

105TH CONGRESS  
1ST SESSION

# H. R. 1447

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

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 1997

Mr. LAZIO of New York (for himself and Mr. Kennedy of Massachusetts) (both by request) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

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

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

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**120

2                   **(a) SHORT TITLE.**—This Act may be cited as the “Public  
3                   Housing Management Reform Act of 1997”.

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

Sec. 1. Short title and table contents.

Sec. 2. Findings and purposes.

**TITLE I—PUBLIC HOUSING AND RENT REFORMS**

Sec. 100. Establishment of capital and operating funds.

Sec. 101. Determination of rental amounts for residents of public housing.

Sec. 102. Minimum rents for public housing and section 8 programs.

Sec. 103. Public housing ceiling rents.

Sec. 104. Disallowance of earned income from public housing and section 8 rent  
and family contribution determinations.

Sec. 105. Public housing homeownership.

Sec. 106. Public housing agency plan.

Sec. 107. PHMAP indicators for small PHAs.

Sec. 108. PHMAP self-sufficiency indicator.

Sec. 109. Expansion of powers for dealing with PHAs in substantial default.

Sec. 110. Public housing site-based waiting lists.

Sec. 111. Community service requirements for the public housing and section  
8 programs.

Sec. 112. Comprehensive improvement assistance program streamlining.

Sec. 113. Flexibility for PHA funding.

Sec. 114. Replacement housing resources.

Sec. 115. Repeal of one-for-one replacement housing requirement.

Sec. 116. Demolition, site revitalization, replacement housing, and tenant-based  
assistance grants for developments.

Sec. 117. Performance evaluation board.

Sec. 118. Economic development and supportive services for public housing  
residents.

Sec. 119. Penalty for slow expenditure of modernization funds.

Sec. 120. Designation of PHAs as troubled.

Sec. 121. Volunteer services under the 1937 Act.

Sec. 122. Authorization of appropriations for operation safe home program.

**TITLE II—SECTION 8 STREAMLINING AND OTHER PROGRAM  
IMPROVEMENTS**

Sec. 201. Permanent repeal of Federal preferences.

Sec. 202. Income targeting for public housing and section 8 programs.

Sec. 203. Merger of tenant-based assistance programs.

Sec. 204. Section 8 administrative fees.

Sec. 205. Section 8 homeownership.

Sec. 206. Welfare to work certificates.

Sec. 207. Effect of failure to comply with public assistance requirements.

Sec. 208. Streamlining section 8 tenant-based assistance.

Sec. 209. Income verification.

- Sec. 210. Nondiscrimination against certificate and voucher holders.
- Sec. 211. Recapture and reuse of ACC project reserves under the tenant-based assistance program.
- Sec. 212. Expanding the coverage of the Public and Assisted Housing Drug Elimination Act of 1990 to include other types of crime and to provide formula funding.

### TITLE III—“ONE STRIKE AND YOU’RE OUT” OCCUPANCY PROVISIONS

- Sec. 301. Screening of applicants.
- Sec. 302. Termination of tenancy and assistance.
- Sec. 303. Lease requirements.
- Sec. 304. Availability of criminal records for public housing tenant screening and eviction.
- Sec. 305. Definitions.
- Sec. 306. Conforming amendments.

## 1   **SEC. 2. FINDINGS AND PURPOSES.**

2           (a) FINDINGS.—The Congress finds that—

3                   (1) we have a shared national interest in creat-  
 4           ing safe, decent and affordable housing because, for  
 5           all Americans, housing is an essential building block  
 6           toward holding a job, getting an education, partici-  
 7           pating in the community, and helping fulfill our na-  
 8           tional goals;

9                   (2) the American people recognized this shared  
 10          national interest in 1937, when we created a public  
 11          housing program dedicated to meeting these needs  
 12          while creating more hope and opportunity for the  
 13          American people;

14                  (3) for 60 years America’s public housing sys-  
 15          tem has provided safe, decent, and affordable hous-  
 16          ing for millions of low-income families, who have

1       used public housing as a stepping stone toward  
2       greater stability, independence, and homeownership;

3           (4) today, more than 3,300 local public housing  
4       agencies——95 percent of all housing agencies  
5       throughout America——are providing a good place  
6       for families to live and fulfilling their historic mis-  
7       sion;

8           (5) yet, for all our progress as a nation, today,  
9       only one out of four Americans who needs housing  
10      assistance receives it;

11          (6) at the same time, approximately 15 percent  
12      of the people who live in public housing nationwide  
13      live in housing with management designated as  
14      “troubled”;

15          (7) for numerous developments at these trou-  
16      bled public housing agencies and elsewhere, families  
17      face a overwhelming mix of crime, drug trafficking,  
18      unemployment, and despair, where there is little  
19      hope for a better future or a better life;

20          (8) the past 60 years have resulted in a system  
21      where outdated rules and excessive government regu-  
22      lation are limiting our ability to propose innovative  
23      solutions and solve problems, not only at the rel-  
24      atively few local public housing agencies designated  
25      as troubled, but at the 3,300 that are working well;

1           (9) obstacles faced by those agencies that are  
2       working well——multiple reports and cumbersome  
3       regulations——make a compelling case for deregula-  
4       tion and for concentration by the Department of  
5       Housing and Urban Development on fulfillment of  
6       the program’s basic mission;

7           (10) all told, the Department has drifted from  
8       its original mission, creating bureaucratic processes  
9       that encumber the people and organizations it is  
10      supposed to serve;

11          (11) under a framework enacted by Congress,  
12      the Department has begun major reforms to address  
13      these problems, with dramatic results;

14          (12) public housing agencies have begun to de-  
15      molish and replace the worst public housing, reduce  
16      crime, promote resident self-sufficiency, upgrade  
17      management, and end the isolation of public housing  
18      developments from the working world;

19          (13) the Department has also recognized that  
20      for public housing to work better, the Department  
21      needs to work better, and has begun a major over-  
22      haul of its organization, streamlining operations, im-  
23      proving management, building stronger partnerships  
24      with state and local agencies and improving its abil-  
25      ity to take enforcement actions where necessary to

1       assure that its programs serve their intended pur-  
2       poses; and

3               (14) for these dramatic reforms to succeed, per-  
4       manent legislation is now needed to continue the  
5       transformation of public housing agencies, strip  
6       away outdated rules, provide necessary enforcement  
7       tools, and empower the Department and local agen-  
8       cies to meet the needs of America's families.

9       (b) PURPOSE.—It is the purpose of this Act—

10              (1) to completely overhaul the framework and  
11       rules that were put in place to govern public housing  
12       60 years ago;

13              (2) to revolutionize the way public housing  
14       serves its clients, fits in the community, builds op-  
15       portunity, and prepares families for a better life;

16              (3) to reaffirm America's historic commitment  
17       to safe, decent, and affordable housing and to re-  
18       move the obstacles to meeting that goal;

19              (4) to continue the complete and total overhaul  
20       of management of the Department;

21              (5) to dramatically deregulate and reorganize  
22       the Federal government's management and oversight  
23       of America's public housing;

24              (6) to ensure that local public housing agencies  
25       spend more time delivering vital services to residents

1 and less time complying with unessential regulations  
2 or filing unessential reports;

3 (7) to achieve greater accountability of taxpayer  
4 funds by empowering the Federal government to  
5 take firmer, quicker, and more effective actions to  
6 improve the management of troubled local housing  
7 authorities and to crack down on poor performance;

8 (8) to preserve public housing as a rental re-  
9 source for low-income Americans, while breaking  
10 down the extreme social isolation of public housing  
11 from mainstream America;

12 (9) to provide for revitalization of severely dis-  
13 tressed public housing, or its replacement with re-  
14 placement with replacement housing or tenant-based  
15 assistance;

16 (10) to integrate public housing reform with  
17 welfare reform so that welfare recipients—many of  
18 whom are public housing residents—can better chart  
19 a path to independence and self-sufficiency;

20 (11) to anchor in a permanent statute needed  
21 changes that will result in the continued trans-  
22 formation of the public housing and tenant-based as-  
23 sistance programs— including deregulating well-per-  
24 forming housing agencies, ensuring accountability to

1 the public, providing sanctions for poor performers,  
 2 and providing additional management tools;

3 (12) to streamline and simplify the tenant-  
 4 based Section 8 program and to make this program  
 5 workable for providing homeownership; and

6 (13) through these comprehensive measures, to  
 7 reform the United States Housing Act of 1937 and  
 8 the programs thereunder.

## 9 **TITLE I—PUBLIC HOUSING AND** 10 **RENT REFORMS**

### 11 **SEC. 100. ESTABLISHMENT OF CAPITAL AND OPERATING** 12 **FUNDS.**

13 (a) CAPITAL FUND.—Section 14(a) of the United  
 14 States Housing Act of 1937 is amended—

15 (1) by redesignating paragraphs (1) through  
 16 (5) as subparagraphs (A) through (E), respectively;

17 (2) by inserting the paragraph designation  
 18 “(2)” before “It is the purpose; and

19 (3) by inserting the following new paragraph  
 20 (1) immediately after the subsection designation  
 21 “(a)”;

22 “(1) The Secretary shall establish a Capital  
 23 Fund under this section for the purpose of making  
 24 assistance available to public housing agencies in ac-  
 25 cordance with this section.”.



1 (b) OPERATING FUND.—Section 9(a) of the United  
 2 States Housing Act of 1937 is amended by striking  
 3 “SEC.9. (a)(1)(A) In addition to” an inserting the follow-  
 4 ing:

5 “SEC. 9. (a) The Secretary shall establish an Operat-  
 6 ing Fund under this section for the purpose of making  
 7 assistance available to public housing agencies in accord-  
 8 ance with this section.

9 “(1)(A) In addition to”.

10 **SEC. 101. DETERMINATION OF RENTAL AMOUNTS FOR**  
 11 **RESIDENTS OF PUBLIC HOUSING.**

12 (a) Section 3 of the United States Housing Act of  
 13 1937 is amended—

14 (1) in subsection (a)(1), by revising subpara-  
 15 graph (A) to read as follows:

16 “(A)(i) if the family is assisted under sec-  
 17 tion 8 of this Act, 30 per centum of the family’s  
 18 monthly adjusted income; or

19 “(ii) if the family resides in public  
 20 housing, an amount established by the  
 21 public housing agency not to exceed 30 per  
 22 centum of the family’s monthly adjusted  
 23 income;”; and

24 (2) in subsection (b)(5)—

1 (A) after the semicolon following subpara-  
2 graph (F), by inserting “and”;

3 (B) in subparagraph (G), by striking “;  
4 and” and inserting a period; and

5 (C) by striking subparagraph (H)>

6 (b) REVISED OPERATING SUBSIDY FORMULA.—The  
7 Secretary, in consultation with interested parties, shall es-  
8 tablish a revised formula for allocating operating assist-  
9 ance under section 9 of the United States Housing Act  
10 of 1937, which formula may include such factors as:

11 (1) standards for the costs of operation and  
12 reasonable projections of income, taking into account  
13 the character and location of the public housing  
14 project and characteristics of the families served, or  
15 the costs of providing comparable services as deter-  
16 mined with criteria or a formula representing the  
17 operations of a prototype well-managed public hous-  
18 ing project;

19 (2) the number of public housing dwelling units  
20 owned and operated by the public housing agency,  
21 the percentage of those units that are occupied by  
22 very low-income families, and, if applicable, the re-  
23 duction in the number of public housing unites as a  
24 result of any conversion to a system of tenant-based  
25 assistance;

1           (3) the degree of household poverty served by a  
2       public housing agency;

3           (4) the extent to which the public housing agen-  
4       cy provides programs and activities designed to pro-  
5       mote the economic self-sufficiency and management  
6       skills of public housing tenants;

7           (5) the number of dwelling units owned and op-  
8       erated by the public housing agency that are chron-  
9       ically vacant and the amount of assistance appro-  
10      prium for those units;

11          (6) the costs of the public housing agency asso-  
12      ciated with anti-crime and anti-drug activities, in-  
13      cluding the costs of providing adequate security for  
14      public housing tenants;

15          (7) the ability of the public housing agency to  
16      effectively administer the Operating Fund distribu-  
17      tion of the public housing agency;

18          (8) incentives to public housing agencies for  
19      good management; and

20          (9) standards for the costs of operation of as-  
21      sisted housing compared to unassisted housing.

22      (c) TRANSITION PROVISION.—Prior to the establish-  
23      ment and implementation of an operating subsidy formula  
24      under subsection (b), if a public housing agency estab-  
25      lishes a rental amount that is less than 30 percent of the

1 family’s monthly adjusted income pursuant to section  
 2 3(a)(1)(A)(ii) of the United States Housing Act of 1937,  
 3 as amended by subsection (a)(1), the Secretary shall not  
 4 take into account any reduction of or increase in the public  
 5 housing agency’s per unit dwelling rental income resulting  
 6 from the use of such rental amount when calculating the  
 7 contributions under section 9 of the United States Hous-  
 8 ing Act of 1937 for the public housing agency for the oper-  
 9 ation of the public housing.

10 **SEC. 102. MINIMUM RENTS FOR PUBLIC HOUSING AND SEC-**  
 11 **TION 8 PROGRAMS.**

12 The second sentence of section 3(a)(1) of the United  
 13 States Housing Act of 1937 is amended—

14 (1) at the end of subparagraph (B), by striking  
 15 “or”;

16 (2) in subsection (C), by striking the period and  
 17 inserting”; or”; and

18 (3) by inserting the following at the end: “(D)  
 19 425.

20 Where establishing the rent or family contribution  
 21 based on subparagraph (D) would otherwise result  
 22 in undue hardship, as defined by the Secretary or  
 23 the public housing agency, for one or more categories  
 24 of affected families, the Secretary or the public  
 25 housing agency may exempt one or more such cat-

1       egories from the requirements of this paragraph and  
 2       may require a lower minimum monthly rental con-  
 3       tribution for one or more such categories.”.

4   **SEC. 103. PUBLIC HOUSING CEILING RENTS.**

5       (a) Section 3(a)(2)(A) of the United States Housing  
 6   Act of 1937, as amended by section 402(b)(1) of the Bal-  
 7   anced Budget Downpayment Act, I, is amended to read  
 8   as follows:

9               “(A) adopt ceiling rents that reflect the  
 10              reasonable market value of the housing, but  
 11              that are not less than—

12                      “(i) for housing other than housing  
 13                      predominantly for elderly or disabled fami-  
 14                      lies (or both), 75 percent of the monthly  
 15                      cost to operate the housing of the agency;

16                      “(ii) for housing predominantly for el-  
 17                      derly or disabled families (or both), 100  
 18                      percent of the monthly cost to operate the  
 19                      housing of the agency; and

20                      “(iii) the monthly cost to make a de-  
 21                      posit to a replacement reserve (in the sole  
 22                      discretion of the public housing agency);  
 23                      and”.

24       (b) Notwithstanding section 402(f) of the Balanced  
 25   Budget Downpayment Act, I, the amendments made by

1 section 402(b) of that Act shall remain in effect after fis-  
2 cal year 1997.

