a substantial portion of units from the affordable housing inventory. In 1998, more than 345 properties with approximately 38,000 affordable housing units were removed from the Section 8 program as a result of both voluntary opt-outs by owners and HUD terminations. Through 2004, Section 8 contracts covering more than one million subsidized units will expire. Of these more than 500,000 units of affordable housing may be at-risk of being lost due to opt-outs.¹

THE SECTION 8 PROGRAM

The Section 8 program (which gets its name from the provision of law in the United States Housing Act of 1937 which sets forth the requirements of the program) is the primary form of direct federal housing assistance to low income Americans, serving more than 3 million families. By contrast, the public housing program serves approximately 1.4 million families.

The program provides subsidies in two forms: tenant-based assistance (Section 8 vouchers) and assistance to owners to develop and maintain Section 8 projects (project-based assistance). Tenant-based vouchers allow recipients the choice of where to use their subsidy, thus giving them the freedom to look for better housing in the private market. Vouchers empower residents with the ability to leave their current apartments and take their voucher with them. Because tenant-based assistance contains this facet of free-market competition, landlords must be more responsive to their tenants. By contrast, project-based Section 8 subsidy is tied to the actual housing development and units: individual tenants may leave, but the subsidy stays with those units for use by the next eligible low-income residents.

In its initial phases, the Section 8 project-based program provided 20-year contracts to owners and developers who would agree to house low-income families under HUD guidelines for the length of the contract. In many cases, private lenders provided the mortgage financing, also insured by the federal government through the Federal Housing Administration (FHA), for terms ranging from 40 to 50 years. As a consequence, the federal rent subsidies received by these Section 8 owners is a component of the total rental income used to pay the federally-insured mortgage.

For both the tenant-based and project-based programs, HUD establishes for each locality a rent level on which the federal government is willing to base its subsidy, known as the Fair Market Rent, or "FMR." Unfortunately, while FMRs are supposed to serve as the guidelines for setting subsidy levels, they are oftentimes a very poor reflection of the actual market rents for comparable units for the area. In some communities, FMRs are extremely low in relation to comparable "real" market rents.² For all practical purposes, project owners argue, the

¹Footnotes at the end of article.

term is a misnomer in such cases in that FMRs are neither "fair" nor are they "market" in these areas. Instead, these artificial rent levels essentially serve as a form of federal rent control over the assisted housing inventory—necessary as an upper limit on the federal government's financial exposure, but not necessarily an accurate portrayal of each market. Arguably then, for many areas of the country FMRs can be more accurately described as "fake market rents" rather than as true measures of local market realities.

PROBLEMS WITH SECTION 8

The combination of project-based Section 8 subsidies with long-term government-insured financing has led to a host of problems for the Section 8 program as local real estate markets and economic conditions change. Until recently the focus of concern from Congress and the Administration had been the Section 8 project-based properties with federal mortgage insurance which were receiving unit rents much higher than the FMRs for their localities. In some cases, their rents were higher than comparable rents.³ For these "above market" Section 8 properties, the federal government was paying more to house persons in the federal program than it would otherwise have cost in the private rental market.

The problem became critical at the time of contract expiration, when HUD had to choose either to renew such contracts or allow them to expire, thereby causing tenant displacement. Simply renewing these Section 8 contracts at their above-market rent levels would have been not only unwise policy, but unsustainable from a long-term budgetary perspective. The costs of pursuing such a policy would have been prohibitively expensive and would have eventually consumed all of HUD's budget authority. Unilaterally reducing the rents on these properties upon renewal and marking them down to market, however, would have triggered massive defaults on the federally-insured mortgages since many owners of these properties would have been unable to pay the debt service on these mortgages. Again, the federal government faced huge financial exposure through potential losses to HUD's FHA Multifamily Mortgage Insurance fund.

The 105th Congress attempted to address this dilemma when it passed the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRA").⁴ The legislation established a program to enable HUD to restructure and reduce the debt on many properties, enabling contract rents to be brought down to comparable market levels ("marked to market").

THE OPT-OUT PROBLEM

In contrast to the above-market portfolio, the Section 8 opt-out problem now confronting Congress involves *below-market* Section 8 projects. In many cases, the rents offered by HUD to the owners for renewal of their contracts is much lower than comparable rents for similar multifamily units in the locality. Upon expiration of a current contract, a private owner always has the right not to enter into a new contract with the federal government. By choosing not to renew and opting out of the program, such project owners can achieve higher rents for their units on the private market.

The temptation exists to characterize this as a problem of uncaring, greedy owners chasing higher profits without regard to the welfare of the tenants. In many ways, however, this portrayal is an oversimplification of the practical choices available to many of these owners. For example many "owners" of Section 8 projects are business entities (such as limited partnerships), where legal and fiduciary obligations are imposed upon

the party with management responsibility to maximize the return to the investors.⁵ Federal tax law also plays a major role in determining the rational business choices available to any owner. Because of the way the tax code treats depreciation and what is considered taxable income from these properties, many owners face what is known as a "phantom income" problem (the IRS counts certain amounts as taxable income to the owner even though the owner does not actually receive such income in that year). As a result of the phantom income problem, some owners face severe cash flow problems and must increase revenues whenever possible. Because of such objective financial considerations, ascribing motivations such as "greed" to these owners is largely beside the point. After all, even an owner who is not motivated by greed is constrained if the choices are limited to opting-out, exposure to investor lawsuits, or bankruptcy.

In order to encourage (or enable) the owners of such projects to remain in the program, and prevent more opt-outs, many owners and housing advocates have called for HUD to renew expiring below-market Section 8 contracts at comparable market rents—a process known as "marking up to market." In fact, HUD has had the legal authority, and arguably the resources, to develop a comprehensive approach designed to mark up contracts upon their renewal. When Congress passed MAHRA it did more than just establish a program for dealing with above-market Section 8 properties. Section 524(a)(1) of MAHRA specifically affords HUD broad authority to renew expiring Section 8 contracts at rents that would not exceed comparable market rents for a locality. Until recently, however, despite having the legislative authority and the current resources to address the issue, HUD had failed to offer or develop anything resembling a comprehensive approach to solving the opt-out problem.

