112TH CONGRESS 1ST SESSION

S. 624

To authorize the Department of Housing and Urban Development to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with access to economic opportunities, by revitalizing severely distressed housing, and investing and leveraging investments in well-functioning services, educational opportunities, public assets, public transportation, and improved access to jobs.

IN THE SENATE OF THE UNITED STATES

March 17, 2011

Mr. Menendez introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To authorize the Department of Housing and Urban Development to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with access to economic opportunities, by revitalizing severely distressed housing, and investing and leveraging investments in well-functioning services, educational opportunities, public assets, public transportation, and improved access to jobs.

- 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; TABLE OF CONTENTS.

- 2 (a) Short Title.—This Act may be cited as the
- 3 "Choice Neighborhoods Initiative Act of 2011".
- 4 (b) Table of Contents for
- 5 this Act is as follows:
 - Sec. 1. Short title; table of contents.
 - Sec. 2. Findings and purposes.
 - Sec. 3. Grant authority.
 - Sec. 4. Eligible entities.
 - Sec. 5. Eligible neighborhoods.
 - Sec. 6. Authorized activities.
 - Sec. 7. Interagency consultation and notification of available funding.
 - Sec. 8. Transformation plan and selection.
 - Sec. 9. Program requirements.
 - Sec. 10. Definitions.
 - Sec. 11. Demolition and disposition.
 - Sec. 12. Administration by other entities.
 - Sec. 13. Withdrawal of funding.
 - Sec. 14. Annual report.
 - Sec. 15. Program evaluation.
 - Sec. 16. Funding.

6 SEC. 2. FINDINGS AND PURPOSES.

- 7 (a) FINDINGS.—Congress finds that—
- 8 (1) the geographic concentration of poverty re-
- 9 mains a serious and often unrecognized challenge to
- the ability of poor families and children to access op-
- portunity and move up the economic ladder;
- 12 (2) the HOPE VI program, authorized by sec-
- tion 24 of the United States Housing Act of 1937
- 14 (42 U.S.C. 1437v), presented a successful first step
- in transforming neighborhoods of extreme poverty
- with severely distressed housing into revitalized
- 17 mixed-income neighborhoods;

- 1 (3) there remains a large amount of severely 2 distressed public and privately owned assisted hous-3 ing concentrated in neighborhoods of extreme pov-4 erty; and
 - (4) a broader approach is needed, using concentrated and coordinated neighborhood investment from multiple sources to transform neighborhoods of extreme poverty into communities that will improve the quality of life of current and future residents.

(b) Purposes.—The purposes of this Act are—

- (1) to transform neighborhoods of extreme poverty into mixed-income neighborhoods of long-term viability, by revitalizing severely distressed housing, improving access to economic opportunities, and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs;
- (2) to grow communities and metropolitan areas by concentrating, leveraging, and coordinating Federal, State, local, and private funding for public transportation, education, housing, energy, health and mental health services, supportive services, public safety, and environmental programs and initiatives:

- 1 (3) to support positive outcomes for all neigh-
- 2 borhood residents, including improvements in edu-
- 3 cational achievements, and economic self-sufficiency;
- 4 and
- 5 (4) to ensure that current residents benefit
- 6 from transformation by preserving affordable hous-
- 7 ing in the neighborhood or providing residents with
- 8 the choice to move to affordable housing in another
- 9 neighborhood of opportunity.

10 SEC. 3. GRANT AUTHORITY.

- 11 The Secretary is authorized to make competitive
- 12 grants to eligible entities that submit transformation plans
- 13 that will further the purposes of this Act in eligible neigh-
- 14 borhoods.

15 SEC. 4. ELIGIBLE ENTITIES.

- 16 Entities eligible to be grantees under this Act include
- 17 local governments, public housing agencies, community de-
- 18 velopment corporations (as defined in section 204(b)(11)
- 19 of the Departments of Veterans Affairs and Housing and
- 20 Urban Development, and Independent Agencies Appro-
- 21 priations Act, 1997 (12 U.S.C. 1715z–11a(b)(11)), as-
- 22 sisted housing owners, and other for-profit and nonprofit
- 23 entities.

SEC. 5. ELIGIBLE NEIGHBORHOODS.