3 **SEC. 104. DISALLOWANCE OF EARNED INCOME FROM PUB-**  
4 **LIC HOUSING AND SECTION 8 RENT AND FAM-**  
5 **ILY CONTRIBUTION DETERMINATIONS.**

6 (a) IN GENERAL.—Section 3 of the United States  
7 Housing Act of 1937 is amended—

8 (1) by striking the undesignated paragraph at  
9 the end of subsection (c)(3) (as added by section  
10 515(b) of Public Law 101–625); and

11 (2) by adding at the end the following new sub-  
12 section:

13 “(d) DISALLOWANCE OF EARNED INCOME FROM  
14 PUBLIC HOUSING AND SECTION 8 RENT AND FAMILY  
15 CONTRIBUTION DETERMINATION.—

16 “(1) IN GENERAL.—Notwithstanding any other  
17 provision of law, the rent payable under subsection  
18 (a) by, the family contribution determined in accord-  
19 ance with subsection (a) for, a family—

20 “(A) that—

21 “(i) occupies a unit in a public hous-  
22 ing project; or

23 “(ii) receives assistance under section  
24 8; and

1 “(B) whose income increases as a result of em-  
2 ployment of a member of the family who was  
3 previously unemployed for one or more years  
4 (including a family whose income increases as a  
5 result of the participation of a family member  
6 in any family self-sufficiency or other job train-  
7 ing program);

8 may not be increased as a result of the increased in-  
9 come due to such employment during the 18-month  
10 period beginning on the date on which the employ-  
11 ment is commenced.

12 “(2) PHASE-IN OF RATE INCREASES.—After the  
13 expiration of the 18-month period referred to in  
14 paragraph (1), rent increases due to the continued  
15 employment of the family member described in para-  
16 graph (1)(b) shall be phased in over a subsequent 3-  
17 year period.

18 “(3) OVERALL LIMITATION.—Rent payable  
19 under subsection (a) shall not exceed the amount de-  
20 termined under subsection (a).”.

21 (b) APPLICABILITY OF AMENDMENT.—

22 (1) PUBLIC HOUSING.—Notwithstanding the  
23 amendment made by subsection (a), any tenant of  
24 public housing participating in the program under  
25 the authority contained in the undesignated para-

1 graph at the end of the section 3(c)(3) of the United  
2 States Housing Act of 1937, as that paragraph ex-  
3 isted on the day before the date of enactment this  
4 Act, shall be governed by that authority after that  
5 date.

6 (2) SECTION 8.—The amendments made by  
7 subsection (a) shall apply to tenant-based assistance  
8 provided by a public housing agency under section 8  
9 of the United States Housing Act of 1937 on and  
10 after October 1, 1998, but shall apply only to the ex-  
11 tent approved in appropriation Acts.

12 **SEC. 105. PUBLIC HOUSING HOMEOWNERSHIP.**

13 Section 5(h) of the United States Housing Act fo  
14 1937 is amended—

15 (1) in the first sentence, by striking “lower in-  
16 come tenants,” and inserting the following: “low-in-  
17 come tenants, or to any organization serving as a  
18 conduit for sales to such tenants,”; and

19 (2) by adding the following two sentences at the  
20 end: “In the case of purchase by an entity that is  
21 an organization serving as a conduit for sales to  
22 such tenants, the entity shall sell the units to low-  
23 income families within five years from the date of its  
24 acquisition of the units. The entity shall use any net  
25 proceeds from the resale and from managing the



1 units, as determined in accordance with guidelines of  
 2 the Secretary, for housing purposes, such as funding  
 3 resident organizations and reserves for capital re-  
 4 placements.”.

5 **SEC. 106. PUBLIC HOUSING AGENCY PLAN.**

6 The United States Housing Act of 1937 is amended  
 7 by inserting after section 5 of following new section:

8 **SEC. 5A. PUBLIC HOUSING AGENCY PLAN.**

9 “(a) CONTENTS OF PLAN.—(1) Each public  
 10 housing agency shall submit to the Secretary a pub-  
 11 lic housing agency plan that shall consist of the fol-  
 12 lowing parts, as applicable—

13 “(A) For assistance under section 14, a 5-year  
 14 comprehensive plan, as described in section 14(e)(1).

15 “(B) For assistance under section 14, the an-  
 16 nual statement, as required under section 14(e)(3).

17 “(C) An annual description of the public hous-  
 18 ing agency’s plans for the following activities—

19 “(i) demolition and disposition under sec-  
 20 tion 18;

21 “(ii) homeownership under section 5(h);

22 and

23 (III) designated housing under section 7.

1           “(D) An annual submission by the public hous-  
2           ing agency consisting of the following informa-  
3           tion——

4                   “(i) tenant selection admission and assign-  
5                   ment policies, including any admission pref-  
6                   erences;

7                   “(ii) rent policies, including income and  
8                   rent calculation methodology, minimum rents,  
9                   ceiling rents, and income exclusions, disregards,  
10                  or deductions;

11                  “(ii) any cooperation agreements between  
12                  the public housing agency and State welfare  
13                  and employment agencies to target services to  
14                  public housing residents (public housing agen-  
15                  cies shall use best efforts to enter into such  
16                  agreements); and

17                  “(iv) anti-crime and securities plans, in-  
18                  cluding a strategic plan for addressing crime on  
19                  or affecting the sites owned by the agency, a  
20                  statement of activities in furtherance of the  
21                  strategic plan to be carried out Drug Elim-  
22                  nation Act of 1990, performance criteria re-  
23                  garding the effective use of such assistance, and  
24                  any plans for the provision of anti-crime assist-  
25                  ance to be provided by the local governed in ad-

1           dition to the assistance otherwise required to be  
2           provid3d by the agreement for local cooperation  
3           under section 5(e)(2) or other applicable law.

4       Where a public housing agency has no changes to  
5       report in any of the information required under this  
6       subparagraph since the previous annual submission,  
7       the public agency shall only state in its annual sub-  
8       mission that it has made no changes.

9           “(E) Other appropriate information that the  
10       Secretary requires for each public housing agency  
11       that is—

12               “(i) at risk of being designated as troubled  
13               under section 6(j); or

14               “(ii) designated as troubled under section  
15               6(j).

16           “(F) Other information required by the Sec-  
17       retary in connection with the provision of assistance  
18       under section 9.

19           “(G) An annul certification by the public hous-  
20       ing agency that it has met the citizen participation  
21       requirements under subsection (b).

22           “(H) An annual certification by the public  
23       housing agency that it will carry out the public  
24       housing agency plan in conformity with title VI of  
25       the Civil Rights Act of 1964, the Fair Housing Act,

1 section 504 of the Rehabilitation Act of 1973, and  
2 title II of the Americans with Disabilities Act of  
3 1990, and will affirmatively further fair housing.

4 “I) An annual certification by the public hous-  
5 ing agency that the public housing agency plan is  
6 consistent with the approved Consolidated Plan for  
7 the locality.

8 (2) The Secretary may provide for more frequent sub-  
9 missions where the public housing agency proposes to  
10 amend any parts of the public housing agency plan.

11 “(b) CITIZEN PARTICIPATION REQUIREMENTS.—In  
12 developing the public housing agency plan under sub-  
13 section (a), each public housing agency shall consult with  
14 appropriate local government officials an with tenants of  
15 the housing projects, which shall include at least one pub-  
16 lic hearing that shall be held prior to the adoption of the  
17 plan, and afford tenants and interested parties an oppor-  
18 tunity to summarize their priorities and concerns, to en-  
19 sure their due consideration in the planning process of the  
20 public housing agency.

21 “(c) PERFORMANCE REPORTS.—The Secretary shall  
22 require the public housing agency to submit any informa-  
23 tion that the Secretary determines is appropriate or nec-  
24 essary to assess the management performance of public  
25 housing agencies and resident management corporations

1 under section 6(j) and to monitor assistance provided  
2 under this Act. To the maximum extent feasible, the Sec-  
3 retary shall require such information in one report, as part  
4 of the annual submission of the agency under subsection  
5 (a).

6 “D) HUD REVIEW.—After submis-  
7 sion of the public housing agency plan for  
8 under subsection (a), the Secretary shall—

9 “(1) with respect to the 5-year comprehensive  
10 plan under subsection (a)(1)(A), review the plan  
11 under the standards described in section 14(e)(2);

12 “(2) with respect to the annual statement under  
13 subsection (a)(1)(B), review the statement as re-  
14 quired under section 14(e)(3);

15 “(3) with respect to the annual description  
16 under subsection (a)(1)(C), not review the descrip-  
17 tion (the Secretary shall review any application,  
18 which may be submitted with the public housing  
19 agency plan, as provided in sections 18, 5(h), and  
20 7);

21 +“(4) with respect to the annual submission  
22 under subsection (a)(1)(D), not review the submis-  
23 sion unless the submission has been challenged;  
24 where the submission has been challenged, the Sec-  
25 retary shall review the submission to determine only

1       whether the submission sets forth the information  
2       required by subsection (a)(1)(D);

3           “(5) with respect to information from troubled  
4       agencies under subsection (a)(1)(E) and section 9  
5       information under subsection (a)(1)(F), review such  
6       information as necessary or appropriate to carry out  
7       the Secretary’s responsibilities under section 6(j)  
8       and section 9;

9           “(6) with respect to the certifications under  
10       subsections (a)(1)(G) and (a)(1)(I), not review the  
11       certification unless the certification has been chal-  
12       lenged; and, where the certifications has been chal-  
13       lenged, the Secretary shall review the certification to  
14       determine only whether the certification sets forth  
15       the information required by subsection (a)(1)(G) or  
16       (a)(1)(I), and whether there is any available evi-  
17       dence that tends to challenge in a substantial man-  
18       ner any certification made under those subsections;  
19       and

20           “(7) with respect to the certification under sub-  
21       section (a)(1)(H), review the certification to deter-  
22       mine only whether the certification sets forth the in-  
23       formation required by such subsection, and whether  
24       there is any available evidence that tends to chal-

1        lence in a substantial manner any certification made  
 2        under such subsection.

3        “(e) **WAIVER AUTHORITY.**—The Secretary may  
 4        waive, or specify alternative requirements for, any require-  
 5        ments under this section that the Secretary determines are  
 6        burdensome or unnecessary for public housing agencies  
 7        that only administer tenant-based assistance and do not  
 8        own or operate public housing.”.

9        **SEC. 107. PHMAP INDICATORS FOR SMALL PHAS.**

10       Section 6(J)(1) of the United States Housing Act of  
 11       1937 is amended by—

12                (1) redesignating subparagraphs (A) through  
 13                (I) as clauses (i) through (ix);

14                (2) redesignating clauses (1), (2), and (3) in  
 15                clause (ix), as redesignated by paragraph (1), as  
 16                subclauses (I), (II), and (III), respectively;

17                (3) in the fourth sentence, inserting imme-  
 18                diately before clause (i), as redesignated, the follow-  
 19                ing new subparagraph:

20                        “(A) For public housing agencies that own  
 21                        or operate 250 or more public housing dwelling  
 22                        units—”; and

23                (4) adding the following new subparagraph at the  
 24                end:

1           “(B) For public housing agencies that own  
2           and operate fewer than 250 public housing  
3           dwelling units—

4           “(i) The number and percentage of  
5           vacancies within an agency’s inventory, in-  
6           cluding the progress that an agency has  
7           made within the previous 3 years to reduce  
8           such vacancies.

9           “(ii) The percentage of rents uncol-  
10          lected.

11          “(iii) The ability of the agency to  
12          produce and use accurate and timely  
13          records of monthly income and expenses  
14          and to maintain at lease a 3-month service.

15          “(iv) The annual inspection of occu-  
16          pied units and the agency’s ability to re-  
17          spond to maintenance work orders.

18          “(v) Any one additional factor that  
19          the Secretary may determine to be appro-  
20          priate.”.

21 **SEC. 108. PHAMP SELF-SUFFICIENCY INDICATOR.**

22          Section 6(j)(1)(A) of the United States Housing Act  
23          of 1937, as amended by section 107 of this Act, is amend-  
24          ed at the end by adding the following new clause:



6“(x) The extent to which the agency coordi-  
 2 nates and promotes participation by families in  
 3 programs that assist them to achieve self-suffi-  
 4 ciency.”.

5 **SEC. 109. EXPANSION OF POWERS FOR DEALING WITH**  
 6 **PHAS IN SUBSTANTIAL DEFAULT.**

7 (a) IN GENERAL.—Section 6(j)(3) of the United  
 8 States Housing Act of 1937 is amended—

9 (1) in subparagraph (A)—

10 (A) by amending clause (i) to read as fol-  
 11 lows:

12 “(i) solicit competitive proposals from  
 13 other public housing agencies and private  
 14 housing management agents which, in the  
 15 discretion of the Secretary, may be selected  
 16 by existing public housing residents  
 17 through administrative procedures estab-  
 18 lished by the Secretary; if appropriate,  
 19 these proposals shall provide for such  
 20 agents to manage all, or part, of the hous-  
 21 ing administered by the public housing  
 22 agency or all or part of the other programs  
 23 of the agency;”;

24 (B) by redesignating clause (iv) as clause  
 25 (v) and amending it to read as follows:

1 “(v) require the agency to make other  
2 arrangements acceptable to the Secretary  
3 and in the best interests of the public  
4 housing residents and families assisted  
5 under section 8 for managing all, or part,  
6 of the public housing administered by the  
7 agency or of the programs of the agency.”  
8 and

9 (C) by inserting a new clause (iv) after  
10 clause (iii) to read as follows:

11 “(iv) take possession of all or part of  
12 the public housing agency, including all or  
13 part of any project or program of the  
14 agency, including any project or program  
15 under any other provision of this title;  
16 and”; and

17 (2) by striking subparagraphs (B) through (D)  
18 and inserting in lieu thereof the following:

19 “(B)(i) If a public housing agency is identified  
20 as troubled under this subsection, the Secretary  
21 shall notify the agency of the troubled status of  
22 the agency.

23 “(ii) Upon the expiration of the 1-year period  
24 beginning on the later of the date on which the  
25 agency receives notice from the Secretary of the

1           troubled status of the agency under clause (i)  
2           and the date of enactment of the Public Hous-  
3           ing Management Reform Act of 1997, the Sec-  
4           retary shall—

5                   “(I) in the case of a troubled public  
6                   housing agency with 1,250 or more units,  
7                   petition for the appointment of a receiver  
8                   pursuant to subparagraph (A)(ii); or

9                   “(II) in the case of a troubled public  
10                  housing agency with fewer than 1,250  
11                  units, either—

12                   “(aa) petition for the appointment of  
13                   a receiver pursuant to subparagraph  
14                   (A)(ii); or

15                   “(bb) appoint, on a competitive or  
16                   noncompetitive basis, an individual or en-  
17                   tity as an administrative receiver to as-  
18                   sume the responsibilities of the Secretary  
19                   for the administration of all or part of the  
20                   public housing agency (including all or  
21                   part of any project or program of the  
22                   agency), provided the Secretary has taken  
23                   possession of all or part of the public hous-  
24                   ing agency (including all or part of any

1 project or program of the agency) pursu-  
2 ant to subparagraph (A)(iv).