Clearly, while the reasons for individual owner opt-out decisions may vary, the primary factor driving the increase in owners choosing to opt-out has been HUD's refusal to exercise the authority Congress provided in MAHRA to mark rents up to market. In fact, HUD Field staff has been extremely stringent in accepting and interpreting the results of rent comparability studies, provided by owners wishing to renew their contracts, that show market rents at higher levels than their current contract rents. This has been a particular problem in rural areas, where comparable rents may not be readily available. In some of these areas, for example, HUD has insisted on using as comparable rents the rent levels in properties funded through other federal programs (such as rural housing programs administered by the Department of Agriculture). Such rents are obviously not market—they are lower than market precisely because they are subsidized. In addition, many elderly developments were built in rural and depressed areas precisely because there was a severe need, and these projects are often the best housing available in such areas and more costly to maintain than the surrounding stock.

As noted earlier, depending on the underlying economic fundamentals of a particular Section 8 project and any legal or fiduciary obligations toward investors that may exist, an owner of these below-market Section 8 projects may have no choice but to leave the program. By refusing to mark contracts up to comparable market levels, many in the advocacy community and some legislators expressed belief that encouraging non-renewals was an intentional policy choice.⁷

THE VOUCHER OPTION

When owners opt-out, the result is often undue hardship for many vulnerable tenants.

While displaced residents are guaranteed housing assistance in the form of Section 8 vouchers, for a number of reasons this is not appealing for many Section 8 residents. A great number of those likely to be affected by opt-outs are elderly or disabled individuals, and have lived in these projects for long periods, oftentimes for the full 20 years of the original Section 8 contract. For the most part, being forced to move is extremely traumatic for these individuals, and preventing that necessity is their primary concern. Vouchers are perceived by other residents living in high-cost real estate markets to be ineffective in helping them finding adequate housing for their families. These elderly and disabled persons and families either do not want to move, or feel that if forced to move they will be unable to find adequate comparable housing. As a consequence, the appeal of vouchers that otherwise exists because of their free-market qualities and increased power of choice associated with them, eludes these particular individuals and families.

Moreover, HUD regulations governing the Section 8 program impose a requirement that vouchers be used only in properties with rents that are reasonable for the area for units of the same size and similar characteristics (so called "rent reasonableness requirements"). Because of this restriction, residents of a Section 8 project who receive vouchers as a consequence of an owner's decision to opt out of the program may be precluded from using those vouchers in that project. For example, if an owner opts out and increases unit rents to \$500, but the HUD rent reasonableness guidelines are set at \$495, then those receiving vouchers would not be allowed to remain in that project, even if they were willing to make up the shortfall.

Authority exists in current law for the provision of "enhanced vouchers" in certain circumstances. Enhanced vouchers (also known as "sticky" vouchers) provide a greater level of subsidy than ordinary vouchers, and are designed primarily to allow the resident to remain in the unit, despite the resulting rent levels exceeding allowable rents under the voucher program. These vouchers are only available for use in connection with mortgage prepayments, not in opt-out situations (unless the opt-out is also in connection with a mortgage prepayment).

While the vast majority of these elderly and disabled residents would rather remain in their homes, the overwhelming number cannot afford the likely rent increases. The following table shows the actual rent increases faced by residents in several projects located in rural Iowa where the owners opted-out of the program.⁸ All of these projects served elderly residents:

Property location	Number of assisted units	Average tenant monthly income	Rent before opt-out (per month)	Rent after opt-out (per month)	Rent/Percentage rent increase (per month, in percent)
Boone	56	\$650	\$195	\$299	\$104 (53)
Knoxville	50	741	223	311	88 (39)
Marshalltown	56	623	187	284	97 (52)
Newton	56	700	210	351	141 (67)
Pella	58	700	210	265	55 (26)

Opt-outs threaten some of the best affordable housing. HUD data shows that 90 percent of the subsidized units in properties whose owners say they are likely to opt out are located in low-poverty neighborhoods, where residents have access to greater employment opportunities, better schools for their children. In a rural area with little rental housing, these seniors may be forced to move long distances to find decent affordable housing.

Budget constraints have required annual contract renewals. While earlier long term-

contracts meant that fewer opt-outs occurred each year, conversion to annual contracts mean that an owner has an opportunity to opt out each year. Residents, therefore, are constantly uncertain about the stability and status of their housing.

POLICY RESPONSES

Because of the growing problem, several members of Congress who are key to housing legislation introduced bills designed to address the problem. On March 25, 1999, Banking Committee Chairman Jim Leach, Housing Subcommittee Chairman Rick Lazio, and VA/HUD Appropriations Subcommittee Chairman Jim Walsh introduced H.R. 1336, "The Emergency Residents Protection Act of 1999" to protect residents from displacement resulting from Section 8 opt-outs. Congressman Bruce Vento and Jim Ramstad introduced H.R. 425, "The Housing Preservation Matching Grant of 1999" on January 19, 1999, as a mechanism to foster the preservation of the affordable housing stock.

In light of these Congressional actions, HUD subsequently decided to reevaluate its existing renewal practices and issue new guidelines regarding Section 8 opt-outs. HUD Notice 99-15, the "Emergency Initiative to Preserve Below-Market Project-Based Section 8 Multifamily Housing Stock," was issued on June 15, 1999.

HUD officials have given rough estimates regarding the financial resources needed by the Department under various approaches to the opt-out problem. According to HUD, renewing all below market Section 8 projects could eventually cost \$600 million to \$800 million dollars annually. HUD has also stated that using enhanced vouchers, it can prevent tenant displacement due to opt-outs this year at a cost of \$30 million in existing FY 99 resources, and would require \$77 million for FY 2000.

H.R. 1336—The Emergency Residents Protection Act of 1999

The legislation expands existing authority for HUD to offer enhanced vouchers, providing assistance for rent levels up to the market level. Upon the death or change in residence of the tenant, the enhanced voucher either expires or converts to a standard voucher. The proposal expands the use of enhanced vouchers in more situations than allowed under current law, and targets the enhanced vouchers to seniors and persons with disabilities only. The legislation would allow enhanced vouchers for other low-income families at the discretion of HUD only in low vacancy/tight market areas. The bill provides for enhanced vouchers subject to such sums as may be appropriated for FY2000-2004.