2	Eligible neighborhoods for grant funds under this Act
3	include neighborhoods with—

- 4 (1) a concentration of extreme poverty;
- 5 (2) severely distressed housing; and
- 6 (3) a potential for long-term viability, once key 7 problems are addressed, including neighborhoods 8 with characteristics such as proximity to educational 9 institutions, medical centers, central business dis-10 tricts, major employers, effective transportation al-11 ternatives (including public transit, walking, and bi-12 cycling) and being close to low-poverty neighbor-

14 SEC. 6. AUTHORIZED ACTIVITIES.

- 15 (a) In General.—Activities authorized to be funded
- 16 under this Act are those that will further the purposes
- 17 of this Act, in accordance with a transformation plan ap-
- 18 proved under section 8, to carry out transformational pro-
- 19 grams and initiatives.

hoods.

- 20 (b) REQUIRED ACTIVITIES.—The following author-
- 21 ized activities shall be contained in the transformation
- 22 plan to be submitted under section 8 and implemented by
- 23 a grantee under an approved transformation plan:
- 24 (1) The transformation of housing through re-
- 25 habilitation, preservation, or demolition, or any com-
- bination thereof, and replacement of severely dis-

- tressed housing projects that incorporates energy efficient design principles.
 - (2) Activities that promote the economic selfsufficiency of residents of the revitalized housing and of the surrounding neighborhood.
 - (3) Activities that preserve affordable housing in the neighborhood and other activities necessary to ensure that existing residents have access to the benefits of the neighborhood transformation.
 - (4) Activities that demonstrate that each tenant relocated from severely distressed housing who wishes to return to the revitalized on-site housing in the neighborhood or to replacement housing outside of the neighborhood, can return, and shall be provided a preference in accordance with the program requirements in section 9(a).
 - (5) Activities that meet the program requirements for replacement of housing units in section 9(b).
 - (6) Activities that meet the fair housing program requirements in section 9(c) and the accessibility requirements in section 9(d).
 - (7) Appropriate service coordination, support services, mobility counseling, and housing search as-

- sistance for residents displaced as a result of revitalization of severely distressed projects.
- (8) Involvement of residents of severely distressed housing and of the neighborhood in planning and implementation of the transformation plan, including reasonable steps to help ensure meaningful participation for residents who, as a result of their national origin, are limited in their English proficiency.
 - (9) Relocation assistance, including tenant-based rental assistance renewable under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and supportive services for families that are displaced, including mobility and relocation counseling over multiple years, reasonable moving costs, and security deposits.
 - (10) Tracking of tenants relocated during redevelopment throughout the life of the grant or until full occupancy of replacement housing, whichever is longer.
- 21 (11) Links to local education efforts, as de-22 scribed in subsection (c)(4).
- 23 (c) ELIGIBLE ACTIVITIES.—In addition to the activi-24 ties required under subsection (b), activities eligible for
- 25 funding under this Act include—

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- 1 (1) construction, acquisition or rehabilitation of 2 public, assisted, and privately owned housing that 3 incorporates sustainable design principles, including 4 energy efficiency;
 - (2) construction, acquisition, or rehabilitation of mixed-use developments that include public or assisted housing;
 - (3) the acquisition, demolition, or disposition of properties, including Federal Housing Administration-foreclosed properties;
 - (4) partnering with local educators, and engaging in local community planning, to help increase access to place-based programs that combine a continuum of effective community services, strong family support, and comprehensive education reform to improve the educational and life outcomes for resident children and youth;
 - (5) providing support services for residents primarily focused on case management, service coordination (including family self-sufficiency coordinators), workforce development, financial literacy and technical assistance to enable residents to access programs from other key agencies and local service providers, in order to help residents with stable housing, improve outcomes for children, enhance

- adults' capacity for self-sufficiency and economic security, and services for the elderly and persons with disabilities to maintain independence;
 - (6) rehabilitation, physical improvement and development of community facilities that are primarily intended to facilitate the delivery of economic, community, and supportive services which have a significant benefit to residents of housing assisted by the grant and residents of off-site replacement housing;
 - (7) work incentives designed to help public and assisted housing residents access jobs and move toward self-sufficiency;
 - (8) partnerships involving the police, community organizations, and other entities to reduce crime and promote safety;
 - (9) partnering with employers and for-profit and nonprofit organizations to create jobs and job training opportunities, with a focus on job opportunities accessible by mass transit;
 - (10) activities that promote sustainable neighborhoods and incorporate principles of sustainable design and development;
- 23 (11) critical community improvements not oth-24 erwise covered by this Act; and