3 “(C) If a receiver is appointed pursuant to sub-  
4 paragraph (A)(ii), in addition to the powers ac-  
5 corded by the court appointing the receiver, the  
6 receiver—

7 “(i) may abrogate any contract to  
8 which the United States or an agency of  
9 the United States is not a party that, in  
10 the receiver’s written determination (which  
11 shall include the basis for such determina-  
12 tion), substantially impedes correction of  
13 the substantial default, but only after the  
14 receiver determines that reasonable efforts  
15 to renegotiate such contract have failed;

16 “(ii) may demolish and dispose of all  
17 or part of the assets of the public housing  
18 agency (including all or part of any project  
19 of the agency) in accordance with section  
20 18, including disposition by transfer of  
21 properties to resident-supported nonprofit  
22 entities;

23 “(iii) if determined to be appropriate  
24 by the Secretary, may seek the establish-  
25 ment, as permitted by applicable State and

1 local law, of one or more new public hous-  
2 ing agencies;

3 “(iv) if determined to be appropriate  
4 by the Secretary, may seek consolidation of  
5 all or part of the agency (including all or  
6 part of any project or program of the  
7 agency), as permitted by applicable State  
8 and local laws, into other well-managed  
9 public housing agencies with the consent of  
10 such well-managed agencies; and

11 “(v) shall not be required to comply  
12 with any State or local law relating to civil  
13 service requirements, employee rights (ex-  
14 cept civil rights), procurement, or financial  
15 or administrative controls that, in the re-  
16 ceiver’s written determination (which shall  
17 include the basis for such determination),  
18 substantially impedes correction of the sub-  
19 stantial default.

20 “(D)(i) If the Secretary takes possession of all  
21 or part of the public housing agency, including  
22 all or part of any project or program of the  
23 agency, pursuant to subparagraph (A)(iv), the  
24 Secretary—

1           “(I) may abrogate any contract to  
2           which the United States or an agency of  
3           the United States is not a party that, in  
4           the written determination of the Secretary  
5           (which shall include the basis for such de-  
6           termination), substantially impedes correc-  
7           tion of the substantial default, but only  
8           after the Secretary determines that reason-  
9           able efforts to renegotiate such contract  
10          have failed;

11          “(II) may demolish and dispose of all  
12          or part of the assets of the public housing  
13          agency (including all or part of any project  
14          of the agency) in accordance with section  
15          18, including disposition by transfer of  
16          properties to resident-supported nonprofit  
17          entities;

18          “(III) may seek the establishment, as  
19          permitted by applicable State and local  
20          law, of one or more new public housing  
21          agencies;

22          “(IV) may seek consolidation of all or  
23          part of the agency (including all or part of  
24          any project or program of the agency), as  
25          permitted by applicable State and local

1 laws, into other well-managed public hous-  
2 ing agencies with the consent of such well-  
3 managed agencies;

4 “(V) shall not be required to comply  
5 with any State or local law relating to civil  
6 service requirements, employee rights (ex-  
7 cept civil rights), procurement, or financial  
8 or administrative controls that, in the Sec-  
9 retary’s written determination (which shall  
10 include the basis for such determination),  
11 substantially impedes correction of the sub-  
12 stantial default; and

13 “(VI) shall, without any action by a  
14 district court of the United States, have  
15 such additional authority as a district  
16 court of the United States would have the  
17 authority to confer upon a receiver to  
18 achieve the purposes of the receivership.

19 “(ii) If the Secretary, pursuant to subpara-  
20 graph (B)(ii)(II)(bb), appoints an administra-  
21 tive receiver to assume the responsibilities of  
22 the Secretary for the administration of all or  
23 part of the public housing agency (including all  
24 or part of any project or program of the agen-  
25 cy), the Secretary may delegate to the adminis-

trative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

“(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not seek the establishment of one or more new public housing agencies pursuant to clause (i)(III) or the consolidation of all or part of an agency into other well-managed agencies pursuant to clause (i)(IV), unless the Secretary first approves an application by the administrative receiver to authorize such action.

“(E) The Secretary may make available to receivers and other entities selected or appointed pursuant to this paragraph such assistance as the Secretary determines in the discretion of the Secretary is necessary and available to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety, and welfare of public housing residents or families assisted under section 8. A decision made by the Secretary under this paragraph is not subject to review in any court of



1 the United States, or in any court of any State,  
2 territory, or possession of the United States.

3 “(F) In any proceeding under subparagraph  
4 (A)(ii), upon a determination that a substantial  
5 default has occurred, and without regard to the  
6 availability of alternative remedies, the court  
7 shall appoint a receiver to conduct the affairs of  
8 all or part of the public housing agency in a  
9 manner consistent with this Act and in accord-  
10 ance with such further terms and conditions as  
11 the court may provide. The receiver appointed  
12 may be another public housing agency, a pri-  
13 vate management corporation, or any other per-  
14 son or appropriate entity. The court shall have  
15 power to grant appropriate temporary or pre-  
16 liminary relief pending final disposition of the  
17 petition by the Secretary.

18 “(G) The appointment of a receiver pursuant to  
19 this paragraph may be terminated, upon the pe-  
20 tition of any party, when the court determines  
21 that all defaults have been cured or the public  
22 housing agency is capable again of discharging  
23 its duties.

24 “(H) If the Secretary (or an administrative re-  
25 ceiver appointed by the Secretary) takes posses-

1           sion of a public housing agency (including all or  
2           part of any project or program of the agency),  
3           or if a receiver is appointed by a court, the Sec-  
4           retary or receiver shall be deemed to be acting  
5           not in the official capacity of that person or en-  
6           tity, but rather in the capacity of the public  
7           housing agency, and any liability incurred, re-  
8           gardless of whether the incident giving rise to  
9           that liability occurred while the Secretary or re-  
10          ceiver was in possession of all or part of the  
11          public housing agency (including all or part of  
12          any project or program of the agency), shall be  
13          the liability of the public housing agency.”.

14          (b) EFFECTIVENESS.—The provisions of, and  
15          duties and authorities conferred or confirmed by,  
16          subsection (a) shall apply with respect to actions  
17          taken before, on, or after the effective date of this  
18          Act and shall apply to any receivers appointed for a  
19          public housing agency before the date of enactment  
20          of this Act.

21          (c) TECHNICAL CORRECTION REGARDING AP-  
22          PLICABILITY TO SECTION 8.—Section 8(h) of the  
23          United States Housing Act of 1937 is amended by  
24          inserting after “6” the following: “(except as pro-  
25          vided in section 6(j)(3))”.

1 **SEC. 110. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

2           Section 6 of the United States Housing Act of  
3           1937, as amended by section 306(a)(2) of this Act,  
4           is amended by inserting the following new subsection  
5           at the end:

6           “(q) A public housing agency may establish, in  
7           accordance with guidelines established by the  
8           Secretary, procedures for maintaining waiting  
9           lists for admissions to public housing develop-  
10          ments of the agency, which may include a sys-  
11          tem whereby applicants may apply directly at or  
12          otherwise designate the development or develop-  
13          ments in which they seek to reside. All such  
14          procedures must comply with all provisions of  
15          title VI of the Civil Rights Act of 1964, the  
16          Fair Housing Act, and other applicable civil  
17          rights laws.”.

18 **SEC. 111. COMMUNITY SERVICE REQUIREMENTS FOR THE**  
19 **PUBLIC HOUSING AND SECTION 8 PRO-**  
20 **GRAMS.**

21           Section 12 of the United States Housing Act of  
22           1937 is amended by adding at the end the following new  
23           subsection:

24           “(c) COMMUNITY SERVICE REQUIREMENTS FOR THE  
25           PUBLIC HOUSING AND SECTION 8 PROGRAMS.—

1           “(1) IN GENERAL.—Notwithstanding any other  
2           provision of law, each adult member of each family  
3           residing in public housing or assisted under section  
4           8 shall, without compensation, participate, for not  
5           less than 8 hours per month, in community service  
6           activities (not to include any political activity) within  
7           the community in which that adult resides.

8           “(2) EXEMPTIONS.—The requirement in para-  
9           graph (1) shall not apply to any adult who is—

10                   “(A) at least 62 years of age;

11                   “(B) a person with disabilities who is un-  
12                   able, as determined in accordance with guide-  
13                   lines established by the Secretary, to comply  
14                   with this subsection;

15                   “(C) working at least 20 hours per week,  
16                   a student, receiving vocational training, or oth-  
17                   erwise meeting work, training, or educational  
18                   requirements of a public assistance program  
19                   other than the program specified in subpara-  
20                   graph (E);

21                   “(D) a single parent, grandparent, or the  
22                   spouse of an otherwise exempt individual, who  
23                   is the primary caretaker of one or more—

24                           (i) children who are 6 years of age or  
25                           younger;

- 1 (ii) persons who are at least 62 years  
 2 of age; or  
 3 (iii) persons with disabilities; or  
 4 “(E) in a family receiving assistance under  
 5 the Temporary Assistance for Needy Families  
 6 program under part A of title IV of the Social  
 7 Security Act.”.

8 **SEC. 112. COMPREHENSIVE IMPROVEMENT ASSISTANCE**  
 9 **PROGRAM STREAMLINING.**

10 (a) Section 14(d) of the United States Housing Act  
 11 of 1937 is amended to read as follows:

12 “(d) No assistance may be made available under sub-  
 13 section (b) to a public housing agency that owns or oper-  
 14 ates fewer than 250 public housing units unless the agency  
 15 has submitted a comprehensive plan in accordance with  
 16 subsection (e)(1) and the Secretary has approved it in ac-  
 17 cordance with subsection (e)(2). The assistance shall be  
 18 allocated to individual agencies on the agencies on the  
 19 basis of a formula established by the Secretary.”.

20 (b) Section 14(f)(1) is repealed.

21 (c) Section 14(g) is amended by striking “(d)(3)” and  
 22 inserting “(d)”.

23 (d) Section 14(h) is repealed.

24 (e) Section 14(i) is repealed.

1 (f) Section 14(k)(1) is amended by striking  
 2 “475,000,000” and inserting “\$100,000,000”.

3 **SEC. 113. FLEXIBILITY FOR PHA FUNDING.**

4 (a) Expansion of Uses of Funding.—Section  
 5 14(q)(1) of the United States Housing Act of 1937 is  
 6 amended——

7 (1) in the first sentence, by inserting after “sec-  
 8 tion 5,” the following, “by section 24,”;

9 (2) in the first sentence, by inserting after “pub-  
 10 lic housing agency,” the following: “except for the  
 11 provision of tenant-based assistance,”; and

12 (3) by inserting at the end the following: “Not-  
 13 withstanding the foregoing, (i) a public housing  
 14 agency that owns or operates fewer than 250 units  
 15 may use modernization assistance provided under  
 16 section 14, development assistance provided under  
 17 section 5(a), and operating subsidy provided under  
 18 section 9, for any eligible activity authorized by this  
 19 Act or by applicable appropriations Acts for a public  
 20 housing agency, except for assistance under section  
 21 8, and (ii) any agency determined to be a troubled  
 22 agency under section 6(j) may use amounts not ap-  
 23 propriated under section 9 for any operating subsidy  
 24 purpose authorized in section 9 only with the ap-  
 25 proval of the Secretary.”.

1 (b) MIXED-FINANCE DEVELOPMENT.—Section  
2 14(q)(2) of such Act is amended to read as follows:

3 “(2) A public housing agency may use capital  
4 or operating assistance provided under section 5, 14,  
5 or 9 of this Act, or under applicable Appropriations  
6 Acts for a public housing agency, to assist public  
7 housing units in a development that is owned by the  
8 public housing agency or other legal entity approved  
9 by the Secretary and that may include units other  
10 than public housing units (“mixed-finance develop-  
11 ment”). The public housing units in a mixed-finance  
12 development shall be developed, operated, and main-  
13 tained as public housing in accordance with the re-  
14 quirements of this Act during the period required by  
15 law. The Secretary may waive regulatory and other  
16 requirements established by the Secretary under this  
17 Act governing the development, management, and  
18 operation of public housing units to the extent nec-  
19 essary to allow a public housing agency to undertake  
20 or permit measures that enhance the viability of the  
21 public housing units included in a mixed-finance de-  
22 velopment. A public housing agency may, in accord-  
23 ance with guidelines established by the Secretary,  
24 provide capital assistance to a mixed-finance devel-  
25 opment in the form of a grant, loan, or other form

1 of investment in the project, which may involve the  
 2 drawdown of funds on a schedule commensurate  
 3 with construction draws for deposit into an interest  
 4 earning escrow account to serve as collateral or cred-  
 5 it enhancement for bonds issued by a public agency  
 6 for the construction or rehabilitation of the develop-  
 7 ment.”.

8 (c) CONFORMING AMENDMENTS.—Section 14(q) of  
 9 such Act is amended—

10 (1) in paragraph (3), by striking “mixed in-  
 11 come” and inserting “mixed-finance”: and

12 (2) in paragraph (4), by striking “mixed-income  
 13 project” and inserting “mixed-finance development“.

14 (d) APPLICABILITY.—Section 14(q) of the United  
 15 States Housing Act of 1937, as amended by this section,  
 16 shall be effective with respect to any assistance provided  
 17 to the public housing agency under sections 5 and 14 of  
 18 the United States Housing Act of 1937 and applicable ap-  
 19 propriations Acts for a public housing agency.

20 **SEC. 114. REPLACEMENT HOUSING RESOURCES.**

21 (a) OPERATING FUND.—Section 9(a)(3)(B) of the  
 22 United States Housing Act of 1937 is amended—

23 (1) at the end of clause (iv), by striking “and  
 24 ”;



1           (2) at the end of clause (v), by striking the pe-  
2       riod and inserting”; and ”; and

3           (3) by inserting at the end the following:

4                       “(vi) where an existing unit under a  
5           contract is demolished or disposed of, the  
6           Secretary shall adjust the amount the pub-  
7           lic housing agency receives under this sec-  
8           tion; notwithstanding this requirement, the  
9           Secretary shall provide assistance under  
10          this section for any replacement housing  
11          that is available for occupancy within five  
12          years of the demolition or disposition, is  
13          public housing developed under this Act or  
14          is developed without assistance under this  
15          Act but is operated as public housing, and  
16          meets other requirements established by  
17          the Secretary.”.

18          (b) COMPREHENSIVE GRANT PROGRAM.—Section  
19   14(k)(2)(D)(ii) of such Act is amended to read as follows:

20          “(ii) When an existing unit under a contract is demol-  
21   ished or disposed of, the Secretary shall adjust the amount  
22   the agency receives under the formula. Notwithstanding  
23   the preceding sentence, for the five-year period after dem-  
24   olition or disposition, the Secretary may provide for no  
25   adjustment, or a partial adjustment, of the amount the

1 agency receives under the formula and shall require the  
 2 agency to use any additional amount received as a result  
 3 of this sentence for replacement housing or physical im-  
 4 provements necessary to preserve viable public housing.”.