H.R. 1336 mandates that HUD renew below-market expiring Section 8 contracts at no more than 90% of comparable market rents. The rationale for this provision was to circumscribe HUD's discretion so it actually renews contracts rather than allowing inaction to lead to more owner optouts. The 90% rent level was an initial figure provided by housing advocates and is likely to be modified as the legislation progresses.

H.R. 425—The Housing Preservation Matching Grant of 1999

The approach in H.R. 425 emphasizes preservation of the housing units as affordable housing. The bill would authorize HUD to match state assistance for preservation of federally assisted affordable housing for low-income families. Many housing advocates argue that in addition to protecting the residents (by awarding enhanced vouchers, for example) any comprehensive approach to the opt-out problem must attempt to preserve the actual project itself in the affordable housing inventory. Otherwise, according to supporters of preservation efforts, offering

additional enhanced voucher authority only may encourage owners not to renew their subsidy contracts.

H.R. 425 would match each dollar committed by a State for preservation efforts with two federal dollars. Grants can be used only for assistance for acquisition, preservation incentives, operating cost, and capital expenditures for housing projects that meet certain requirements set forth in the legislation. These requirements include mortgage financing through federally-insured programs, a binding commitment on the part of the owner (or subsequent owner) of the project to extend all low-income affordability restrictions, and a waiver of mortgage prepayment rights. The bill authorizes appropriations at such sums as necessary for these purposes.

HUD Notice 99-15 Emergency Initiative to Preserve Below-Market Project-Based Section 8 Multifamily Housing Stock.

HUD Notice 99-15 (the "Emergency Initiative") provides instructions to HUD field staff, project owners and managers, on marking expiring Section 8 contracts up to market. An essential feature of the HUD approach is targeting of resources to those properties where opt outs are likely to occur, and where such opt-outs would result in undue harm to residents. HUD will target the properties most likely to opt out and will set a cap on the new rents that will be paid to project owners.

Market-level rents are to be determined by third-party market studies. HUD will mark rents up to market while limiting these increases in rents to a maximum of comparable market rents or 150% of the published FMRs. HUD's approach is not intended to prevent all opt outs, and the notice makes clear that only a portion of the stock will be preserved because of cost constraints and other factors. For those areas where opt-outs are not prevented, HUD has stated that additional enhanced voucher authority, like that provided by HR 1336, will be needed.

Properties are ineligible for rent increases under HUD's Emergency Initiative if:

- the mortgagor is a non-profit entity;
- the properties have a low- or moderate-income use restriction that will not be eliminated by the property prepaying or opting out of Section 8 program (a project, for example, that is also a low income housing tax credit property);
- the property has a HUD Real Estate Assessment Center inspection score of less than 60;
- the owner is subject to administrative sanctions;
- the project is a Section 8 Moderate Rehabilitation project with a contract expiring in fiscal year 1999 (other than those assisted under Section 441 of the Stuart McKinney Homeless Assistance Act);
- the owner previously provided notice of an opt-out and the local housing authority has issued vouchers to one or more of the tenants; or,
- the project does not have a contract that is expiring.

In addition, criteria for participation in the program includes a requirement that the owner must have a "comparable gross rent potential" (defined in the Notice) at or above 110% of the fair market rent potential to participate in the program for certain properties. HUD's Assistant Secretary for Housing will have authority to issue waivers of certain eligibility requirements under certain circumstances (i.e. where vouchers would be difficult to use in the local area, the residents are particularly vulnerable or the property is a high priority for the local community).

Contract renewals will be for five years, subject only to annual appropriations. Ten-

ants will receive an initial notice describing the five-year contract. In addition, tenant notification requirements regarding expiration of the contract will be reduced from an annual requirement to a single notification six months before the end of the five-year period.

CONCLUSION

A comprehensive approach is needed to protect residents threatened by displacement due to Section 8 opt-outs, and to preserve affordable housing where possible. H.R. 1336, H.R. 425, and HUD's recently issued Emergency Initiative offer somewhat different approaches to solving the opt-out problem. These various strategies are not necessarily mutually exclusive, however, and the most likely outcome is that aspects of each approach will be incorporated into bipartisan legislation that offers a variety of tools for addressing the issue.

FOOTNOTES

¹Testimony by the National Housing Trust before the Subcommittee on Housing and Community Opportunity, May 4, 1999, based on HUD Data compiled by the National Housing Trust.

²Appropriations acts have limited FMRs to 40% of the median rent for the locality.

³Primarily because certain cost adjustment factors built into the Section 8 contracts (Annual Automatic Adjustment Factors) ensured that contract rent levels would continue to increase, even though local real estate markets may have been experiencing a decline in private sector rent levels.

⁴Title V of HR 2158, the VA, HUD and Independent Agencies Appropriations Act of 1998.

⁵In a limited partnership, for example, the general partner would have a fiduciary responsibility to operate the property and make financial decisions for the benefit of the limited partners.

⁶Section 524(a)(1) of MAHRA reads in pertinent part that "... the Secretary may use amounts available for the renewal of assistance under section 8 of the United States Housing Act of 1937, upon termination or expiration of a contract for assistance under section 8 (other than a contract for tenant-based assistance . . .), to provide assistance under section 8 of such Act at rent levels that do not exceed comparable market rents for the market area. The assistance shall be provided in accordance with terms and conditions prescribed by the Secretary.

⁷In a letter to HUD Secretary Andrew Cuomo dated June 4, 1999, Senator Mikulski and Senator Bond wrote that the "failure of the Department to respond to the opt-out crisis has raised concerns that HUD is intentionally pushing owners to opt out with resulting loss of low-income housing and the displacement of tenants. This is most evident through the failure of the Department to use accurate appraisals to ensure that section 8 contracts can be renewed at a rent that reflects market conditions."