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1	(12) loss reserves to protect residents of hous-
2	ing assisted by the grant and continue the project in
3	case of default, foreclosure, or any other adverse fi-
4	nancial event.
5	(d) Eligible Methods of Support.—Activities
6	carried out with amounts from a grant under this Act may
7	be carried out through—
8	(1) endowments, revolving loan funds, reserves
9	or other instruments that the Secretary approves for
10	tenant services and ongoing operating and capital
11	needs; and
12	(2) land assembly and land banking.
13	(e) Funding Restrictions.—
14	(1) RESTRICTION ON ACTIVITIES.—
15	(A) In general.—No funds made avail-
16	able under this Act may be used for construc-
17	tion or rehabilitation of a K-12 school building
18	or a higher educational institution.
19	(B) Non-housing activities and sup-
20	PORTIVE SERVICES.—For each grant under this
21	Act, the grantee shall comply with each of the
22	following requirements:
23	(i) Not more than 30 percent of the
24	amount of the grant may be used for eligi-

1	ble activities under paragraphs (4) through
2	(12) of subsection (c).
3	(ii) Not more than 5 percent of the
4	amount of the grant may be used for eligi-
5	ble activities under paragraphs (8) and (9)
6	of subsection (c).
7	(2) Waiver.—The Secretary may waive the
8	funding limits in this subsection in order to promote
9	the purposes of this Act.
10	SEC. 7. INTERAGENCY CONSULTATION AND NOTIFICATION
11	OF AVAILABLE FUNDING.
12	(a) Annual Consultation.—The Secretary shall
13	consult with appropriate Federal agencies to identify addi-
14	tional funding opportunities that may be available to eligi-
15	ble neighborhoods and ensure that eligible entities are
16	aware of such opportunities as follows:
17	(1) The Secretary shall consult with the Sec-
18	retary of Labor, the Secretary of Education, the
19	Secretary of Transportation, the Secretary of Health
20	and Human Services, the Administrator of the Envi-
21	ronmental Protection Agency, and other agencies, as
22	the President may prescribe.
23	(2) The Secretary shall include in the notifica-
24	tion of funding availability for Choice Neighborhoods
25	information about other Federal funding opportuni-

- ties that the Secretary deems related to the ChoiceNeighborhoods program.
- (3) The Secretary shall consult with the Sec-retary of Labor, the Secretary of Education, the Secretary of Transportation, the Secretary of Health and Human Services, the Administrator of the Envi-ronmental Protection Agency, and other agencies, as the Secretary may prescribe, to identify barriers to and opportunities for greater coordination of Federal resources for meeting the purposes of this Act.
 - (b) Reports to Congress.—The Secretary shall—
 - (1) not later than 1 year after the date of enactment of this Act, issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives identifying barriers and opportunities to the coordination of Federal funding to meet the purposes of this Act, including any regulatory or statutory recommendations for addressing such barriers; and
 - (2) issue an annual report to be posted on the agency Web site that identifies Federal funding opportunities for eligible neighborhoods and best practices in coordinating Federal funding for purposes of this Act.

SEC. 8. TRANSFORMATION PLAN AND SELECTION.

2	(a) Transformation Plan.—An application for a
3	grant under this Act shall be submitted in the form of
4	a transformation plan that—

- (1) demonstrates how the transformation plan will achieve the desired priority outcomes of transforming a distressed neighborhood of extreme poverty into a mixed-income neighborhood with high-quality, safe, affordable housing, economic opportunities, well-functioning services, public assets, access to jobs, public transportation, and effective education programs and public schools, including charter schools and other autonomous public schools;
- (2) includes a long-term affordability plan that describes how the grantee will maintain affordable housing in the neighborhood over the succeeding 50 years or longer, including affordability provisions relating to dwelling units provided using assistance under the grant under this Act, and an agreement by the applicant to update such plan every 5 years during such period;
- (3) demonstrates how the required activities under section 6(b) will be carried out, with particular focus on the housing transformation;