5 **SEC. 115. REPEAL OR ONE-FOR-ONE REPLACEMENT HOUS-**  
 6 **ING REQUIREMENT.**

7 Section 1002(d) of Public Law 104–19 is amended  
 8 by striking “and on or before September 30, 1997”.

9 **SEC. 116. DEMOLITION, SITE REVITALIZATION, REPLACE-**  
 10 **MENT HOUSING, AND TENANT-BASED ASSIST-**  
 11 **ANCE GRANTS FOR DEVELOPMENTS.**

12 Section 24 of the United States Housing Act of 1937  
 13 is amended—

14 (1) by amending the heading to read as follows:  
 15 **“DEMOLITION, SITE REVITALIZATION,**  
 16 **REPLACEMENT HOUSING, AND TEN-**  
 17 **ANT-BASED ASSISTANCE GRANTS FOR**  
 18 **DEVELOPMENT”;**

19 (2) by amending subsections (a) and (c) to read  
 20 as follows:

21 **“(a) PURPOSE.—**The purpose of this section is to  
 22 provide assistance to public housing agencies for the pur-  
 23 poses of—

24 **“(1) reducing the density and improving the liv-**  
 25 **ing environment for public housing residents of se-**

1       verely distressed public housing through the demoli-  
2       tion of obsolete public housing developments (or por-  
3       tions thereof);

4               “(2) revitalizing sites (including remaining pub-  
5       lic housing dwelling units) on which such public  
6       housing developments are located and contributing  
7       to the improvement of the surrounding neighbor-  
8       hood;

9               “(3) providing housing that will avoid or de-  
10       crease the concentration of very low-income families;  
11       and

12               “(4) providing tenant-based assistance in ac-  
13       cordance with the provisions of section 8 for the pur-  
14       pose of providing replacement housing and assisting  
15       residents to be displaced by the demolition.

16       “(b) GRANT AUTHORITY.—The Secretary may make  
17       grants available to public housing agencies as provided in  
18       this section.

19       “(c) CONTRIBUTION REQUIREMENT.—The Secretary  
20       may not make any grant under this section to any appli-  
21       cant unless the applicant supplements the amount of as-  
22       sistance provided under this section (other than amounts  
23       provided for demolition or tenant-based assistance) with  
24       an amount of funds from sources other than this Act equal  
25       to not less than 5 percent of the amount provided under

1 this section, including amounts from other Federal  
2 sources, any State or local government sources, any pri-  
3 vate contributions, and the value of any in-kind services  
4 or administrative costs provided.”;

5 (3) by amending subsection (d)(1) to read as  
6 follows:

7 “(1) IN GENERAL.—The Secretary may make  
8 grants under this subsection to applicants for the  
9 purpose of carrying out demolition, revitalization,  
10 and replacement programs for severely distressed  
11 public housing under this section. The Secretary  
12 may make a grant for the revitalization or replace-  
13 ment of public housing only if the agency dem-  
14 onstrates that the neighborhood is or will be a viable  
15 residential community, as defined by the Secretary,  
16 after completion of the work assisted under this sec-  
17 tion and any other neighborhood improvements  
18 planned by the State or local government or other-  
19 wise to be provided. The Secretary may approve  
20 grants providing assistance for one eligible activity  
21 or a combination of eligible activities under this sec-  
22 tion, including assistance only for demolition and as-  
23 sistance only for tenant-based assistance in accord-  
24 ance with the provisions of section 8.”;

25 (4) in subsection (d)(2)(B)—

1 (A) by striking “the redesign” and insert-  
2 ing “the abatement of environmental hazards,  
3 demolition, redesign”; and

4 (B) by striking “is located” and inserting  
5 “is or was located”;

6 (5) in subsection (d)(2), by redesignating sub-  
7 paragraphs (C) through (I) as subparagraphs (D)  
8 through (J), respectively, and inserting the following  
9 new subparagraph after subparagraph (B):

10 “(C) replacement housing, which shall con-  
11 sist of public housing, homeownership units as  
12 permitted under the HOPE VI program (as  
13 previously authorized in appropriations Acts),  
14 tenant-based assistance in accordance with the  
15 provisions of section 8, or a combination;”;

16 (6)(A) in subsection (G), as redesignated by  
17 paragraph (5), by inserting before the semicolon the  
18 following: “and any necessary supportive services,  
19 except that not more than 15 percent of any grant  
20 under this subsection may be used for such pur-  
21 poses.”;

22 (B) by inserting “and” at the end of subsection  
23 (H), as redesignated by paragraph (4); and

1 (C) by striking the semicolon at the end of sub-  
2 section (I), as redesignated by paragraph (4), and  
3 all that follows up to the period;

4 (7) in paragraph (3), by striking the second  
5 sentence;

6 (8) by amending subsection (d)(4) to read as  
7 follows:

8 “(4) SELECTION CRITERIA.—

9 “(A) APPLICATIONS FOR DEMOLITION.—

10 The Secretary shall establish selection criteria  
11 for applications that request assistance only for  
12 demolition, which shall include—

13 (i) the need for demolition, taking into  
14 account the effect of the distressed devel-  
15 opment on the public housing agency and  
16 the community;

17 “(ii) the extent to which the public  
18 housing agency is not able to undertake  
19 such activities without a grant under this  
20 section; and

21 “(iii) such other factors as the Sec-  
22 retary determines appropriate.

23 “(B) APPLICATIONS FOR DEMOLITION, RE-  
24 VITALIZATION, AND REPLACEMENT.—The Sec-  
25 retary shall establish selection criteria for appli-

1 cations that request assistance for a combina-  
2 tion of eligible activities, which shall include—

3 “(i) the relationship of the grant to  
4 the comprehensive plan for the locality;

5 “(ii) the extent to which the grant will  
6 result in a viable development which will  
7 foster the economic and social integration  
8 of public housing residents and the extent  
9 to which the development will enhance the  
10 community;

11 “(iii) the capability and record of the  
12 applicant public housing agency, its devel-  
13 opment team, or any alternative manage-  
14 ment agency for the agency, for managing  
15 large-scale redevelopment or modernization  
16 projects, meeting construction timetables,  
17 and obligating amounts in a timely man-  
18 ner;

19 “(iv) the extent to which the public  
20 housing agency is not able to undertake  
21 such activities without a grant under this  
22 section;

23 “(v) the extent of involvement of resi-  
24 dents, State and local governments, private  
25 service providers, financing entities, and

1 developers, in the development of a revital-  
 2 ization program for the development;

3 “(vi) the amount of funds and other  
 4 resources to be leveraged by the grant; and

5 “(vii) such other factors as the Sec-  
 6 retary determines appropriate.”

7 “(C) APPLICATIONS FOR TENANT-BASED AS-  
 8 SISTANCE.—Notwithstanding any other provi-  
 9 sion of this subsection, the Secretary may allo-  
 10 cate tenant-based assistance under this section  
 11 on a non-competitive basis in connection with  
 12 the demolition or disposition of public hous-  
 13 ing.”;

14 (9) by amending subsection (e) to read as fol-  
 15 lows:

16 “(e) LONG TERM VIABILITY.—The  
 17 Secretary may waive or revise rules estab-  
 18 lished under this Act governing the devel-  
 19 opment, management, and operation of  
 20 public housing units, to permit a public  
 21 housing agency to undertake measures  
 22 that enhance the long-term viability of a  
 23 severely distressed public housing project  
 24 revitalized under this section.”;

25 (10) in subsection (f)—



1 (A) by striking “OTHER” and all that fol-  
2 lows through “(1)”;

3 (B) by striking paragraph (2); and

4 (C) by redesignating subparagraphs (A)  
5 and (B) as paragraphs (1) and (2);

6 (11) by striking subsections (g) and (i) and re-  
7 designating subsection (h) as subsection (j);

8 (12) by inserting the following new subsections  
9 after subsection (f):

10 “(g) ADMINISTRATION BY OTHER ENTITIES.—The  
11 Secretary may require a grantee under this section to  
12 make arrangements satisfactory to the Secretary for use  
13 of an entity other than the public housing agency to carry  
14 out activities assisted under the revitalization plan, if the  
15 Secretary determines that such action will help to effec-  
16 tuate the purposes of this section.

17 “(h) TIMELY EXPENDITURES.—

18 “(1) WITHDRAWAL OF FUNDING.—If a grantee  
19 under this section or under the HOPE VI program  
20 does not sign the primary construction contract for  
21 the work included in the grant agreement within 18  
22 months from the date of the grant agreement, the  
23 Secretary shall withdraw any grant amounts under  
24 the grant agreement which have not been obligated  
25 by the grantee. The Secretary shall redistribute any

1        withdrawn amounts to one or more applicants eligi-  
2        ble for assistance under this section. The Secretary  
3        may grant an extension of up to one additional year  
4        from the date of enactment of this Act if the 18-  
5        month period has expired as of the date of enact-  
6        ment, for delays caused by factors beyond the con-  
7        trol of the grantee.

8            “(2) COMPLETION.—A grant agreement under  
9        this section shall provide for interim checkpoints and  
10       for completion of physical activities within four years  
11       of execution, and the Secretary shall enforce these  
12       requirements through default remedies up to and in-  
13       cluding withdrawal of funding. The Secretary may,  
14       however, provide for a longer timeframe, but only  
15       when necessary due to factors beyond the control of  
16       the grantee.

17           “(3) INAPPLICABILITY.—This subsection shall  
18       not apply to grants for tenant-based assistance  
19       under section 8.

20           “(i) INAPPLICABILITY OF SECTION 18.—Section 18  
21       shall not apply to the demolition of development removed  
22       from the inventory of the public housing agency under this  
23       section.”;

24           (13) by amending subsection (j)(1), as redesign-  
25       nated by paragraph (11)—

1 (A) in subparagraph (C), by inserting after  
2 “nonprofit organization,” the following: “pri-  
3 vate program manager, a partner in a mixed-fi-  
4 nance development,”;

5 (B) at the end of subparagraph (B), after  
6 the semicolon, by inserting “and”; and

7 (C) at the end of subparagraph (C), by  
8 striking “; and” and all that follows up to the  
9 period;

10 (14) by amending subsection (j)(5), as redesign-  
11 nated by paragraph (11)—

12 (A) in subparagraph (A)—

13 (i) by striking “(i)”;

14 (ii) by striking clauses (ii) through  
15 (iv); and

16 (iii) by inserting after “physical plant  
17 of the project” of the following: “, where  
18 such distress cannot be remedied through  
19 assistance under section 14 because of in-  
20 adequacy of available funding”;

21 (B) by amending subparagraph (A), as  
22 amended by subparagraph (A) of this para-  
23 graph (14), by striking “appropriately” and in-  
24 serting “inappropriately”; and

1 (C) by amending subparagraph (B) to read  
2 as follows:

3 “(B) that was a project as described in  
4 subparagraph (A) that has been demolished,  
5 but for which the Secretary has not provided  
6 replacement housing assistance (other than ten-  
7 ant-based assistance).”;

8 (15) by inserting at the end of subsection (j) as  
9 redesignated by paragraph (11), the following new  
10 paragraph:

11 “(6) SUPPORTIVE SERVICES.—The term ‘sup-  
12 portive services’ includes all activities that will pro-  
13 mote upward mobility, self-sufficiency, and improved  
14 quality of life for the residents of the public housing  
15 development involved, including literacy training, job  
16 training, day care, and economic development activi-  
17 ties.”; and

18 (16) by inserting the following new subsection  
19 at the end:

20 “(k) FUNDING.—

21 “(1) AUTHORIZATION OF APPROPRIATIONS.—  
22 There are authorized to be appropriated for grants  
23 under this section \$524,000,000 for fiscal year 1998  
24 and such sums as may be necessary for each of fis-  
25 cal years 1999 through 2002.

1           “(2) TECHNICAL ASSISTANCE AND PROGRAM  
2           OVERSIGHT.—Of the amount appropriated pursuant  
3           to paragraph (1) for any fiscal year, the Secretary  
4           may use up to 2.5 percent for technical assistance,  
5           program oversight, and fellowships for on-site public  
6           housing agency assistance and supplemental edu-  
7           cation. Technical assistance may be provided directly  
8           or indirectly by grants, contracts, or cooperative  
9           agreements, and may include training, and the cost  
10          of necessary travel for participants in such training,  
11          by or to officials of the Department of Housing and  
12          urban Development, of public housing agencies, and  
13          of residents. The Secretary may use amounts under  
14          this paragraph for program oversight to contract  
15          with private program and construction management  
16          entities to assure that development activities are car-  
17          ried out in a timely and cost-effective manner.”.

18 **SEC. 117. PERFORMANCE EVALUATION BOARD.**

19          “(a) ESTABLISHMENT.—There is hereby established  
20          a performance evaluation board to assist the Secretary of  
21          Housing and Urban Development in improving and mon-  
22          itoring the systems for evaluation of public housing au-  
23          thority performance, including by studying and making  
24          recommendations to the Secretary on the most effective,  
25          efficient and productive method or methods of evaluating

1 the performance of public housing agencies, consistent  
 2 with the overall goal of improving management of the pub-  
 3 lic housing program.

4 “(b)MEMBERSHIP.—

5 (1) IN GENERAL.—The board shall be composed  
 6 of at least seven members with relevant experience  
 7 who shall be appointed by the Secretary as soon as  
 8 practicable, but not later than 90 days after enact-  
 9 ment of this Act.

10 (2) APPOINTMENTS.—In appointing members  
 11 of the board, the Secretary shall assure that each of  
 12 the background areas set forth in paragraph (3) are  
 13 represented.

14 (3) BACKGROUNDS.—Background areas to be  
 15 represented are—

- 16 (A) major public housing organizations;
- 17 (B) public housing resident organizations;
- 18 (C) real estate management, finance, or
- 19 development entities; and
- 20 (D) units of general local government.

21 (c) BOARD PROCEDURES.—

22 (1) CHAIRPERSON.—The Secretary shall ap-  
 23 point a chairperson from among members of the  
 24 board.

1           (2) QUORUM.—A majority of the members of  
2           the board shall constitute a quorum for the trans-  
3           action of business.

4           (3) VOTING.—Each member of the board shall  
5           be entitled to one vote, which shall be equal to the  
6           vote of each other member of the board.

7           (4) PROHIBITION OF ADDITIONAL PAY.—Mem-  
8           bers of the board shall serve without compensation,  
9           but shall be reimbursed for travel, subsistence, and  
10          other necessary expenses incurred in the perform-  
11          ance of their duties as members of the board.

12          (d) POWERS.—

13           (1) HEARINGS.—The board may, for the pur-  
14           pose of carrying out this section, hold such hearings  
15           and sit and act at such times and places as the  
16           board determines appropriate.