⁸Information provided by the Iowa Coalition for Housing and the Homeless.

H.R. 202—"PRESERVING AFFORDABLE HOUSING FOR SENIOR CITIZENS INTO THE 21ST CENTURY"—SECTION-BY-SECTION

Section 1. Short title and table of contents

Title cited as "Preserving Affordable Housing for Senior Citizens into the 21st Century Act".

Section 2. Regulations

Provides that the HUD Secretary shall issue regulations necessary to carry out the provisions of the Act only after notice and opportunity for public comment.

Section 3. Effective date

Provisions of the Act are effective as of the date of enactment unless such provisions specifically provide for effectiveness or applicability upon another date. The authority to issue regulations to implement this Act shall not be construed to affect the effectiveness or applicability of the bill as of the effective date.

TITLE I—CONVERSION OF FINANCING OF REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

Section 101. Conversion of financing

Requires the HUD Secretary to convert the financing of pre-1990 supportive housing program for the elderly from direct loans and project-based Section 8 rental assistance to the post-1990 method provided to new developments, which is through non-repayable capital advances and project rental assistance contracts (PRACs). In converting the financing of projects pursuant to this section, the Secretary shall cancel any indebtedness to the Secretary on the project, but such authority shall be effective only to the extent provided in advance in appropriation Acts. Requires the Secretary to conduct a study of the net impact on the Federal budget deficit or surplus of making available, on a one-time basis, debt forgiveness relating to remaining principal and interest from Section 202 loans with a dollar-for-dollar reduction of rental assistance amounts under the Section 8 rental assistance program.

Section 102. Prepayment and refinancing

Requires the Secretary to approve prepayment of any indebtedness to the Secretary relating to any remaining principal and interest on a project as part of a loan prepayment plan, provided the project sponsor continues to operate the project under terms as advantageous to existing and future tenants as required by the original loan agreement, until the maturity date of the original loan agreement. Requires that upon refinancing, the Secretary make available at least 50% of annual savings resulting from reduced Section 8 or other rental housing assistance in a manner that is advantageous to tenants, which may include increasing supportive services, rehabilitation, modernization, and retrofitting of structures, and other specified purposes.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Section 201. Supportive housing for elderly persons

Provides annual authorization of appropriation of \$700 million for existing program of supportive housing for the elderly (section 202) for FY 2001, FY 2002, FY 2003 and FY 2004.

Section 202. Supportive housing for persons with disabilities

Provides annual authorization of appropriation of \$225 million for existing program of supportive housing for the disabled (section 811) for FY 2001, FY 2002, FY 2003 and FY 2004.

Section 203. Service coordinators and congregate services for elderly and disabled housing

Provides annual authorization of appropriation of \$50 million for grants for service coordinators for certain federally assisted multifamily housing projects, for FY 2000, and authorizes such sums as may be necessary for FY 2001 and FY 2002.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

SUBTITLE A—HOUSING FOR THE ELDERLY

Section 301. Matching grant program

Adds provision to Section 202 of the Housing Act of 1959, Supportive Housing for the Elderly, for the provision of capital grants requiring the project sponsor to supplement funds with a matching amount. Applicants for assistance are required to provide supplemental matching funds, which shall be not less than 25%-50% (as the Secretary of HUD may determine) of the amount provided. Not less than 50% of the supplemental funds in

the matching amount shall be from non-Federal sources of funds.

Section 302. Eligibility of for-profit limited partnerships

Provides that for-profit limited partnerships are eligible to participate in the program established under this Act.

Section 303. Mixed funding sources

Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for seniors.

Section 304. Authority to acquire structures

Removes limitation allowing private non-profit housing providers to acquire RTC-held properties only for the purposes of providing affordable housing for seniors.

Section 305. Mixed-income occupancy

Expands income eligibility for occupancy from 50% and below area media income (AMI) to 80% and below of AMI for existing affordable housing developments for seniors, provided that such development is designated as high vacancy.

Section 306. Use of project reserves

Provides that amounts for project reserves for a project assisted under this section may be used to reduce the number of dwelling units in the project for specified purposes.

Section 307. Commercial activities

For Section 202 projects, provides that no provision of law may be construed as prohibiting or preventing the location and operation of commercial facilities in a project for the benefit of residents of that project and the community in which the project is located.

Section 308. Mixed finance pilot program

Requires the Secretary to carry out a pilot program, for not more than five projects, to determine the effectiveness and feasibility for providing assistance under Section 202 for housing projects that are both for supportive housing for the elderly and for other types of housing, which may include market rate housing.

Section 309. Grants for conversion of elderly housing to assisted living facilities

Provides discretionary authority to designate public or private entities to carry out finance conversion for elderly developments. Provides waiver authority to carry out finance conversion for elderly housing developments. Authorizes such sums as may be necessary for each of fiscal years 2000 through 2004.

Section 310. Grants for conversion of public housing projects to assisted living facilities

Provides the Secretary with discretion to make grants to public housing agencies to convert dwelling units in projects already designated for occupancy by elderly persons, to assisted living facilities for elderly persons. Authorizes such sums as may be necessary for each of fiscal years 2000 through 2004.

Section 311. Use of section 8 assistance for assisted living facilities

Provides that a recipient of Section 8 housing assistance may use such assistance in an assisted living facility.

Section 312. Annual HUD inventory have assisted housing designated for elderly persons

Requires that the HUD Secretary establish and maintain, to be updated annually, an inventory of HUD and federally-assisted housing that is designated for occupancy, in whole or in part, for occupancy by elderly or disabled families or both.

Section 313. Treatment of applications

Provides that in case of denial of an application for assistance under Section 202 for

failure to timely provide information, the Secretary shall notify the applicant and provide an opportunity to show the failure was due to a third-party failure to provide information.

SUBTITLE B—HOUSING FOR PERSONS WITH DISABILITIES

Section 321. Matching grant program

Adds provision to Section 811 of the Cranston-Gonzalez National Affordable Housing Act, Supportive Housing for Persons with Disabilities, for the provision of capital grants requiring the project sponsor to supplement funds with a matching amount. Applicants for assistance are required to provide supplemental matching funds, which shall be not less than 25%-50% (as the Secretary may determine) of the amount provided. Not less than 50% of the supplemental funds in the matching amount shall be from non-Federal sources of funds.