- 1 (4) describes the other eligible activities listed 2 in section 6(e) that will occur in support of the 3 housing transformation;
- (5) defines desired outcomes of the strategy,
 identifies the population that will benefit, describes
 the challenges they face, and the evidence base that
 informs the proposed strategies that will result in
 the desired outcomes for the community and residents; and
- 10 (6) includes such other information and shall be 11 submitted at such time and in accordance with pro-12 cedures as the Secretary shall prescribe.
- 13 (b) SELECTION CRITERIA.—The Secretary shall es-14 tablish criteria for the award of grants under this Act, 15 which shall include the extent to which the transformation 16 plan—
 - (1) demonstrates the ability of the plan to further the purposes of this Act, as evidenced by, among other factors, a track record of effective partnerships and community engagement;
 - (2) demonstrates inclusive local planning with input from local government, housing owners and providers, educators, residents, local community organizations, public schools, early learning programs, health service organizations, and community stake-

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- holders in the development and implementation of a
 sustainable revitalization program;
 - (3) coordinates multiple funding resources, including public, private, and philanthropic funding, and emphasizes collaboration between the local government, early learning programs, and public schools, or a public housing agency, or all three;
 - (4) submits current data showing that the neighborhood targeted for revitalization is in need of and can benefit from the authorized activities described in section 6 and proposed in the transformation plan;
 - (5) demonstrates that the neighborhood has, or will have, the potential for long-term viability;
 - (6) demonstrates the capability and record of the applicant and its partners for managing housing redevelopment or modernization projects and meeting performance benchmarks;
 - (7) demonstrates that sustainable building and energy efficient design principles are incorporated or will be incorporated in the activities;
 - (8) demonstrates that the neighborhood has, or will have within a reasonable time, public transportation that provides effective access to economic opportunities and commercial and public services;

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- (9) demonstrates that the residents of revitalized housing developments have or will have access to high-quality educational opportunities, including early learning and effective K–12 public schools, in or outside of the neighborhood;
 - (10) demonstrates that the transformation plan includes the provision of appropriate supportive services and activities that promote economic self-sufficiency of residents, and a plan to sustain those services;
 - (11) demonstrates that the transformation plan provides support for residents displaced as a result of the revitalization of the project, including assistance in obtaining housing in areas with low concentrations of poverty and minority populations;
 - (12) demonstrates that sufficient housing opportunities are available in the neighborhood to be revitalized and in nonminority, low-poverty areas to accommodate displaced residents;
 - (13) has a well-documented assessment of the number of households with special needs for ongoing supportive services residing in the public or assisted properties that are the target of the grant and an effective plan to address those needs;

1	(14) demonstrates the ability to leverage funds
2	from—
3	(A) other programs of the Department of
4	Housing and Urban Development;
5	(B) other Federal, State, or local pro-
6	grams; or
7	(C) the private sector, including donations
8	of land or services;
9	(15) replaces the public and assisted housing
10	units in accordance with section 9(2), if targeting a
11	project that meets the definition of section 10(9)(B);
12	(16) demonstrates, if feasible, phased redevelop-
13	ment that provides for demolition and construction
14	of dwelling units in phases, to limit disruptions to
15	residents;
16	(17) demonstrates how the applicant will use
17	indicators of housing redevelopment, neighborhood
18	quality, resident well-being, and other outcomes to
19	measure success, manage program implementation,
20	and engage stakeholders, consistent with require-
21	ments established by the Secretary; and
22	(18) demonstrates compliance with any other
23	factors and priorities, as the Secretary may pre-
24	scribe through a notice of funding availability and
25	that further the purposes of this Act.

1 SEC. 9. PROGRAM REQUIREMENTS.

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The following requirements shall apply to any grant made under this Act:

(1) Housing choice opportunities for re-TURNING TENANTS.—An approved transformation plan under section 8 shall demonstrate that each former tenant who wishes to return to the on-site or off-site replacement housing may return if the tenant was lease-compliant at the time of departure from the housing subject to rehabilitation or demolition, and would be eligible, as of the time of such return, for occupancy under the eligibility, screening, and occupancy standards, policies, or practices applicable to the housing from which the resident was displaced, as in effect at such time of displacement. A returning tenant shall be provided a preference for occupancy of on-site or off-site replacement units before such units are made available to any other eligible households, or the tenant may choose to retain tenant-based voucher assistance provided under section 8(o) of the United States Housing Act of 1937, for relocation from the properties revitalized under this Act.