17           (2) ASSISTANCE FROM FEDERAL AGENCIES.—

18           (A) INFORMATION.—The board may re-  
19           quest from any agency of the United States,  
20           and such agency is authorized to provide, such  
21           data and information as the board may require  
22           for carrying out its functions.

23           (B) STAFF SUPPORT.—Upon request of  
24           the chairperson of the board, to assist the board

1 in carrying out its duties under this section, the  
2 Secretary may—

- 3 (i) provide an executive secretariat;  
4 (ii) assign by detail or otherwise any  
5 of the personnel of the Department of  
6 Housing and Urban Development; and  
7 (iii) obtain by personnel services con-  
8 tracts or otherwise any technical or other  
9 assistance needed to carry out this section.

10 (e) ADVISORY COMMITTEE.—THE BOARD SHALL BE  
11 CONSIDERED AN ADVISORY COMMITTEE WITHIN THE  
12 MEANING OF THE FEDERAL ADVISORY COMMITTEE ACT  
13 (5 U.S.C. APP.).

14 (f) FUNCTIONS.—THE BOARD SHALL, AS NEEDED—

15 (1) examine and assess the need for further  
16 modifications to or replacement of the Public Hous-  
17 ing Management Assessment program, established  
18 by the Secretary under section 6(j) of the United  
19 States Housing Act of 1937;

20 (2) examine and assess models used in other in-  
21 dustries or public programs to assess the perform-  
22 ance of recipients of assistance, including accredita-  
23 tion systems, and the applicability of those models to  
24 public housing;



1           (3) develop (either itself, or through another  
2           body) standards for professional competency for the  
3           public housing industry, including methods of as-  
4           sessing the qualifications of employees of public  
5           housing authorities, such as systems for certifying  
6           the qualifications of employees;

7           (4) develop a system for increasing the use of  
8           on-site physical inspections of public housing devel-  
9           opments; and

10          (5) develop a system for increasing the use of  
11          independent audits, as part of the overall system for  
12          evaluating the performance of public housing agen-  
13          cies.

14          (g) REPORTS.—(1) Not later than the expiration of  
15          the three-month period beginning upon the appointment  
16          of the seventh member of the board, and one year from  
17          such appointment, the board shall issue interim reports  
18          to the Secretary on its activities. The board shall make  
19          its final report and recommendations one year after its  
20          second interim report is issued. The final report shall in-  
21          clude findings and recommendations of the board based  
22          upon the functions carried out under this section.

23          (2) After the board issues its final report, it may be  
24          convened by its chair, upon the request of the Secretary,

1 to review implementation of the performance evaluation  
2 system and for other purposes.

3 (h) TERM.—The duration of the board shall be seven  
4 years.

5 (i) FUNDING.—The Secretary is authorized to use  
6 any amounts appropriated under the head Preserving Ex-  
7 isting Housing Investment, or predecessor or successor ap-  
8 propriation accounts, without regard to any earmarks of  
9 funding, to carry out this section.

10 **SEC. 118. ECONOMIC DEVELOPMENT AND SUPPORTIVE**  
11 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

12 The United States Housing Act of 1937 is amended  
13 by adding the following new section after section 27:

14 **“SEC. 29. ECONOMIC DEVELOPMENT AND SUPPORTIVE**  
15 **SERVICES FOR PUBLIC HOUSING RESIDENTS.**

16 “(a) IN GENERAL.—To the extent  
17 provided in advance in appropriations Acts,  
18 the Secretary shall make grants for the  
19 purposes of providing a program of sup-  
20 portive services and resident self-suffi-  
21 ciency activities to enable residents of pub-  
22 lic housing to become economically self-suf-  
23 ficient and to assist elderly persons and  
24 persons with disabilities to maintain inde-

1                   pendent living, to the following eligible ap-  
2                   plicants:

3                   “(1) public housing agencies;

4                   “(2) resident councils;

5                   “(3) resident management corporations or other  
6                   eligible resident entities defined by the Secretary;

7                   “(4) other applicants, as determined by the  
8                   Secretary; and

9                   “(5) any partnership of eligible applicants.

10 B“(b) ELIGIBLE ACTIVITIES.—Grantees under this sec-  
11 tion may use grants for the provision of supportive service,  
12 economic development, and self-sufficiency activities con-  
13 ducted primarily for public housing residents in a manner  
14 that is easily accessible to those residents. Such activities  
15 shall include—

16                   “(1) the provision of service coordinators and  
17                   case managers;

18                   “(2) the provision of services related to work  
19                   readiness, including education, job training and  
20                   counseling, job search skills, business development  
21                   training and planning, tutoring, mentoring, adult lit-  
22                   eracy, computer access, personal and family counsel-  
23                   ing, health screening, work readiness health services,  
24                   transportation, and child care;

1           “(3) economic and job development, including  
2           employer linkages and job placement, and the start-  
3           up of resident microenterprises, community credit  
4           unions, and revolving loan funds, including the li-  
5           censing, bonding and insurance needed to operate  
6           such enterprises;

7           “(4) resident management activities, including  
8           related training and technical assistance; and

9           “(5) other activities designed to improve the  
10          self-sufficiency of residents, as may be determined in  
11          the sole discretion of the Secretary.

12         “(c) FUNDING DISTRIBUTION.—

13                 “(1) IN GENERAL.—After reserving such  
14                 amounts as the Secretary determines to be necessary  
15                 for technical assistance and clearinghouse services  
16                 under subsection (d), the Secretary shall distribute  
17                 any remaining amounts made available under this  
18                 section on a competitive basis. The Secretary may  
19                 set a cap on the maximum grant amount permitted  
20                 under this section, and may limit applications for  
21                 grants under this section to selected applicants or  
22                 categories of applicants.

23                 “(2) SELECTION CRITERIA.—The Secretary  
24                 shall establish selection criteria for applications that

1 request assistance for one or more eligible activities  
2 under this section, which shall include—

3 “(A) the demonstrated capacity of the ap-  
4 plicant to carry out a program of supportive  
5 services or resident empowerment activities;

6 “(B) the amount of funds and other re-  
7 sources to be leveraged by the grant;

8 “(C) the extent to which the grant will re-  
9 sult in a quality program of supportive services  
10 or resident empowerment activities;

11 “(D) the extent to which any job training and  
12 placement services to be provided are coordinated  
13 with the provision of such services under the Job  
14 Training Partnership Act and the Wagner-Peyser  
15 Act; and

16 “(E) such other factors as the Secretary  
17 determines appropriate.

18 “(3) MATCHING REQUIREMENT.—The Sec-  
19 retary may not make any grant under this section  
20 to any applicant unless the applicant supplements  
21 every dollar provided under this subsection with an  
22 amount of funds from sources other than this sec-  
23 tion equal to at least twice the amount provided  
24 under this subsection, including amounts from other  
25 Federal sources, any State or local government

1 sources, any private contributions, and the value of  
2 any in-kind services or administrative costs provided.

3 Of the supplemental funds furnished by the appli-  
4 cant, not more than 50 percent may be in the form  
5 of in-kind services or administrative costs provided.

6 Of the supplemental funds furnished by the appli-  
7 cant, not more than 50 percent may be in the form  
8 of in-kind services or administrative costs provided.

9 “(d) FUNDING FOR TECHNICAL ASSISTANCE.—

10 The Secretary may set aside a portion of the amounts ap-  
11 propriated under this section, to be provided directly or  
12 indirectly by grants, contracts, or cooperative agreements,  
13 for technical assistance, which may include training and  
14 cost of necessary travel for participants in such training,  
15 by or to officials and employees of the Department and  
16 of public housing agencies, and to residents and to other  
17 eligible grantees, and for clearinghouse services in further-  
18 ance of the goals and activities of this section.

19 “(e) CONTRACT ADMINISTRATORS.—The Secretary  
20 may require resident councils, resident management cor-  
21 porations, or other eligible entities defined by the Sec-  
22 retary to utilize public housing agencies or other qualified  
23 organizations as contract administrators with respect to  
24 grants provided under this section.”.

1 **SEC. 119. PENALTY FOR SLOW EXPENDITURE OF MOD-**  
2 **ERNIZATION FUNDS.**

3 Section 14(k)(5) of the United States Housing Act  
4 of 1937 is amended to read as follows:

5 “(5)(A) A public housing agency shall obligate  
6 any assistance received under this section within 18  
7 months of the date funds become available to the  
8 agency for obligation. The Secretary may extend this  
9 time period by no more than one year if an agency’s  
10 failure to obligate such assistance in a timely man-  
11 ner is attributable to events beyond the control of  
12 the agency. The Secretary may also provide an ex-  
13 ception for de minimis amounts to be obligated with  
14 the next year’s funding; an agency that owns or ad-  
15 ministers fewer than 250 public housing units, to  
16 the extent necessary to permit the agency to accu-  
17 mulate sufficient funding to undertake activities;  
18 and any agency, to the extent necessary to permit  
19 the agency to accumulate sufficient funding to pro-  
20 vide replacement housing.

21 “(B) A public housing agency shall not be  
22 awarded assistance under this section for any month  
23 in a year in which it has funds unobligated, in viola-  
24 tion of subparagraph (A). During such a year, the  
25 Secretary shall withhold all assistance which would  
26 otherwise be provided to the agency. If the agency

1 cures its default during the year, it shall be provided  
2 with the share attributable to the months remaining  
3 in the year. Any funds not so provided to the agency  
4 shall be provided to high-performing agencies as de-  
5 termined under section 6(j).

6 “(C) If the Secretary has consented, before the  
7 date of enactment of the Public Housing Manage-  
8 ment Reform Act of 1997, to an obligation period  
9 for any agency longer than provided under this para-  
10 graph, an agency which obligates its funds within  
11 such extended period shall not be considered to be  
12 in violation of subparagraph (A). Notwithstanding  
13 any prior consent of the Secretary, however, all  
14 funds appropriated in fiscal year 1995 and prior  
15 years shall be fully obligated by the end of fiscal  
16 year 1998, and all funds appropriated in fiscal years  
17 1996 and 1997 shall be fully obligated by the end  
18 of fiscal year 1999.

19 “(D) A public housing agency shall spend any  
20 assistance received under this section within four  
21 years (plus the period of any extension approved by  
22 the Secretary under subparagraph (A)) of the date  
23 funds become available to the agency for obligation.  
24 The Secretary shall enforce this requirement  
25 through default remedies up to and including with-



1       drawal of the funding. Any obligation entered into  
 2       by an agency shall be subject to the right of the Sec-  
 3       retary to recapture the amounts for violation by the  
 4       agency of the requirements of this subparagraph.”.

5   **SEC. 120. DESIGNATION OF PHAS AS TROUBLED.**

6       (a) Section 6(j)(10(A) of the United States Housing  
 7   Act of 1937, as amended by sections 107 and 108, is fur-  
 8   ther amended——

9               (1) in subparagraph (A), by inserting the fol-  
 10   lowing after clause (x):

11                       “(xi) Whether the agency is providing  
 12                       acceptable basic housing conditions, as de-  
 13                       termined by the Secretary.”; and

14               (2) in subparagraph (B)——

15                       (A) by redesignating clause (v) as clause  
 16                       (vi); and

17                       (B) by inserting the following after clause  
 18                       (iv):

19                       “(v) Whether the agency is providing  
 20                       acceptable basic housing conditions, as de-  
 21                       termined by the Secretary.”.

22       (b) Section 6(j)(2)(A)(i) of such Act is amended by  
 23   inserting the following after the first sentence: “Such pro-  
 24   cedures shall provide that an agency that does not provide

1 acceptable basic housing conditions shall be designated a  
2 troubled public housing agency.”.

3 (c) Section 6(j)(2)(A)(i) of such Act is amended in  
4 the first sentence——

5 (1) by inserting before “the performance indica-  
6 tors” the subclause designation “(I)”; and

7 (2) by inserting before the period the follow-  
8 ing:”; or (II) such other evaluation system as is de-  
9 termined by the Secretary to assess the condition of  
10 the public housing agency or resident management  
11 corporation, which system may be in addition to or  
12 in lieu of the performance indicators established  
13 under paragraph (1)”.

14 **SEC. 121. VOLUNTEER SERVICES UNDER THE 1937 ACT.**

15 (a) IN GENERAL.——Section 12(b) of the United  
16 States Housing Act of 1937 is amended by striking  
17 “that——” and all that follows up to the period and in-  
18 serting “who performs volunteer services in accordance  
19 with the requirements of the Community Improvement  
20 Volunteer Act of 1994”.

21 (b) CIVA AMENDMENT.——Section 7305 of the  
22 Community Improvement Volunteer Act of 1994 is  
23 amended——

24 (1) in paragraph (5), by striking “and” after  
25 the semicolon;

1 (2) in paragraph (6), by striking the period and  
 2 inserting””; and ””; and

3 (3) by inserting the following paragraph after  
 4 paragraph (6):

5 “(7) the United States Housing Act of 1937.”.

6 **SEC. 122. AUTHORIZATION OF APPROPRIATIONS FOR OP-**  
 7 **ERATION SAFE HOME PROGRAM.**

8 There are authorized to be appropriated to carry out  
 9 the Operation Safe Home program \$20,000,000 for fiscal  
 10 year 1998 and such sums as may be necessary for fiscal  
 11 years 1999, 2000, 2001, and 2002.

12 **TITLE II—SECTION 8 STREAM-**  
 13 **LINING AND OTHER PRO-**  
 14 **GRAM IMPROVEMENTS**

15 **SEC. 201. PERMANENT REPEAL OF FEDERAL PREF-**  
 16 **ERENCES.**

17 (a) Notwithstanding section 402(f) of The Balanced  
 18 Budget Downpayment Act, I, the amendments made by  
 19 section 402(d) of that Act shall remain in effect after fis-  
 20 cal year 1997, except that the amendments made by sec-  
 21 tions 402(d)(3) and 402(d)(6)(A)(iii), (iv), and (vi) of  
 22 such Act shall remain in effect as amended by sections  
 23 203 and 116 of this Act, and section 402(d)(6)(v) shall  
 24 be repealed by the amendments made to section 16 of the

1 United States Housing Act of 1937 by section 202 of this  
2 Act.

3 (b) Section 6(c)(4)(A) of the United States Housing  
4 Act of 1937, as amended by section 402(d)(1) of The Bal-  
5 anced Budget Downpayment Act, I, is amended by strik-  
6 ing “is” and all that follows through “Act” and inserting  
7 the following: “shall be based upon local housing needs  
8 and priorities, as determined by the public housing agency  
9 using general accepted data sources, including any infor-  
10 mation obtained pursuant to an opportunity for public  
11 comment under this subparagraph, under section 5A(b),  
12 and under the requirements of the approved Consolidated  
13 Plan for the locality”.

14 (c) Section 8(d)(1)(A) of the United States Housing  
15 Act of 1937, as amended by section 402(d)(2) of The Bal-  
16 anced Budget Downpayment Act, I, is amended by strik-  
17 ing “is” and all that follows through “Act” and inserting  
18 the following: “shall be based upon local housing needs  
19 and priorities, as determined by the public housing agency  
20 using generally accepted data sources, including any infor-  
21 mation obtained pursuant to an opportunity for public  
22 comment under this subparagraph, under section 5A(b),  
23 and under the requirements of the approved Consolidated  
24 Plan for the locality”.