Section 322. Eligibility of for-profit limited partnerships

Provides that for-profit limited partnerships are eligible to participate in the program established under this Act.

Section 323. Mixed funding sources

Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for seniors.

Section 324. Tenant-based assistance for persons with disabilities

Provides that tenant-based rental assistance may be provided by a public housing agency or through a private nonprofit organization.

Section 325. Project size

Provides that of any amounts made available in any fiscal year for capital advances or project rental assistance under this section, not more than 25% may be used for supportive housing which contains more than 24 separate dwelling units. Requires the Secretary to study and submit a report to Congress regarding the extent to which the authority of the Secretary under Section 811(k)(4) of the Cranston Gonzalez National Affordable Housing Act to provide assistance to supportive housing projects for persons with disabilities having more than 24 units; the per-unit costs and benefits involved with different size Section 811 projects; and the per-unit costs and benefits involved with different size Section 202 projects, taking into account social considerations afforded by smaller and moderate-size developments.

Section 326. Use of project reserves

Provides that amounts for project reserves for a project assisted under this section may be used to reduce the number of dwelling units in the project for specified purposes.

Section 327. Commercial activities

For Section 811 projects, provides that no provision of law may be construed as prohibiting or preventing the location and operation of commercial facilities in a project for the benefit of residents of that project and the community in which the project is located.

SUBTITLE C—OTHER PROVISIONS

Section 341. Service coordinators

Provides that service coordinators funded with grants under this section for a specific project may also provide services to low-income elderly or disabled families in the vicinity of such project. Requires the Secretary of HUD in cooperation with the Secretary of HHS to establish standards regarding education and outreach to combat telemarketing fraud directed against the elderly.

Section 342. Commission on Affordable Housing and Health Care Facility Needs in the 21st Century

Establishes a commission to be known as the Commission on Affordable Housing and Health Care Facility Needs in the 21st Century. The Commission shall provide an estimate of the future needs of seniors for affordable housing and assisted living and health care facilities identify methods of encouraging private sector participation and investment in affordable housing, and other matters relating to housing the elderly.

TITLE IV—RENEWAL OF EXPIRING RENTAL ASSISTANCE CONTRACTS AND PROTECTION OF RESIDENTS

Section 401. Findings and purposes

Sets forth Congressional findings, including that affordable housing is critical to the well-being of vulnerable families, especially seniors and persons with disabilities; that Federal rental assistance contracts are expiring in great numbers and a significant number of owners are choosing not to renew contracts with the Federal government; that as a result rent levels for vulnerable families may rise dramatically, possibly forcing these families to move from their homes; and that the Federal government should ensure those least able to provide for themselves receive the assistance of the Federal government.

The purpose of the Act is to protect vulnerable residents, particularly seniors and persons with disabilities, by ensuring they are not forced to move from their homes and by encouraging private owners to continue serving low-income families.

Section 402. Renewal of expiring contracts and enhanced vouchers for project residents

Unless otherwise provided, for expiring Section 8 properties that have current rents below comparable market rents for the area, the Secretary of HUD is directed upon renewal of such Section 8 contracts to set rents at comparable market rent levels. For those expiring Section 8 contracts that have rent levels above comparable market rents but are not subject to restructuring, the Secretary upon renewal shall set these rents at comparable market rents.

Directs the Secretary of Housing and Urban Development to provide "enhanced vouchers" to residents residing in a property upon the date of the expiration of a federally-assisted housing contract that is not renewed. Enhanced vouchers allow increased assistance for residents in cases where rent levels increase as a result of the expiration of the contract, therefore ensuring that the resident may continue to reside in the unit. Authorizes such sums as may be necessary for enhanced voucher assistance for fiscal years 2000 through fiscal year 2004.

Provides that no state may limit allowable project distributions to owners that renew a project under provisions of this Act.

Section 403. Section 236 assistance

Adds as an eligible purpose of certain interest reduction payment grants available under Section 236 of the National Housing Act the refinancing of mortgages on these properties, resulting in cost savings to the federal government.

Allows an owner of a project financed under a State program pursuant to Section 236 of the National Housing Act to retain any excess rental income from the project for use for the benefit of the project.

Section 404. Matching grant program for affordable housing preservation

Provides the Secretary of HUD with authority to make grants to State and qualified units of general local government for low-income housing preservation purposes, to be matched on a one-to-one basis from

sources provided by the grant recipients. Amounts may be used for acquisition, preservation incentives, operating costs, and capital expenditures for a housing project that is: at risk of loss; primarily occupied by elderly or disabled families; contains one or more dwelling units occupied by large families; is located in a rural area without an adequate supply of housing; or where rental assistance vouchers would, under certain market conditions, be difficult for residents to use. In making grants under this subtitle during fiscal years 2001 and thereafter, the Secretary shall give priority to eligible States and qualified units of general local government that have not previously received a grant under this subtitle, and to grant for eligible housing projects that ensure transfer of such projects to nonprofit organizations.

Section 405. Rehabilitation of assisted housing

Amends Section 236 of the National Housing Act to allow the use of recaptured interest rate reduction payments from a project for rehabilitation of that project.

Section 406. Technical assistance

Amends the Multifamily Assisted Housing Reform and Affordability Act of 1997 to allow for technical assistance for preservation of low-income housing.

Section 407. Termination of section 8 contract and duration of renewal contract

Provides that section 8 contracts may be renewed for up to one year or for any number of years, subject to appropriations (as opposed to mandatory renewals of one year).