(2) Relocation and Notice.—All relocation activities resulting from, or that will result from, demolition, disposition, or both demolition and dis-

- position, to be carried out under a transformation plan relating to a grant under this Act shall be subject to the following requirements:
 - (A) THE UNIFORM RELOCATION ACT.—The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 61) shall apply to all relocation activities pursuant to a transformation plan under this Act, except as otherwise provided in this Act.
 - (B) Relocation Plan.—The applicant shall submit to the Secretary, before acquisition or demolition, a relocation plan providing for the relocation of residents occupying the public or assisted housing for which the demolition or disposition is proposed.
 - (3) Notice upon approval of application.—Within a reasonable time after notice to the applicant of the approval of an application for a grant under this section, the applicant shall provide notice in writing, in plain and non-technical language, to the residents of the public and assisted housing subject to the approved transformation plan that—
 - (A) states that the application and transformation plan has been approved;

1	(B) describes the process involved to relo-
2	cate the residents, including a statement that
3	the residents may not be relocated until the
4	conditions in this section have been met;
5	(C) provides information regarding reloca-
6	tion options; and
7	(D) advises residents of the availability of
8	relocation counseling.
9	(4) Notice before relocation.—Except in
10	the cases of a substantial and imminent threat to
11	health or safety, not later than 90 days before the
12	date on which residents will be relocated, the grantee
13	shall provide notice in writing, in plain and nontech-
14	nical language, to each family residing in a public or
15	assisted housing project that is subject to an ap-
16	proved transformation plan, and in accordance with
17	such guidelines as the Secretary may issue governing
18	such notification, of the demolition, their rights, and
19	relocation options.
20	(5) One-for-one replacement of public
21	OR ASSISTED HOUSING UNITS.—Each trans-
22	formation plan that provides for dwelling units to be
23	demolished or disposed shall provide as follows:
24	(A) Number of units.—For one hundred
25	percent of all such dwelling units in existence,

	
1	as of the date of the application for the grant,
2	that are to be demolished or disposed, the
3	transformation plan shall provide for replace-
4	ment of the dwelling unit.
5	(B) Number of Bedrooms.—Replace-
6	ment housing for demolished properties shall
7	reflect the number of bedrooms that are needed
8	to adequately serve returning tenants, house-
9	holds currently on the waiting list and that are
10	needed based on other market data, except that
11	in instances where the tenants of the original
12	properties need a different number of bedrooms
13	than households on the waiting list, the plan
14	may enable displaced tenants to exercise their
15	opportunity under paragraph (1), using a ten-
16	ant-based voucher in the original neighborhood
17	or other neighborhood of the tenants' choice.
18	(C) LOCATION.—
19	(i) Replacement units.—Replace-
20	ment housing units shall be developed—
21	(I) in the neighborhood being re-
22	vitalized; and
23	(II) within the metropolitan area,

up to 25 miles from the original

project site, as necessary to—

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1 (aa) comply with fair hous
2 ing requirements;
3 (bb) deconcentrate poverty;
4 (cc) redevelop on site with
5 appropriate densities; or
6 (dd) meet other factors, a
7 determined by the Secretary in
8 order to further the purposes o
9 this Act.
(ii) Replacement housing outside
11 IMMEDIATE NEIGHBORHOOD.—Replace
ment housing outside the immediate neigh
borhood shall offer access to economic op
portunities and public transportation and
shall be accessible to social, recreational
educational, commercial, health facilitie
and services, and other municipal service
and facilities that are comparable, unde
such standards as the Secretary may pre
20 scribe.
21 (iii) Off-site replacement hous
22 ING.—Off-site replacement housing, out
side the immediate neighborhood, shall no
be located in areas of minority concentra
tion, defined in relation to the metropolitan