1 **SEC. 202. INCOME TARGETING FOR PUBLIC PUBLIC HOUS-**  
2 **ING AND SECTION 8 PROGRAMS.**

3 (a) Section 16 of the United States Housing Act of  
4 1937 is amended by revising the heading and subsections  
5 (a) through (c) to read as follows:

6 **“SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUS-**  
7 **ING.**

8 “(a) PUBLIC HOUSING.—

9 “(1) PROGRAM REQUIREMENT.—Of the public  
10 housing units of a public housing agency made avail-  
11 able for occupancy by eligible families in any fiscal  
12 year of the agency—

13 “(A) at least 40 percent shall be occupied  
14 by families whose incomes do not exceed 30  
15 percent of the median income for the area; and

16 “(B) at least 90 percent shall be occupied  
17 by families whose incomes do not exceed 60  
18 percent of the median income for the area.

19 “(2) DEVELOPMENT REQUIREMENT.—At least  
20 40 percent of the units in each public housing devel-  
21 opment shall be occupied by families with incomes  
22 which are less than 30 percent of the median income  
23 for the area, except that no family may be required  
24 to move to achieve compliance with this requirement.

25 “(b) SECTION 8 ASSISTANCE.—

1           “(1) TENANT-BASED, MODERATE REHABILITA-  
2           TION, AND PROJECT-BASED CERTIFICATE ASSIST-  
3           ANCE.—In any fiscal year of a public housing agen-  
4           cy, at least 75 percent of all families who initially re-  
5           ceive tenant-based assistance from the agency, as-  
6           sistance under the moderate rehabilitation program  
7           of the agency, or assistance under the project-based  
8           certificate program of the agency shall be families  
9           whose incomes do not exceed 30 percent of the me-  
10          dian income for the area.

11          “(2) PROJECT-BASED ASSISTANCE.—Of the  
12          dwelling units in a project receiving section 8 assist-  
13          ance, other than assistance described in paragraph  
14          (1), that are made available for occupancy by eligible  
15          families in any year (as determined by the Sec-  
16          retary)—

17               “(A) at least 40 percent shall be occupied  
18               by families whose incomes do not exceed 30  
19               percent of the median income for the area; and

20               “(B) at least 90 percent shall be occupied  
21               by families whose incomes do not exceed 60  
22               percent of the median income for the area.

23          “(c) DEFINITION OF AREA MEDIAN INCOME.—The  
24          term ‘area median income’, as used in subsections (a) and  
25          (b), refers to the median income of an area, as determined

1 by the Secretary, with adjustments for smaller and larger  
2 families, except that the Secretary may establish income  
3 ceilings higher or lower than the percentages specified in  
4 subsections (a) and (b) if the Secretary determines that  
5 such variations are necessary because of unusually high  
6 or low family incomes.”.

7 (b) Section 16 of the United States Housing Act of  
8 1937, as amended by this section, is further amended by  
9 inserting the following new heading after subsection des-  
10 ignation (d): “APPLICABILITY.—”.

11 **SEC. 203. MERGER OR TENANT-BASED ASSISTANCE PRO-**  
12 **GRAMS.**

13 (a) Section 8(o) of the United States Housing Act  
14 of 1937 is amended to read as follow:

15 “(o) RENTAL CERTIFICATE.—(1) A public housing  
16 agency may only enter into contracts for tenant-based  
17 rental assistance under this Act pursuant to this sub-  
18 section. The Secretary may provide rental assistance using  
19 a payment standard in accordance with this subsection.  
20 The payment standard shall be used to determine the  
21 monthly assistance which may be paid for any family.

22 “(2)(A) The payment standards may not exceed  
23 the FMR/exception rent limit. The payment stand-  
24 ards may not be less than 80 percent of the FMR/  
25 exception rent limit.

1           “B) The term ‘FMR/exception rent limit’  
2 means the section 8 existing housing fair market  
3 rent published by HUD in accordance with sub-  
4 section (c)(1) or any exception rent approved by  
5 HUD for a designated part of the fair market rent  
6 area. HUD may approve an exception rent of up to  
7 120 percent of the published fair market rent.

8           “(3)(A) For assistance under this subsection  
9 provided by a public housing agency on and after  
10 October 1, 1998, to the extent approved in appro-  
11 priations Acts, the monthly assistance payment for  
12 any family that moves to another unit in another  
13 complex or moves to a single family dwelling shall be  
14 the amount determined by subtracting the family  
15 contribution as determined in accordance with sec-  
16 tion 3(a) from the applicable payment standard, ex-  
17 cept that such monthly assistance payment shall not  
18 exceed the amount by which the rent for the dwell-  
19 ing unit (including the amount allowed for utilities  
20 in the case of a unit with separate utility metering)  
21 exceeds 10 percent of the family’s monthly income.

22           (B) For any family not covered by subpara-  
23 graph (A), the monthly assistance payment for the  
24 family shall be determined by subtracting the family  
25 contribution as determined in accordance with sec-



1       tion 3(a) from the lower of the applicable payment  
2       standard and the rent for the dwelling unit (includ-  
3       ing the amount allowed for utilities in the case of  
4       a unit with separate utility metering).

5               “(4) Assistance payments may be made only  
6       for:

7                       “(A) a family determined to be a very low-  
8       income family at the time the family initially re-  
9       ceives assistance, or

10                      “(B) another low-income family in cir-  
11       cumstances determined by the Secretary.

12               “(5) If a family vacates a dwelling unit before  
13       the expiration of a lease term, no assistance pay-  
14       ment may be made with respect to the unit after the  
15       month during which the unit was vacated.

16               “(6) The Secretary shall require that:

17                      “(A) the public housing agency shall in-  
18       spect the unit before any assistance payment  
19       may be made to determine that the unit meets  
20       housing quality standards for decent, safe, and  
21       sanitary housing established by the Secretary  
22       for the purpose of this section, and

23                      “(B) the public housing agency shall make  
24       annual or more frequent inspections during the  
25       contract term. No assistance payment may be

1           made for a dwelling unit which fails to meet  
2           such quality standards.

3           “(7) The rent for units assisted under this sub-  
4           section shall be reasonable in comparison with rents  
5           charged for comparable units in the private unas-  
6           sisted market. A public housing agency shall review  
7           all rents for units under consideration by families  
8           assisted under this subsection (and all rent increases  
9           for units under lease by families assisted under this  
10          subsection) to determine whether the rent (or rent  
11          increase) requested by an owner is reasonable. If a  
12          public housing agency determines that the rent (or  
13          rent increase) for a unit is not reasonable, the agen-  
14          cy may not approve a lease for such unit.

15          “(8) Except as provided in paragraph (2) of  
16          this subsection, section 8(c) of this Act does not  
17          apply to assistance under this subsection.”.

18          (b) In Section 3(a)(1) of the United States Housing  
19          Act of 1937, the second sentence is revised as follows:

20               (1) by striking “or paying rent under section  
21               8(c)(3)(B)”;

22               (2) by striking “the highest of the following  
23               amounts, rounded to the nearest dollars:” and in-  
24               serting “and the family contribution for a family as-  
25               sisted under section 8(o) or 8(y) shall be the highest

1 of the following amounts, rounded to the next dol-  
 2 lars:”.

3 (c) Section 8(b) of the United States Housing Act  
 4 is amended—

5 (1) by striking “Rental Certificates and Other  
 6 Existing Housing Programs.—” and inserting “(1)”;  
 7 and

8 (2) by striking the second sentence.

9 (d) Section 8 of the United States Housing Act of  
 10 1937 is amended—

11 (1) by striking subsection (c)(3)(B);

12 (2) in subsection (d)(2), by striking subpara-  
 13 graphs (A), (B), (C), (D) and (E); and by redesign-  
 14 ating subparagraphs (F), (G) and (H) as subpara-  
 15 graphs (A), (B) and (C) respectively;

16 (3) in subsection (f)(6), as redesignated by sec-  
 17 tion 306(b)(2) of this Act, by striking “under sub-  
 18 section (b) or (o)”;

19 (4) by striking subsection (j).

20 **SEC. 204. SECTION 8 ADMINISTRATIVE FEES.**

21 Section 202(a)(1)(A) of the Departments of Veterans  
 22 Affairs and Housing and Urban Development, Independ-  
 23 ent Agencies Appropriations Act, 1997 is amended by—

24 (1) striking “7.5 percent” and inserting “7.65  
 25 percent”;

1           (2) striking “a program of” and inserting “one  
2           or more such programs totaling”; and

3           (3) inserting before the final period, “of such  
4           total units”.

5           (b) The amendments made by this section shall be  
6           effective as of October 1, 1997.

7   **SEC. 205. SECTION 8 HOMEOWNERSHIP.**

8           (a) AMENDMENTS TO SECTION 8(y).—Section 8(y) of  
9           the United States Housing Act of 1937 is amended—

10           (1) in paragraph (1), by striking “A family re-  
11           ceiving” through “if the family” and inserting the  
12           following: “A public housing agency providing ten-  
13           ant-based assistance on behalf of an eligible family  
14           under this section may provide assistance for an eli-  
15           gible family that purchases a dwelling unit (includ-  
16           ing a unit under a lease-purchase agreement) that  
17           will be owned by one or more members of the family,  
18           and will be occupied by the family, if the family”;

19           (2) in paragraph (1)(A), by inserting before the  
20           semicolon the following: “, or owns or is acquiring  
21           shares in a cooperative”;

22           (3) in paragraph (1), by amending paragraph  
23           (B) to read as follows:

24           “(B)(i) in the case of disabled families and el-  
25           derly families, demonstrates that the family has in-

1       come from employment or other sources, as deter-  
2       mined in accordance with requirements of the Sec-  
3       retary, in such amount as may be established by the  
4       Secretary; and

5               “(ii) in the case of other families, demonstrates  
6       that the family has income from employment, as de-  
7       termined in accordance with requirements of the  
8       Secretary, in such amount as may be established by  
9       the Secretary;”;

10              (4) in paragraph (1)(C), by striking “except  
11       as” and inserting “except in the case of disabled  
12       families and elderly families and as otherwise”;

13              (5) in paragraph (1), by inserting at the end  
14       the following: “The Secretary or the public housing  
15       agency may target assistance under this subsection  
16       for program purposes, such as to families assisted in  
17       connection with the FHA multifamily demonstration  
18       under section 212 of the Departments of Veterans  
19       Affairs and Housing and Urban Development, and  
20       Independent Agencies Appropriations Act, 1997.”;

21              (6) by amending (2) to read as follows:

22              “(2) DETERMINATION OF AMOUNT OF ASSIST-  
23       ANCE.—The monthly assistance payment for any  
24       family shall be the amount determined by subtract-

ing the family contribution as determined under section 3(a) of this Act from the lower of:

“(A) the applicable payment standard, or

“(B) the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, of the family.”;

(7) by redesignating paragraphs (6), (7), and (8), as paragraphs (9), (10), and (11), respectively;

(8) by striking paragraphs (3), (4), and (5) and inserting the following after paragraph (2):

“(3) INSPECTIONS AND CONTRACT CONDITIONS.—Each contract for the purchase of a unit to be assisted under this section shall provide for pre-purchase inspection of the unit by an independent professional and shall require that any cost of necessary repairs shall be paid by the seller. The requirement under section 8(o)(5)(B) for annual inspections of the unit shall not apply to units assisted under this section.

“(4) DOWNPAYMENT REQUIREMENT.—Each public housing agency providing assistance under this subsection shall require that each assisted family make a significant contribution, from its own resources, determined in accordance with guidelines established by the Secretary, to cover all or a portion

1 of the downpayment required in connection within  
2 the purchase, which may include credit for work by  
3 one or more family members to improve the dwelling  
4 (“sweat equity”).

5 “(5) RESERVE FOR REPLACEMENTS.—The Sec-  
6 retary shall require each family to pay an amount  
7 equal to one percent of the monthly amount payable  
8 by the family for principal and interest on its acqui-  
9 sition loan into a reserve for repairs and replace-  
10 ments for five years after the date of purchase. Any  
11 amounts remaining in the reserve after five years  
12 shall be paid to the family.

13 “(6) APPLICATION OF NEW PROCEEDS UPON  
14 SALE.—The Secretary shall require that the net pro-  
15 ceeds upon sale by a family of a unit owned by the  
16 family while it received assistance under this sub-  
17 section shall be divided between the public housing  
18 agency and the family. The Secretary shall establish  
19 guidelines for determining the amount to be received  
20 by the family and the amount to be received by the  
21 agency, which shall take into account the relative  
22 amount of assistance provided on behalf of the fam-  
23 ily in comparison with the amount paid by the fam-  
24 ily from its own resources. The secretary shall re-  
25 quire the agency to use any amounts received under

1       this paragraph to provide assistance under sub-  
2       section (o) or this subsection.

3           “(7) LIMITATION ON SIZE OF PROGRAM.—A  
4       public housing agency may permit no more than 10  
5       percent of the families receiving tenant-based assist-  
6       ance provided by the agency to use the assistance  
7       for homeownership under this subsection. The Sec-  
8       retary may permit no more than 5 percent of all  
9       families receiving tenant-based assistance to use the  
10      assistance for homeownership under this subsection.

11          “(8) OTHER PROGRAM REQUIREMENTS.—The  
12      Secretary may establish such other requirements and  
13      limitations the Secretary determines to be appro-  
14      priate in connection with the provision of assistance  
15      under this section, which may include limiting the  
16      term of assistance for a family. The Secretary may  
17      modify the requirements of this subsection where  
18      necessary to make appropriate adaptations for lease-  
19      purchase agreements. The Secretary shall establish  
20      performance measures and procedures to monitor  
21      the provision of assistance under this subsection in  
22      relation to the purposes of providing homeownership  
23      opportunities for eligible families.”;

24          (9) paragraph (10)(A), as redesignated by para-  
25      graph (7) of this section, is amended—



1 (A) by striking “dwelling, (ii)” and insert-  
2 ing “dwelling, and (ii)”; and

3 (b) striking “, (iii)” and all that follows up to  
4 the period; and

5 (10) by inserting after paragraph (11), as re-  
6 designated by paragraph (7) of this section, the fol-  
7 lowing:

8 “(12) SUNSET.—The authority to provide as-  
9 sistance to additional families under this subsection  
10 shall terminate on September 30, 2022. The Sec-  
11 retary shall then prepare a report evaluating the ef-  
12 fectiveness of homeownership assistance under this  
13 subsection.”.

14 (b) FAMILY SELF-SUFFICIENCY ESCROW.—Section  
15 23(d)(3) of the United States Housing Act of 1937 is re-  
16 pealed.

17 **SEC. 206. WELFARE TO WORK CERTIFICATES.**

18 (a) To the extent of amounts approved in appropria-  
19 tions Acts, the Secretary may provide funding for welfare  
20 to work certificates in accordance with this section. “Cer-  
21 tificates” means tenant-based rental assistance in accord-  
22 ance with section 8(o) of the United States Housing Act  
23 of 1937.