Amends Section 201 of the Housing and Community Development Amendments of 1978 by allowing the use of enhanced vouchers for projects preserved as affordable housing under section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

Section 408. Enhanced voucher eligibility for residents of flexible subsidy properties

Amends Section 201 of the Housing and Community Development Amendments of 1978 by allowing the use of enhanced vouchers for projects preserved as affordable housing under section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

Section 409. Enhanced disposition authority

Amends section 204 of the FY 1997 VA/HUD Appropriations Act to extend current grant and loan authority under Section 204 through FY 2000, expressly provide that up-front grants or loans may support reconstruction as well as rehabilitation and demolition, and provide that vacant as well as occupied projects shall be eligible for such grants or loans.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES

Section 501. Rehabilitation of existing hospitals, nursing homes, and other facilities

Allows for refinancing of hospitals and expands eligibility under the program to health care facilities. Provides that the cost of modest rehabilitation may be included in refinancing.

Section 502. New health care facilities

Adds a more flexible definition of "healthcare facility" to description of eligible projects. Eliminates licensing requirements for assisted living facilities in states without licensing procedures. Modifies eligibility test used as an alternative to the Certificate of Need requirement under the statute so that a sponsor applicant may commission an independent study in defined circumstances.

Section 503. Hospitals and hospital-based health care facilities

Changes definition of eligible "hospital" to eliminate test that denies eligibility where

more than 50% of patient days are non-acute in nature. The 50% rule, especially in a "continuum of care" environment, creates a financing void for hospitals providing significant non-acute care services. Modifies eligibility test used as an alternative to the Certificate of Need requirement under the statute so that a sponsor applicant may commission an independent study in defined circumstances.

Sectin 504. Insurance for mortgages to refinance existing home equity conversion mortgages

Allows seniors to maximize the equity in their homes by streamlining the process of refinancing an existing Federal-insured reverse mortgage. Provides protections against "churning" (repeated refinancing by lenders for purposes of collecting fees from mortgagors) and other consumer protections.

Mr. DAVIS of Illinois. Mr. Speaker, I rise in support of H.R. 202 because of the tremendous need which exists throughout this country for decent and affordable housing, especially for senior citizens. There is tremendous uncertainty among many seniors who are fearful that their housing subsidies will not exist and that they will have no place to live. The banking and financial services committee is to be commended for having worked out a bi-partisan solution which protects existing resident of federally assisted housing from being forced out of their homes when landlords choose to opt-out of federal housing subsidy contracts. It also modifies federal elderly and disabled housing programs to preserve, modernize and increase such housing and to expand the availability of services to elderly and disabled residents. This bill does in fact help preserve and enhance a program which does a tremendous amount of good; therefore, I am pleased to support and urge its adoption.

Ms. JACKSON-LEE of Texas. Mr. Speaker, today I rise in support of H.R. 202, Preserving Affordable Housing for Senior Citizens Into the 21st Century Act. This forward thinking measure is designed to preserve the existing housing program for senior citizens by converting the financing of pre-1990 senior housing developments to a modern program of capital grants (i.e., converting outstanding loan balances into capital advances).

Prior to 1990, senior housing developments were financed through direct loans and project-based rental assistance contracts. In the year 2001, the rental assistance contracts on 215,000 housing units will begin to expire. According to the Census Bureau, more than 34 million Americans are 65 years and older. By the year 2020, that number will grow to almost 53 million, or one in every six Americans. What is particularly striking is the Department of Housing and Urban Development (HUD) estimate that only one-third of low-income senior citizens who need affordable housing actually receives assistance.

GAO and HUD have determined that at least 1.4 million senior citizens are already experiencing "worst case" housing needs. What is even more alarming is that seniors are more likely than any other adults to be poor, and nearly 40 percent seniors not in nursing homes are limited by chronic conditions and unable to perform the simplest activities associated with independent living. Women are particularly vulnerable because they have lower income retirement than men and are more likely to live in poverty. According to the AARP, the poverty rate for elderly women was higher than that of men. In 1997, the poverty

rate of elderly women was 13.1 percent, compared to 7.0 percent among men. We are on the horns of a dilemma: How do we meet the need for affordable housing for senior citizens at a time when the senior population continues to grow?

H.R. 202 is designed to restructure Section 202 contracts in order to make them more affordable. The measure attempts to accomplish this by relieving non-profit entities from excessive debt service, thus providing the opportunity for greater program self-sufficiency. H.R. 202 is a win-win bill that provides assistance to our most vulnerable—the elderly poor. It also saves taxpayers money over the long term by reducing the need for project-based rental assistance. For these reasons and for America's seniors, I urge you to support H.R. 202.

Mr. SHAYS. Mr. Speaker, I rise in support of H.R. 202, the Preserving Affordable Housing for Seniors and Families into the 21st Century Act.

By making the bipartisan, common-sense reforms necessary to provide affordable housing for seniors and the disabled, this legislation is helping many individuals retain their independence while living in safe housing.

There is a great need for affordable housing for seniors and the disabled. This important bill aims to provide affordable senior and disabled housing at a time when the need is high, and ever increasing.

The General Accounting Office (GAO) and Department of Housing and Urban Development (HUD) have determined at least 1.4 million seniors are experiencing "worst case" housing needs. This need is combined with a growing senior population—projected at 53 million people by 2020, or one in six Americans.

Additionally, the Consortium for Citizens with Disabilities Housing Task Force determined more than 4 million individuals with disabilities suffer from an acute need of affordable, accessible housing.

This bill requires HUD to convert all direct loan contracts for pre-1990 projects into interest-free capital advances and five-year renewable project rental assistance programs. These changes are designed to help preserve senior and disability housing by preventing residents from being forced from their homes of more than 20 years or paying additional rent.

These provisions are especially important steps to make housing affordable, given the more than 500,000 units of Section 8 housing at risk of being lost to "opt outs" as contracts expire in increasing numbers.

By allowing multi-year Section 8 contract renewals, this legislation gives seniors and the disabled the peace of mind to know that their contracts will not be at risk of being canceled each year. This provision is especially important to seniors in Connecticut who have advocated for multiple-year renewals in order to ensure greater housing stability.

I also support provisions to promote the use of service coordinators used to help elderly and disabled residents gain access to local community services and promote independence. This greater flexibility of funds—including "enhanced vouchers" and assisted living programs—will help seniors and the disabled live independently in safe, affordable housing and increase quality of life, while saving taxpayer dollars.