- area or rural county in which the Choice
 Neighborhoods project is located, or in
 areas of extreme poverty.
 - (D) Types of units.—Replacement housing is public housing or other assisted housing units, as defined in section 10, excluding tenant-based vouchers, unless permitted in this section.
 - (E) USE OF PROJECT-BASED VOUCHERS FOR REPLACEMENT HOUSING.—The Secretary may require the use of project-based voucher assistance under section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) to meet the replacement requirement. Where project-based voucher units are developed as replacement housing, subparagraph (D) of section 8(o)(13), relating to percentage limitation and income-mixing requirement for project-based voucher assistance, shall not apply. The Secretary may waive or modify other provisions of section 8(o)(13) to promote the purposes of this program.
 - (F) Tenant-based vouchers as replace Placement housing.—A grantee may replace up to 20 percent of the public housing or other

assisted housing dwelling units that are demolished or disposed of under the transformation plan with tenant-based vouchers in housing markets where there is an adequate supply of affordable rental housing in areas of low poverty. Such supply shall be demonstrated by data that shows within the housing market or area served by the Choice Neighborhoods project that—

(i) a minimum of 80 percent of youch-

- (i) a minimum of 80 percent of vouchers issued over the preceding 24 months to comparable families were successfully leased within 120 days of issuance or, if a sufficient number of comparable families have not received vouchers, the Secretary shall design an alternative measure;
- (ii) existing voucher holders are widely dispersed geographically, as determined by the Secretary, among the available private rental housing stock, including in areas of low poverty; and
- (iii) the grantee provides a market analysis demonstrating that there is a relatively high vacancy rate, as determined by the Secretary, within the market area with

- rent and utility costs not exceeding the applicable payment standard under section

 8(o) of the United States Housing Act of

 1937 (42 U.S.C. 1437f(o)).
 - (6) Fair housing.—The demolition or disposition, relocation, replacement, and re-occupancy of housing units under this Act shall be carried out in a manner that affirmatively furthers fair housing, as required by section 808 of the Civil Rights Act of 1968 (42 U.S.C. 3608(e)). Grantees shall adopt affirmative marketing procedures, and require affirmative marketing activities of project owners and managers which special outreach efforts shall be targeted to those who are least likely to apply for the housing, to ensure that all persons, regardless of their race, color, national origin, religion, sex, disability or familial status are aware of the housing opportunities in each project funded under this Act.
 - (7) Accessibility requirements.—All new construction and substantial alterations of existing buildings receiving assistance under this Act shall comply with the requirements of the Rehabilitation Act of 1973, the Uniform Federal Accessibility Standards, the Fair Housing Act, and any other requirements, as determined by the Secretary.

- (8)REQUIREMENT.—The AFFORDABILITY owner of a property assisted with funding under this Act shall agree to a period of affordability for the property which shall be not less than the period of affordability to which the property is already subject and remains subject, or 30 years, whichever is great-er.
 - (9) Cost Limits.—Subject to the provisions of this Act, the Secretary shall establish cost limits on eligible activities under this Act sufficient to provide for effective transformation programs.
 - (10) Environmental Review.—For purposes of environmental review, assistance and projects under this Act shall be treated as assistance for special projects that are subject to section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994, and shall be subject to the regulations issued by the Secretary to implement such section.
 - (11) Grantee Reporting.—The Secretary shall require grantees under this Act to report the sources and uses of all amounts expended and other information for transformation plans for the annual report of the Secretary to Congress or other purposes, as determined by the Secretary.

1 SEC. 10. DEFINITIONS.

2	For purposes of this Act, the following definitions
3	shall apply:
4	(1) AFFORDABLE HOUSING.—The term "afford-
5	able housing" includes—
6	(A) assisted housing, as defined by this
7	Act; or
8	(B) private housing for which the Sec-
9	retary requires the owner or purchaser of the
10	project to maintain affordability for not fewer
11	than 30 years, in accordance with use restric-
12	tions promulgated in regulations by the Sec-
13	retary, which restrictions shall be—
14	(i) contained in a legally enforceable
15	document recorded in the appropriate
16	records; and
17	(ii) consistent with the long-term via-
18	bility of the project as rental or homeown-
19	ership housing.
20	(2) Assisted Housing.—The term "assisted
21	housing" means housing assisted under—
22	(A) section 8 or 9 of the United States
23	Housing Act of 1937 (42 U.S.C. 1437f and 42
24	U.S.C. 1437g); and