24 (b) Funding under this section shall be used for a  
25 demonstration linking use of such certificate assistance

1 with welfare reform initiatives to help families make the  
2 transition from welfare to work, and for technical assist-  
3 ance in connection with such demonstration.

4 (c) Funding may only be awarded upon joint applica-  
5 tion by a public housing agency and a State or local wel-  
6 fare agency. Allocation of demonstration funding is not  
7 subject to section 213 of the Housing and Community De-  
8 velopment Act of 1974.

9 (d) Assistance provided under this section shall not  
10 be taken into account in determining the size of the family  
11 self-sufficiency program of a public housing agency under  
12 section 23 of the United States Housing Act of 1937.

13 (e) For purposes of the demonstration, the Secretary  
14 may waive, or specify alternative requirements for, re-  
15 quirements established by or under this Act concerning  
16 the certificate program, including requirements concerning  
17 the amount of assistance, the family contribution, and the  
18 rent payable by the family.

19 **SEC. 207. EFFECT OF FAILURE TO COMPLY WITH PUBLIC**  
20 **ASSISTANCE REQUIREMENTS.**

21 Section 3(a) of the United States Housing Act of  
22 1937, as amended by section 102, is amended by inserting  
23 the following after paragraph (3):

24 “(4) If the welfare or public assistance benefits  
25 of a covered family, as defined in subparagraph

1 (G)(i), are reduced under a Federal, State, or local  
2 law regarding such an assistance program because of  
3 any failure of any member of the family to comply  
4 with program conditions requiring participation in a  
5 self-sufficiency program or requiring work activities  
6 as defined in subparagraphs (G)(ii) and (iii), the  
7 family may not, for the duration of the reduction,  
8 have the amount of rent or family contribution de-  
9 termined under this subsection reduced as the result  
10 of any decrease in the income of the family (to the  
11 extent that the decrease in income is the result of  
12 the benefits reduction).

13 “(B) If the welfare or public assistance benefits  
14 of a covered family are reduced under a Federal,  
15 State, or local law regarding the welfare or public  
16 assistance program because of any failure of any  
17 member of the family to comply with the self-suffi-  
18 ciency or work activities requirements, the portion of  
19 the amount of any increase in the earned income of  
20 the family occurring after such reduction up to the  
21 amount of the reduction for noncompliance shall not  
22 result in an increase in the amount of rent or family  
23 contribution determined under this subsection dur-  
24 ing the period the family would otherwise be eligible

1 for welfare or public assistance benefits under the  
2 program.

3 “(C) Any covered family residing in public  
4 housing that is affected by the operation of this  
5 paragraph shall have the right to review the deter-  
6 mination under this paragraph through the adminis-  
7 trative grievance procedures established pursuant to  
8 section 6(k) for the public housing agency.

9 “(D) Subparagraph (A) shall not apply to any  
10 covered family before the public housing agency pro-  
11 viding assistance under this Act on behalf of the  
12 family receives written notification from the relevant  
13 welfare or public assistance agency specifying that  
14 the benefits of the family have been reduced because  
15 of noncompliance with self-sufficiency program re-  
16 quirements and the level of such reduction.

17 “(E) Subparagraph (A) shall not apply in any  
18 case in which the benefits of a family are reduced  
19 because the welfare or public assistance program to  
20 which the Federal, State, or local law relates limits  
21 the period during which benefits may be provided  
22 under the program.

23 “(F) This paragraph may not be construed to  
24 authorize any public housing agency to limit the du-

1       ration of tenancy in a public housing dwelling unit  
2       or of tenant-based assistance.

3               “(G) For purposes of this section—

4               “(i) The term ‘covered family’ means a family  
5       that—

6                       “(I) receives benefits for welfare or  
7                       public assistance from a State or other  
8                       public agency under a program for which  
9                       the Federal, State, or local law relating to  
10                      the program requires, as a condition of eli-  
11                      gibility for assistance under the program,  
12                      participation of a member of the family in  
13                      a self-sufficiency program or work activi-  
14                      ties; and

15                     “(II) resides in a public housing  
16                     dwelling unit or receives assistance under  
17                     section 8.

18               “(ii) The term ‘self-sufficiency program’  
19       means any program designed to encourage, as-  
20       sist, train, or facilitate the economic independ-  
21       ence of participants, including programs for job  
22       training, employment counseling, work place-  
23       ment, basic skills training, education, workfare,  
24       money or household management, apprentice-  
25       ship, or other activities.

- 1 “(iii) The term ‘work activities’ means—  
2 “(I) unsubsidized employment;  
3 “(II) subsidized private sector employ-  
4 ment;  
5 “(III) subsidized public sector employ-  
6 ment;  
7 “(IV) work experience (including work  
8 associated with the refurbishing of publicly  
9 assisted housing) if sufficient private sec-  
10 tor employment is not available;  
11 “(V) on-the job training;  
12 “(VI) job search and job readiness as-  
13 sistance;  
14 “(VII) community service programs;  
15 “(VIII) vocational education training  
16 (not to exceed 12 months with respect to  
17 any individual;  
18 “(IX) job skills training directly relat-  
19 ed to employment;  
20 “(X) education directly related to em-  
21 ployment, in the case of a recipient who  
22 has not received a high school diploma or  
23 certificate of high school equivalency;  
24 “(XI) satisfactory attendance at sec-  
25 ondary school or in a course of study lead-

1           ing to a certificate of general equivalence,  
 2           in the case of a recipient who has not com-  
 3           pleted secondary school or received such a  
 4           certificate; and

5           “(XII) the provision of child care  
 6           services to an individual who is participat-  
 7           ing in a community service program.”.

8   **SEC. 208. STREAMLINING SECTION 8 TENANT-BASED AS-**  
 9           **SISTANCE.**

10       (a) “TAKE-ONE, TAKE-ALL.”—Section 8(t) of the  
 11   United States Housing Act of 1937 is hereby repealed.

12       (b) EXEMPTION FROM NOTICE REQUIREMENTS FOR  
 13   THE CERTIFICATE AND VOUCHER PROGRAMS.—Section  
 14   8(c) of such Act is amended—

15           (1) in paragraph (8), by inserting after “sec-  
 16   tion” the following: “(other than a contract for ten-  
 17   ant-based assistance)”; and

18           (2) in the first sentence of paragraph (9), by  
 19   striking “(but not less than 90 days in the case of  
 20   housing certificates or vouchers under subsection (b)  
 21   or (o))” and inserting “, other than a contract for  
 22   tenant-based assistance under this section”.

23       (c) ENDLESS LEASE.—Section 8(d)(1)(B) of such  
 24   Act is amended—

1           (1) in clause (ii), by inserting “during the term  
2       of the lease,” after “(ii)”; and

3           (2) in clause (iii), by striking “provide that”  
4       and inserting “during the term of the lease,”.

5       (d) REPEAL.—Section 203 of the Departments of  
6 Veterans Affairs and Housing and Urban Development,  
7 and Independent Agencies Appropriations Act, 1996 is  
8 hereby repealed.

9       **SEC. 209. INCOME VERIFICATION.**

10       (a) REINSTITUTION OF REQUIREMENTS REGARDING  
11 HUD ACCESS TO CERTAIN INFORMATION OF STATE  
12 AGENCIES.—

13           (1) IN GENERAL.—Subsection (i) of section 303  
14       of the Social Security Act is amended by striking  
15       paragraph (5).

16           (2) EFFECTIVE DATE.—The amendment made  
17       by this subsection shall apply to requests for infor-  
18       mation made after the date of the enactment of this  
19       Act.

20       (b) REPEAL OF TERMINATION REGARDING HOUSING  
21 ASSISTANCE PROGRAMS.—Subparagraph (D) of section  
22 6103(1)(7) of the Internal Revenue Code of 1986 is  
23 amended by striking the last sentence.



1 **SEC. 210. NONDISCRIMINATION AGAINST CERTIFICATE**  
2 **AND VOUCHER HOLDERS.**

3 In the case of any multifamily rental housing that  
4 is receiving, or (except for insurance referred to in para-  
5 graph (4)) has received within two years before the effec-  
6 tive date of this section, the benefit of Federal assistance  
7 from an agency of the United States, the owner shall not  
8 refuse to lease a reasonable number of units to families  
9 under the tenant-based assistance program under section  
10 8 of the United States Housing Act of 1937 because of  
11 the status of the prospective tenants as families under that  
12 program. The Secretary shall establish reasonable time pe-  
13 riods for applying the requirement of this section, taking  
14 into account the total amount of the assistance and the  
15 relative share of the assistance compared to the total cost  
16 of financing, developing, rehabilitating, or otherwise as-  
17 sisting a project. Federal assistance for purposes of this  
18 subsection shall mean—

19 (1) project-based assistance under the United  
20 States Housing Act of 1937;

21 (2) assistance under title I of the Housing and  
22 Community Development Act of 1974;

23 (3) assistance under title II of the Cranston-  
24 Gonzalez National Affordable Housing Act;

25 (4) mortgage insurance under the National  
26 Housing Act;

1           (5) low-income housing tax credits under sec-  
2           tion 42 of the Internal Revenue Code of 1986;

3           (6) assistance under title IV of the Stewart B.  
4           McKinney Homeless Assistance Act; and

5           (7) assistance under any other programs des-  
6           ignated by the Secretary of Housing and Urban De-  
7           velopment.

8   **SEC. 211. RECAPTURE AND REUSE OF ACC PROJECT RE-**  
9                   **SERVES UNDER THE TENANT-BASED ASSIST-**  
10                  **ANCE PROGRAM.**

11       Section 8(d) of the United States Housing Act of  
12   1937 is amended by inserting at the end the following new  
13   paragraph:

14           “(5) To the extent that the Secretary deter-  
15       mines that the amount in the ACC reserve account  
16       under a contract with a public housing agency for  
17       tenant-based assistance under this section is in ex-  
18       cess of the amount needed by the agency, the Sec-  
19       retary shall recapture such excess amount. The Sec-  
20       retary may hold recaptured amounts in reserve until  
21       needed to amend or renew such contracts with any  
22       agency.”.

1 **SEC. 212. EXPANDING THE COVERAGE OF THE PUBLIC AND**  
 2 **ASSISTED HOUSING DRUG ELIMINATION ACT**  
 3 **OF 1990 TO INCLUDE OTHER TYPES OF CRIME**  
 4 **AND TO PROVIDE FORMULA FUNDING.**

5 (a) The Public and Assisted Housing Drug Elimination Act of 1990 is amended—

7 (1) in section 5126(2)—

8 (A) in the heading, by inserting “AND  
 9 OTHER” after “RELATED”;

10 (B) by striking “drug-related crime” and  
 11 inserting “drug-related and other crime”; and

12 (C) by inserting before the period the following: “and, as determined by the Secretary,  
 13 other types of crime”; and

15 (2) in sections 5122(2), 5122(4), 5123,  
 16 5124(a)(4)(A), 5124(b), 5125(a), 5125(b)(1),  
 17 5125(c)(2), 5125(d), and 5128, by striking “drug-  
 18 related crime” and inserting “drug-related and other  
 19 crime”.

20 (b) Section 5125 of such Act is amended—

21 (1) in the heading (and in the table of contents  
 22 in section 5001 of the Anti-Drug Abuse Act of 1988  
 23 accordingly), by inserting after “**APPLICATIONS**”  
 24 the following: “**AND FORMULA ALLOCATION**”;

25 (2) by striking “(a) IN GENERAL” and in-  
 26 serting “(a)(1) APPLICATIONS”;

1           (3) by redesignating subsections (b), (b)(1),  
2           (b)(2), (b)(3), and (b)(4) as subsections (b)(2),  
3           (a)(2)(A), (a)(2)(B), (a)(2)(C), and (a)(2)(D);

4           (4) by redesignating subsections (c), (c)(1), and  
5           (c)(2) as subsections (a)(3), (a)(3)(A), and  
6           (a)(3)(B);

7           (5) by redesignating subsection (d) as sub-  
8           section (a)(4);

9           (6) in subsection (a)(1), as redesignated, by  
10          striking “a public housing agency, a public housing  
11          resident management corporation, or”;

12          (7) in subsection (a)(2), as redesignated—

13                (A) by striking “subsections (c) and (d)”  
14                and inserting “paragraphs (3) and (4)”; and

15                (B) in subparagraphs (A) and (B), by  
16                striking “public or” the two places it appears;

17          (8) in subsection (a)(3), as redesignated, by  
18          striking “subsection (b)” and inserting “paragraph  
19          (2)”;

20          (9) in subsection (a)(4), as redesignated, by  
21          striking “subsection (b)” and inserting “paragraph  
22          (2)”;

23          (10) by adding the following new subsection at  
24          the end:

1       “(b) FORMULA ALLOCATION.—After setting aside  
 2 amounts as provided in section 5130, the Secretary shall  
 3 make grants to eligible recipients, except for owners of  
 4 federally assisted low-income housing, in accordance with  
 5 a formula established by the Secretary, which shall—

6               “(1) take into account the needs of the eligible  
 7 recipient for anti-drug and anti-crime funding, and  
 8 the amount of funding that the eligible recipient has  
 9 received under this chapter during fiscal years 1995,  
 10 1996, and 1997; and

11               “(2) not exclude an eligible recipient that has  
 12 not received funding during such fiscal years.

13 The Secretary may withhold, withdraw, or deny funds to  
 14 a grantee if the Secretary determines that the grantee has  
 15 not demonstrated satisfactory performance under a secu-  
 16 rity indicator established by the Secretary.”.

17       (c) Section 5128 of such Act is amended by striking  
 18 “section 5125(a)” and inserting “section 5125(a)(1), sec-  
 19 tion 5A(a)(1)(D)(iv) of the United States Housing Act of  
 20 1937, or section 102(c)(4)(J) of the Native American  
 21 Housing Assistance and Self-Determination Act of 1996”.

22       (d) Section 5130 of such Act is amended—

23               (1) by amending the first sentence of subsection

24               (a) to read as follows:

1       “There are authorized to be appropriated to carry out  
2 this chapter \$290,000,000 for fiscal year 1998 and such  
3 sums as may be necessary for fiscal years 1999, 2000,  
4 2001, 2002.”;

5           (2) in subsection (b)—

6               (A) by striking “SET-ASIDES” and insert-  
7 ing “SET-ASIDE FOR FEDERALLY ASSISTED  
8 LOW-INCOME HOUSING”; and

9               (B) by striking the second sentence; and

10          (3) by amending subsection (c) to read as fol-  
11 lows:

12       “(c) SET-ASIDE FOR TECHNICAL ASSISTANCE.—Of  
13 any amount made available in any fiscal year to carry out  
14 this chapter, the Secretary shall set aside amounts, to be  
15 provided directly or indirectly by grants, contracts, or co-  
16 operative agreements, for training, technical assistance,  
17 program assessment, execution, and other assistance for  
18 or on behalf of public housing agencies, tribally, des-  
19 ignated housing entities, resident organizations, and offi-  
20 cials and employees of the Department (including training  
21 and the cost of necessary travel for participants in such  
22 training, by or to officials and employees of the Depart-  
23 ment and of public housing agencies, and to residents and  
24 other eligible grantees.”.