In conclusion, I urge support for the Preserving Affordable Housing for Seniors and Families into the 21st Century. This is a bill which goes a long way in making smart, flexible reforms to provide safe, affordable housing for seniors and the disabled.

Mr. RAMSTAD. Mr. Speaker, I rise in strong support for the bill before us today.

Lack of affordable housing has an adverse effect on the most vulnerable in our society, namely senior citizens, children and people with disabilities.

A recent HUD report noted that the number of affordable housing units dropped 19 percent between 1996 and 1998. Now, the central cities have company as far as waiting lists for subsidized housing. Ninety percent of Minneapolis' inner-ring suburbs have added poor children at a faster rate in the '90s than Minneapolis. Virtually all of the suburban cities I represent have waiting lists—and they are long!

Mr. Speaker, that's why I have sought to work in a bipartisan, common sense way to address this critical problem and provide the necessary dollars to help these groups.

And that's why I am a cosponsor and strong supporter of H.R. 425, the Housing Preservation Matching Grant Act. Provisions based on this important legislation were included in the bill before us today. This bipartisan legislation will provide the necessary federal matching funds to assist states and localities seeking to preserve federal housing.

The "Vento-Ramstad" proposal rewards Minnesota's innovation and encourages other states to follow our lead.

I urge my colleagues to support H.R. 202 and expand access to housing for senior citizens.

Mr. PAUL. Mr. Speaker, I rise in opposition to H.R. 202. "Preserving Housing for Senior Citizens and Families into the 21st Century." While my views on respecting our Constitution limitations regarding Federal issues are well known and need not be repeated here now, I have other concerns regarding this bill specifically.

That the House of Representatives would consider any bill authorizing about a billion dollars of taxpayer funds annually on the suspension calendar (an expedited procedure reserved for "non controversial" bills) show how far we have moved from our posturing that we claim to respect the concerns of taxpayers.

The consideration of this bill succumbs to the misperception that the best course of action to any perceived problem is further (Federal) governmental response. Clearly, that is not the case. Recently, John Stossel hosted an ABC television special, "Is America Number One!" In that show, he examined the premise of governmental solutions to problems always being best and concluded:

Intuition would suggest that countries with the most government planning, places where you're taken care of, would be the best places to live. But in fact the opposite is true, countries with the most planning are the most poor. Several organizations rank countries by economic freedom. At one end are places with lots of government planning. Invariably, these are the worst places to live. At the other end on the list—Hong Kong, New Zealand, Switzerland, and the United States. The best places to live are places with the fewest rules. Freedom isn't everything. Climate matters. Religion, geography, even luck can make a difference. But nothing matters as much as . . . Liberty.

In the show, Peter Jennings said that "Nearly 37 million Americans now live below the official poverty line." Federal Reserve economist Michael Cox explained, "The government says now 13.3 percent of households are in poverty. Let's go see what households in poverty have. Ninety-seven percent of households in poverty have color televisions. Two thirds have microwave ovens and live in air-conditioned buildings. Seventy-five percent have one or more cars."

Unfortunately, H.R. 202 makes the situation worse by diluting our current policy of helping the truly needy in favor of creating a middle class entitlement by expanding eligibility for occupancy to as high as 80% of the area median income for existing housing developments for seniors. I commend Mr. Stossel for illustrating clearly that choosing liberty is the best path for making a difference. I wish more of my colleagues heeded his advise.

Mr. CAPUANO. Mr. Speaker, I rise in strong support of H.R. 202, the Preserving Affordable Housing for Senior Citizens and Families Act. This bipartisan legislation will help save thousands of units of affordable housing throughout America for seniors and working families.

H.R. 202 provides several tools to help the Department of Housing and Urban Development deal with the loss of affordable housing, including authorizing the Department of "mark-up-to-market" the rents of those Section 8 properties that would otherwise opt-out of the program. Preserving these units is essential in maintaining a stock of high-quality affordable housing for future generations.

Many times these Section 8 properties are the only housing option for low-income individuals. While this bill also provides enhanced vouchers for those tenants affected by Section 8 opt-outs, in many cities, including Boston, the cost of housing is so high and the vacancy rates are so low, vouchers are not a viable solution. Giving HUD the ability to keep these properties in the Section 8 program by offering these owners reasonable rent increases is essential to maintaining affordable housing in high-cost areas.

In addition to preserving Section 8 properties, this legislation authorizes a commission that will study seven specific areas of concern related to elderly housing. One such concern is the issue of grandparents raising their grandchildren. It is estimated that more than 1.5 million children are being raised by their grandparents or other relatives. Many of these families live in public or subsidized housing in both urban and rural communities, although their unique needs may not be best served in these situations.

A group in my District, Boston Aging Concerns/Young and Old United, has developed the first affordable housing in the country designated specifically for grandparents raising their grandchildren. This innovative development, called the Grandfamilies House, has a playground, computer learning center, and after-school programs to serve the children, as well as service coordinators, and exercise classes for the elderly residents.

The staff of the Grandfamilies House has had inquiries from groups across the country interested in developing similar projects. It is my hope that the Commission will focus attention on this critical issue and develop recommendations to help us better serve these unique families.

Mr. MCCOLLUM. I rise today to voice my support for H.R. 202, the Preserving Housing

for Seniors and Families into the 21st Century Act. The Banking Committee sent a strong message regarding this bill by passing it unanimously on a voice vote, and I stand before you today to reiterate its merits.

As a Floridian, I cannot help but be acutely aware of the housing needs of senior citizens. Our warm weather attracts retirees to our state, and we appreciate them for both the contributions that they make to our economy and as well as to the substantial roles they play in our community. While medical innovations permit seniors to enjoy a higher quality of life, a wave of new retirees coupled with longer life-spans have led to a crisis in affordable housing for the elderly. By the year 2020, the GAO estimates that one in six Americans will be 65 years of age or older. In Florida, that ratio has been surpassed—18.5% of the population is already over 65 years old and that number is growing. More significantly, 11.2% of Florida's senior population live below poverty income levels, making affordable housing even more important to Floridians.