1	(B) section 221(d)(3) or section 236 (12
2	U.S.C. 1715 and 12 U.S.C 1715z-1) of the Na-
3	tional Housing Act.
4	(3) Critical community improvements.—
5	The term "critical community improvements"
6	means—
7	(A) development or improvement of com-
8	munity facilities to promote upward mobility,
9	self-sufficiency, or improved quality of life for
10	residents of the neighborhood, such as construc-
11	tion or rehabilitation of parks and community
12	gardens, environmental improvements or site
13	remediation at affected sites; and
14	(B) activities to promote economic develop-
15	ment, such as development or improvement of
16	transit, retail, community financial institutions,
17	public services, facilities, assets or other com-
18	munity resources.
19	(4) Extreme Poverty.—The term "extreme
20	poverty" neighborhoods means a neighborhood in
21	which a high percentage of residents are estimated
22	to be in poverty or have extremely low incomes,
23	based on the most recent data collected by the Cen-
24	sus Bureau and that is experiencing distress related

to—

1	(A) per capita crime rates over 3 or more
2	years that are significantly higher than the per
3	capita crime rates of the city or county in which
4	the neighborhood is located;
5	(B) high rates of vacant, abandoned, or
6	substandard homes relative to the city or coun-
7	ty as a whole;
8	(C) a low-performing public school;
9	(D) other such factor as determined by the
10	Secretary that further the purposes of this Act;
11	or
12	(E) any combination of such factors.
13	(5) Families.—The term "families" has the
14	meaning provided in section 3(B)(3) of the United
15	States Housing Act of 1937 (42 U.S.C.
16	1437a(B)(3)).
17	(6) Long-term viability.—The term "long-
18	term viability" refers to a neighborhood that is sus-
19	tainable on an economic, educational, and environ-
20	mental basis.
21	(7) Public Housing Agency.—The term
22	"public housing agency" has the meaning provided
23	in section 3(b)(6) of the United States Housing Act
24	of 1937 (42 U.S.C. 1437a(b)(6)).

1	(8) Secretary.—The term "Secretary" means
2	the Secretary of Housing and Urban Development.
3	(9) SEVERELY DISTRESSED HOUSING.—The
4	term "severely distressed housing" means a public
5	or assisted housing project (or building in a project)
6	that—
7	(A)(i) requires major redesign, reconstruc-
8	tion, or redevelopment, or partial or total demo-
9	lition, to correct serious deficiencies in the
10	original design (including inappropriately high
11	population density), deferred maintenance,
12	physical deterioration or obsolescence of major
13	systems, and other deficiencies in the physical
14	plant of the project; and
15	(ii) is a significant contributing factor to
16	the physical decline of and disinvestment by
17	public and private entities in the surrounding
18	neighborhood; or
19	(B) was a project described in subpara-
20	graph (A) that has been legally vacated or de-
21	molished, but for which the Secretary has not
22	yet provided replacement housing assistance
23	other than tenant-based assistance.
24	(10) Supportive Services.—The term "sup-
25	portive services" includes all activities for public or

- 1 assisted housing tenants displaced from the projects
- being revitalized under this Act, that will promote
- 3 upward mobility, self-sufficiency, or improved quality
- 4 of life, including such activities as literacy training,
- 5 remedial and continuing education, job training, fi-
- 6 nancial literacy instruction, day care, youth services,
- 7 aging-in-place, public transportation, physical and
- 8 mental health services, economic development activi-
- 9 ties, and other programs for which the community
- demonstrates need.

11 SEC. 11. DEMOLITION AND DISPOSITION.

- The demolition or disposition of severely distressed
- 13 public and assisted housing pursuant to a transformation
- 14 plan is exempt from the provisions of section 18 of the
- 15 United States Housing Act of 1937 (42 U.S.C. 1437p).

16 SEC. 12. ADMINISTRATION BY OTHER ENTITIES.

- 17 The Secretary may require a grantee under this Act
- 18 to make arrangements satisfactory to the Secretary for
- 19 use of an entity other than the original grantee to carry
- 20 out activities assisted under the transformation plan, if
- 21 the Secretary determines that such action will help to ef-
- 22 fectuate the purposes of this Act.