1 **TITLE III—“ONE STRIKE AND**  
2 **YOU’RE OUT” OCCUPANCY**  
3 **PROVISIONS**

4 **SEC. 301. SCREENING OF APPLICANTS.**

5 (a) INELIGIBILITY BECAUSE OF PAST EVICTIONS.—

6 Any household or member of a household evicted from fed-  
7 erally assisted housing (as defined in section 305(a)) by  
8 reason of drug-related criminal activity (as defined in sec-  
9 tion 305(c)) or for other serious violations of the terms  
10 or conditions of the lease shall not be eligible for federally  
11 assisted housing—

12 (1) in the case of eviction by reason of drug-re-  
13 lated criminal activity, for a period of not less than  
14 three years from the date of the eviction unless the  
15 evicted member of the household successfully com-  
16 pletes a rehabilitation program; and

17 (2) for other evictions, for a reasonable period  
18 of time as determined by the public housing agency  
19 or owner of the federally assisted housing, as appli-  
20 cable.

21 The requirements of paragraphs (1) and (2) may be  
22 waived if the circumstances leading to eviction no longer  
23 exists.

24 (b) INELIGIBILITY OF ILLEGAL DRUG USERS AND  
25 ALCOHOL ABUSERS.—Notwithstanding any other provi-

1 sion of law, a public housing agency or an owner of feder-  
2 ally assisted housing, or both, as determined by the Sec-  
3 retary, shall establish standards that prohibit admission  
4 to the program or admission to federally assisted housing  
5 for any household with a member—

6 (1) who the public housing agency or the owner  
7 determines is engaging in the illegal use of a con-  
8 trolled substance; or

9 (2) with respect to whom the public housing  
10 agency or the owner determines that it has reason-  
11 able cause to believe that such household member's  
12 illegal use (or pattern of illegal use) of a controlled  
13 substance, or abuse (or pattern of abuse) of alcohol  
14 would interfere with the health, safety, or right to  
15 peaceful enjoyment of the premises by other resi-  
16 dents.

17 (c) CONSIDERATION OF REHABILITATION.—In deter-  
18 mining whether, pursuant to subsection (b)(2), to deny ad-  
19 mission to the program or to federally assisted housing  
20 to any household based on a pattern of illegal use of a  
21 controlled substance or a pattern of abuse of alcohol by  
22 a household member, a public housing agency or an owner  
23 may consider whether such household member—

24 (1) has successfully completed an accredited  
25 drug or alcohol rehabilitation program (as applica-



1       ble) and is no longer engaging in the illegal use of  
2       a controlled substance or abuse of alcohol (as appli-  
3       cable);

4           (2) has otherwise been rehabilitated successfully  
5       and is no longer engaging in the illegal use of a con-  
6       trolled substance or abuse of alcohol (as applicable);  
7       or

8           (3) is participating in an accredited drug or al-  
9       cohol rehabilitation program (as applicable) and is  
10      no longer engaging in the illegal use of a controlled  
11      substance or abuse of alcohol (as applicable).

12      (d) **AUTHORITY TO DENY ADMISSION TO THE PRO-**  
13 **GRAM OR TO FEDERALLY ASSISTED HOUSING FOR CER-**  
14 **TAIN CRIMINAL OFFENDERS.**—In addition to the provi-  
15 sions of subsections (a) and (b) and in addition to any  
16 other authority to screen applicants, in selecting among  
17 applicants for admission to the program or to federally  
18 assisted housing, if the public housing agency or owner  
19 of such housing, as applicable, determines that an appli-  
20 cant or any member of the applicant’s household is or was,  
21 during a reasonable time preceding the date when the ap-  
22 plicant household would otherwise be selected for admis-  
23 sion, engaged in any drug-related or violent criminal activ-  
24 ity or other criminal activity which would adversely affect  
25 the health, safety, or right to peaceful enjoyment of the

1 premises by other residents, the owner or public housing  
2 agency may—

3           (1) deny such applicant admission to the pro-  
4 gram or to federally assisted housing; and

5           (2) after expiration of the reasonable period be-  
6 ginning upon such activity, require the applicant, as  
7 a condition of admission to the program or to feder-  
8 ally assisted housing, to submit to the owner or pub-  
9 lic housing agency housing, to submit to the owner  
10 or public housing agency evidence sufficient (as the  
11 Secretary shall by regulation provide) to ensure that  
12 the individual or individuals in the applicant's house-  
13 hold who engaged in such criminal activity for which  
14 denial was made under this subsection have not en-  
15 gaged in any such criminal activity during such rea-  
16 sonable time.

17       (e) **AUTHORITY TO REQUIRE ACCESS TO CRIMINAL**  
18 **RECORDS.**—A public housing agency may require, as a  
19 condition of providing admission to the public housing pro-  
20 gram, that each adult member of the household provide  
21 a signed, written authorization for the public housing pro-  
22 vide a signed, written authorization for the public housing  
23 agency to obtain records described in section 304 regard-  
24 ing such member of the household from the National

1 Crime Information Center, police departments, and other  
2 law enforcement agencies.

3 **SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.**

4 (a) TERMINATION OF TENANCY AND ASSISTANCE  
5 FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—  
6 Notwithstanding any other provision of law, a public hous-  
7 ing agency or an owner of federally assisted housing, as  
8 applicable, shall establish standards or lease provisions for  
9 continued assistance or occupancy in federally assisted  
10 housing that allow a public housing agency or the owner,  
11 as applicable, to terminate the tenancy or assistance for  
12 any household with a member—

13 (1) who the public housing agency or owner de-  
14 termines is engaging in the illegal use of a controlled  
15 substance; or

16 (2) whose illegal use of a controlled substance,  
17 or whose abuse of alcohol, is determined by the pub-  
18 lic housing agency or owner to interfere with the  
19 health, safety, or right to peaceful enjoyment of the  
20 premises by other residents.

21 (b) TERMINATION OF ASSISTANCE FOR SERIOUS  
22 LEASE VIOLATION.—Nowtiwthstanding any other provi-  
23 sion of law, the public housing agency must terminate ten-  
24 ant-based assistance for all household members if the

1 household is evicted from assisted housing for serious vio-  
2 lation of the lease.

3 **SEC. 303. LEASE REQUIREMENTS.**

4 In addition to any other applicable lease require-  
5 ments, each lease for a dwelling unit in federally assisted  
6 housing shall provide that—

7 (1) the owner may not terminate the tenancy  
8 except for serious or repeated violation of the terms  
9 and conditions of the lease, violation of applicable  
10 Federal, State, or local law, or other good cause;  
11 and

12 (2) grounds for termination of tenancy shall in-  
13 clude any activity, engaged in by the tenant, any  
14 member of the tenant's household, any guest, or any  
15 other person under the control of any member of the  
16 household, that—

17 (A) threatens the health or safety of, or  
18 right to peaceful enjoyment of the premises by,  
19 other tenants or employees of the public hous-  
20 ing agency, owner or other manager of the  
21 housing,

22 (B) threatens the health or safety of, or  
23 right to peaceful enjoyment of their residences  
24 by, persons residing in the immediate vicinity of  
25 the premises, or

1 (C) is drug-related or violent criminal activity  
2 on or off the premises.

3 **SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUB-**  
4 **LIC HOUSING TENANT SCREENING AND EVIC-**  
5 **TION.**

6 (a) IN GENERAL.—

7 (1) PROVISION OF INFORMATION.—Notwith-  
8 standing any other provision of law other than para-  
9 graphs (2) and (3), upon the request of a public  
10 housing agency, the National Crime Information  
11 Center, a police department, and any other law en-  
12 forcement agency shall provide to the public housing  
13 agency information regarding the criminal conviction  
14 records of an adult applicant for, or tenants of, the  
15 public housing for purposes of applicant screening,  
16 lease enforcement, and eviction, but only if the pub-  
17 lic housing agency requests such information and  
18 presents to such Center, department, or agency a  
19 written authorization, signed by such applicant, for  
20 the release of such information to such public hous-  
21 ing agency.

22 (2) EXCEPTION.—A law enforcement agency  
23 described in paragraph (1) shall provide information  
24 under this paragraph relating to any criminal con-  
25 viction of a juvenile only to the extent that the re-

1        lease of such information is authorized under the  
2        law of the applicable State, tribe, or locality.

3        (b) CONFIDENTIALITY.—A public housing agency re-  
4        ceiving information under this section may use such infor-  
5        mation only for the purposes provided in this section and  
6        such information may not be disclosed to any person who  
7        is not an officer, employee, or authorized representatives  
8        of the public housing agency and who has a job-related  
9        need to have access to the information in connection with  
10       admission of applicants, eviction of tenants, or termination  
11       of assistance. However, for judicial eviction proceedings,  
12       disclosures may be made to the extent necessary. The Sec-  
13       retary shall, by regulation, establish procedures necessary  
14       to ensure that information provided under this section to  
15       any public housing agency is used, and confidentiality of  
16       such information is maintained, as required under this  
17       section.

18       (c) OPPORTUNITY TO DISPUTE.—Before an adverse  
19       action is taken with regard to assistance for public hous-  
20       ing on the basis of a criminal record, the public housing  
21       agency shall provide the tenant or applicant with a copy  
22       of the criminal record and an opportunity to dispute the  
23       accuracy and relevance of that record.

1 (d) FEE.—A public housing agency may be charged  
2 a reasonable fee for information provided under subsection  
3 (a).

4 (e) RECORDS MANAGEMENT.—Each public housing  
5 agency that receives criminal record information under  
6 this section shall establish and implement a system of  
7 records management that ensures that any criminal record  
8 received by the agency is—

9 (1) maintained confidentially;

10 (2) not misused or improperly disseminated;

11 and

12 (3) destroyed in a timely fashion, once the pur-  
13 pose for which the record was requested has been  
14 accomplished.

15 (f) PENALTY.—Any person who knowingly and will-  
16 fully requests or obtains any information concerning an  
17 applicant for, or resident of, public housing pursuant to  
18 the authority under this section under false pretenses, or  
19 any person who knowingly or willfully discloses any such  
20 information in any manner to any individual not entitled  
21 under any law to receive it, shall be guilty of a mis-  
22 demeanor and fined not more than \$5,000. The term  
23 “person” as used in this subsection shall include an offi-  
24 cer, employee, or authorized representative of any public  
25 housing agency.

1 (g) CIVIL ACTION.—Any applicant for, or resident of,  
2 public housing affected by (1) a negligent or knowing dis-  
3 closure of information referred to in this section about  
4 such person by an officer or employee of any public hous-  
5 ing agency, which disclosure is not authorized by this sec-  
6 tion, or (2) any other negligent or knowing action that  
7 is inconsistent with this section, may bring a civil action  
8 for damages and such other relief as may be appropriate  
9 against any public housing agency responsible for such un-  
10 authorized action. The district court of the United States  
11 in the district in which the affected applicant or resident  
12 resides, in which such unauthorized action occurred, or in  
13 which the officer or employee alleged to be responsible for  
14 any such unauthorized action resides, shall have jurisdic-  
15 tion in such matters. Appropriate relief that may be or-  
16 dered by such district courts shall include reasonable at-  
17 torney’s fees and other litigation costs.

18 (h) DEFINITION OF ADULT.—For purposes of this  
19 section, the term “adult” means a person who is 18 years  
20 of age or older, or who has been convicted of a crime as  
21 an adult under any Federal, State, or tribal law.

22 **SEC. 305. DEFINITIONS.**

23 For purposes of this title, the following definitions  
24 shall apply:



1 (a) FEDERALLY ASSISTED HOUSING.—The term  
2 “federally assisted housing” means a unit in—

3 (1) public housing under the United States  
4 Housing Act of 1937;

5 (2) housing assisted under section 8 of the  
6 United States Housing Act of 1937 including both  
7 tenant-based assistance and project-based assistance;

8 (3) housing that is assisted under section 202  
9 of the Housing act of 1959 (as amended by section  
10 801 of the Cranston-Gonzalez National Affordable  
11 Housing Act);

12 (4) housing that is assisted under section 202  
13 of the Housing Act of 1959, as such section existed  
14 before enactment of the Cranston-Gonzalez National  
15 Affordable Housing Act;

16 (5) housing that is assisted under section 811  
17 of the Cranston-Gonzalez National Affordable Hous-  
18 ing Act;

19 (6) housing financed by a loan or mortgage in-  
20 sured under section 221(d)(3) of the National Hous-  
21 ing Act that bears interest at a rate determined  
22 under the proviso of section 221(d)(5) of such Act;

23 (7) housing with a mortgage insured, assisted,  
24 or held by the Secretary or a State or State agency  
25 under section 236 of the National Housing Act; and

1           (8) for purposes only of subsections 301(c),  
2           301(d), 303, and 304, housing assisted under sec-  
3           tion 515 of the Housing Act of 1949.

4           (b) DRUG-RELATED CRIMINAL ACTIVITY.—The term  
5           “drug-related criminal activity” means the illegal manu-  
6           facture, sale, distribution, use, or possession with intent  
7           to manufacture, sell, distribute, or use, of a controlled sub-  
8           stance (as defined in section 102 of the Controlled Sub-  
9           stances Act (21 U.S.C. 802)).

10          (c) OWNER.—The term “owner” means, with respect  
11          to federally assisted housing, the entity or private person,  
12          including a cooperative or public housing agency, that has  
13          the legal right to lease or sublease dwelling units in such  
14          housing.

15       **SEC. 306. CONFORMING AMENDMENTS.**

16          (a) CONSOLIDATION OF PUBLIC HOUSING ONE  
17          STRIKE PROVISIONS.—Section 6 of the United States  
18          Housing act of 1937 is amended—

19               (1) by striking subsections (l)(4) and (l)(5) and  
20               the last sentence of subsection (l), and redesignating  
21               paragraphs (6) and (7) as paragraphs (4) and (5);

22               (2) by striking subsection (q); and

23               (3) by striking subsection (r).

1 (b) CONSOLIDATION OF SECTION 8 ONE STRIKE  
2 PROVISIONS.—Section 8 of the United States Housing Act  
3 of 1937 (42 U.S.C. 1437f) is amended—

4 (1) by striking subsections (d)(1)(B)(ii) and  
5 (d)(1)(B)(iii), and redesignating clauses (iv) and (v)  
6 as clauses (ii) and (iii); and

7 (2) by striking subsections (f)(5) and redesignig-  
8 nating Paragraphs (6) and (7) as paragraphs (5)  
9 and (6), respectively.

10 (c) CONSOLIDATION OF ONE STRIKE ELIGIBILITY  
11 PROVISIONS.—Section 16 of the United States Housing  
12 Act of 1937 is amended by striking subsection (e).

○