H.R. 202 addresses the needs of senior citizens by implementing several important measures. It allows for modernization of project financing and a streamlined refinancing program to encourage continued participation in housing projects—an extremely important goal in light of the number of expiring assistance contracts.

The bill also provides for greater flexibility in programs, such as creating mixed-income senior and disabled housing environments, and the conversion of senior housing projects to assisted living facilities that conform with an "aging in place" model. This model takes the approach that seniors in community housing may not wish to be able to move as they become older. Projects can be developed that follow the aging of its residents, instead of forcing them out as their needs change.

Mr. Speaker, again, I would like to draw my colleagues' attention to the bipartisan effort that went into H.R. 202, as well as the valuable contribution that H.R. 202 would make to the ability of our senior citizens across the nation to afford housing. I therefore strongly encourage a positive vote on the Preserving Housing for Seniors and Families into the 21st Century Act.

Mr. MARKEY. Mr. Speaker, I rise in strong support of H.R. 202 and urge its adoption.

Mr. Speaker, over the past year, I have been inundated with calls and letters from seniors living in Section 8 housing units where owners were prepaying their mortgages or opting out of their contract renewals thereby terminating their relationship with the Department of Housing and Urban Development (HUD), and leaving their senior tenants without any housing security.

Following a meeting in my district office with the Mayor of Waltham, Massachusetts, representatives of the Boston HUD office, and other local officials, I wrote the following letter to Secretary Cuomo, and a similar letter to the Director of the Office of Management and Budget Jack Lew, to explain the serious problems facing seniors in Waltham and elsewhere in my district and throughout the nation:

JANUARY 21, 1999.

Hon. ANDREW M. CUOMO,
Secretary, U.S. Department of Housing and
Urban Development, Washington, DC.

DEAR SECRETARY CUOMO: I am writing to ask that you give full attention and high pri-

ority to the issue of Section 8 Contract Renewals as you review and consult with the Office of Management and Budget (OMB) regarding the Administration's Fiscal Year 2000 Budget Proposal. While I would like to bring to your attention the specific situation confronting 258 seniors in my Congressional district currently housed at the Francis Cabot Lowell Mill (the "Mill") apartment complex in Waltham, Massachusetts, where a 20-year lease negotiated with the Department of Housing and Urban Development (HUD) is due to expire at the end of this year, I believe that the problems facing residents at the Mill will confront thousands of seniors across America as more of these long-term contracts expire. My office has already received dozens of letters and phone calls from Mill seniors who are frightened at the prospect of losing their housing.

I recently met in my district office with Mr. William F. Stanley, Mayor of Waltham, Massachusetts, Ms. Mary Lou Crane, HUD's Secretary's Representative for the Boston Region, Mr. Bob Kargman, representing the Mill owners, their various associates, and telephonically with Mr. Bill Apgar, Assistant Secretary for Policy Development and Research. The focus of the meeting was Public Law 105-65, Section 524(a)(1) which states in part "... the Secretary may use amounts available for the renewal of assistance under section 8 of the United States Housing Act of 1937, upon termination or expiration of a contract for assistance under section 8 . . . to provide assistance under section 8 of such Act at rent levels that do not exceed comparable market rents for the market area. The assistance shall be provided in accordance with terms and conditions prescribed by the Secretary."

Mr. Kargman informed the group that negotiations for a new lease contract had hit a snag over the issue of meeting fair market rent levels, and that residents were being informed that the Mill lease may not be renewed. Mayor Stanley expressed his concern that given the current housing stock in Waltham, it would be virtually impossible to keep all of the seniors currently living at the Mill in Waltham, thus doing tremendous damage to the spirit and continuity of the senior population in the city. Mr. Apgar indicated that HUD was empowered by law to more closely approximate comparable market rent levels in Waltham, but the money was not available and that discussions were under way between representatives from HUD and OMB.

As I understand it, the federal government has reaped the financial benefit of housing reform in renegotiating HUD leases in areas where market rents are below the national average—roughly in eighty percent of markets. But for the remaining twenty percent of markets, primarily markets on the coasts, market rents are higher than the national average. I believe that we have an obligation as policymakers to the seniors living in these higher rent areas, such as those in Waltham, as well as to the owners of the developments, who have kept faith with their tenants and the government, to renew their contract under the terms and conditions of Public Law 105-65.

I am hopeful that you will carefully examine this matter, and consult with the OMB Director Lew, in an effort to develop a plan to fully fund those contract renewals where comparable market rents exceed the national average.

I look forward to your response,

Sincerely,

EDWARD J. MARKEY.

Mr. Speaker, I want to commend my colleagues in both parties for bringing the House's attention to these important issues,

and for compiling a bill that encompasses many important reforms to give seniors housing security. I am pleased that the bill will specifically address the problems created by the booming rental economy in the greater Boston area—seniors in subsidized housing are getting squeezed.

Mr. Speaker, I am hopeful that the House will pass H.R. 202 today to bring much-needed reassurance to the seniors in my district and every Congressional District in the United States. Our seniors deserve no less.

Mr. LAZIO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. UPTON). The question is on the motion offered by the gentleman from Nebraska (Mr. BEREUTER) that the House suspend the rules and pass the bill, H.R. 202, as amended.

The question was taken.

Mr. LAZIO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. LAZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 202.

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

There was no objection.

EXTENDING REENACTMENT OF CHAPTER 12 OF TITLE 11, UNITED STATES CODE

Mr. GEKAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2942) to extend for 6 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted, as amended.

The Clerk read as follows:

H.R. 2942

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENTS.

Section 149 of title I of division C of Public Law 105-277, as amended by Public Law 106-5, is amended—

(1) by striking "October 1, 1999" each place it appears and inserting "January 1, 2000"; and

(2) in subsection (a)—

(A) by striking "March 31, 1999" and inserting "September 30, 1999"; and

(B) by striking "April 1, 1999" and inserting "October 1, 1999".

SEC. 2. EFFECTIVE DATE.

The amendments made by section 1 shall take effect on October 1, 1999.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GEKAS) and the gentlewoman from Wisconsin (Ms. BALDWIN) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GEKAS).