23 SEC. 13. WITHDRAWAL OF FUNDING.

- If a grantee under this Act does not proceed within
- 25 a reasonable time frame in implementing its trans-

- 1 formation plan, or does not otherwise comply with the re-
- 2 quirements of this Act or the grant agreement, as deter-
- 3 mined by the Secretary, the Secretary is authorized to
- 4 withdraw any grant amounts under this Act that have not
- 5 been obligated by the grantee. The Secretary may redis-
- 6 tribute any withdrawn amounts to one or more other eligi-
- 7 ble entities capable of proceeding expeditiously in the same
- 8 locality in carrying out the transformation plan of the
- 9 original grantee, or as such plan may be modified and ap-
- 10 proved by the Secretary, or, if that is not feasible, to one
- 11 or more other applicants that has already received assist-
- 12 ance under this Act.

13 SEC. 14. ANNUAL REPORT.

- 14 The Secretary shall submit to Congress an annual re-
- 15 port setting forth—
- 16 (1) the number, type, and cost of affordable
- housing units revitalized pursuant to this Act;
- 18 (2) the amount and type of financial assistance
- 19 provided under and in conjunction with this Act, in-
- 20 cluding a specification of the amount and type of as-
- 21 sistance provided for educational opportunities, serv-
- ices, public assets, public transportation, and access
- 23 to jobs; and
- 24 (3) the impact of grants made under this Act
- on the original residents, the target neighborhoods,

1	and the larger communities within which they are lo-
2	cated.
3	SEC. 15. PROGRAM EVALUATION.
4	The Secretary shall conduct, and shall submit a re-
5	port to Congress on, an evaluation of the Choice Neighbor-
6	hoods program, with respect to which—
7	(1) the Secretary shall—
8	(A) select an outside expert firm to con-
9	duct the evaluation of the Choice Neighbor-
10	hoods program; and
11	(B) consult with the Secretary of Labor,
12	the Secretary of Education, the Secretary of
13	Transportation, the Secretary of Health and
14	Human Services, the Administrator of the En-
15	vironmental Protection Agency, and other ap-
16	propriate agencies on the evaluation of the pro-
17	gram and selection of the evaluation firm;
18	(2) the Secretary shall submit to Congress a re-
19	port of the results of the evaluation 5 years after the
20	initial grant awards, and annually thereafter; and
21	(3) the factors to be considered within the eval-
22	uation include measures of—
23	(A) resident engagement within and after
24	the transformation process;

1	(B) neighborhood improvement, including
2	changes in property values, demographic
3	changes, access to transportation, and survey
4	data on resident satisfaction;
5	(C) self-sufficiency, including changes in
6	resident and neighborhood income, and changes
7	in neighborhood and resident employment sta-
8	tistics;
9	(D) educational improvement, including
10	student performance data, student mobility and
11	absenteeism, and parental involvement; and
12	(E) other indicators deemed appropriate by
13	the Secretary.
14	SEC. 16. FUNDING.
15	There are authorized to be appropriated the fol-
16	lowing:
17	(1) \$350,000,000 for fiscal year 2012, and such
18	sums as may be necessary in each of fiscal years
19	2013 through 2016, for grants under this Act. Of
20	the funding authorized in any fiscal year, up to 10

percent is authorized for planning grants. In award-

ing planning grants, the Secretary may elect to base

selection on a subset of the required provisions of

this Act. In any fiscal year, up to 5 percent is au-

thorized for technical assistance and program eval-

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- uation efforts related to grants awarded under this Act, or under predecessor programs.
 - (2) Such sums as may be necessary for each of fiscal years 2012 through 2016, for providing tenant-based assistance for relocation and for rental assistance under section 8 of the United States Housing Act of 1937, for the purposes of complying with section 9(2) of this Act, but not to exceed the amount of assistance for the number of units demolished or disposed of under section 9(2).
 - (3) Not less than ½3 of amounts made available in any fiscal year under this Act shall be used for, or ½3 of the number of housing units assisted under this Act shall be, public housing units, subject to de minimis variations, as may result from the grantee selection process.

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