

114TH CONGRESS
2D SESSION

S. 3537

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

DECEMBER 9, 2016

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 2016”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.
- Sec. 4. Grant authority.
- Sec. 5. Eligible entities.
- Sec. 6. Eligible neighborhoods.
- Sec. 7. Authorized activities.
- Sec. 8. Interagency consultation and notification of available funding.
- Sec. 9. Transformation plan and selection.
- Sec. 10. Program requirements.
- 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
10 the ability of poor families and children to access op-
11 portunity and move up the economic ladder;

12 (2) the HOPE VI program, authorized by sec-
13 tion 24 of the United States Housing Act of 1937
14 (42 U.S.C. 1437v), presented a successful first step
15 in transforming neighborhoods of extreme poverty
16 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

5 (4) a broader approach is needed, using con-
6 centrated and coordinated neighborhood investment
7 from multiple sources to transform neighborhoods of
8 extreme poverty into communities that will improve
9 the quality of life of current and future residents.

10 (b) PURPOSES.—The purposes of this Act are—

11 (1) to transform neighborhoods of extreme pov-
12 erty into mixed-income neighborhoods of long-term
13 viability, by revitalizing severely distressed housing,
14 improving access to economic opportunities, and in-
15 vesting and leveraging investments in well-func-
16 tioning services, effective schools and education pro-
17 grams, public assets, public transportation, and im-
18 proved access to jobs;

19 (2) to grow communities and metropolitan
20 areas by concentrating, leveraging, and coordinating
21 Federal, State, local, and private funding for public
22 transportation, education, housing, energy, health
23 and mental health services, supportive services, pub-
24 lic safety, and environmental programs and initia-
25 tives;

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. DEFINITIONS.**

11 For purposes of this Act, the following definitions
12 shall apply:

13 (1) AFFORDABLE HOUSING.—The term “afford-
14 able housing” includes—

15 (A) assisted housing, as defined in para-
16 graph (2); or

17 (B) private housing for which the Sec-
18 retary requires the owner or purchaser of the
19 project to maintain affordability for not fewer
20 than 30 years, in accordance with use restric-
21 tions promulgated in regulations by the Sec-
22 retary, which restrictions shall be—

23 (i) contained in a legally enforceable
24 document recorded in the appropriate
25 records; and

1 (ii) consistent with the long-term via-
 2 bility of the project as rental or homeown-
 3 ership housing.

4 (2) ASSISTED HOUSING.—The term “assisted
 5 housing” means housing assisted under—

6 (A) section 8 or 9 of the United States
 7 Housing Act of 1937 (42 U.S.C. 1437f and 42
 8 U.S.C. 1437g); and

9 (B) section 221(d)(3) or section 236 of the
 10 National Housing Act (12 U.S.C. 1715l and 12
 11 U.S.C. 1715z–1).

12 (3) COMMUNITY DEVELOPMENT CORPORA-
 13 TION.—The term “community development corpora-
 14 tion” has the meaning given that term in section
 15 204(b)(11) of the Departments of Veterans Affairs
 16 and Housing and Urban Development, and Inde-
 17 pendent Agencies Appropriations Act, 1997 (12
 18 U.S.C. 1715z–11a(b)(11)).

19 (4) CRITICAL COMMUNITY IMPROVEMENTS.—
 20 The term “critical community improvements”
 21 means—

22 (A) development or improvement of com-
 23 munity facilities to promote upward mobility,
 24 self-sufficiency, or improved quality of life for
 25 residents of the neighborhood, such as construc-

tion or rehabilitation of parks and community gardens, environmental improvements or site remediation at affected sites; and

(B) activities to promote economic development, such as development or improvement of transit, retail, community financial institutions, public services, facilities, assets or other community resources.

(5) EXTREME POVERTY.—The term “extreme poverty” means, with respect to a neighborhood, that the neighborhood—

(A) has a high percentage of residents who, based on the most recent data collected by the Bureau of the Census—

(i) are estimated to be in poverty; or

(ii) have extremely low incomes; and

(B) is experiencing distress related to—

(i) per capita crime rates over three or more years that are significantly higher than the per capita crime rates of the city or county in which the neighborhood is located;

(ii) high rates of vacant, abandoned, or substandard homes relative to the city or county as a whole;

- 1 (iii) a low-performing public school;
2 (iv) other such factors as determined
3 by the Secretary that further the purposes
4 of this Act; or
5 (v) any combination of such factors.

6 (6) FAMILIES.—The term “families” has the
7 meaning given that term in section 3(b)(3) of the
8 United States Housing Act of 1937 (42 U.S.C.
9 1437a(b)(3)).

10 (7) INSTITUTION OF HIGHER EDUCATION.—The
11 term “institution of higher education” has the
12 meaning given that term in section 102 of the High-
13 er Education Act of 1965 (20 U.S.C. 1002).

14 (8) LONG-TERM VIABILITY.—The term “long-
15 term viability” means, with respect to a neighbor-
16 hood, that the neighborhood is sustainable on an
17 economic, educational, and environmental basis.

18 (9) PUBLIC HOUSING AGENCY.—The term
19 “public housing agency” has the meaning given that
20 term in section 3(b)(6) of the United States Hous-
21 ing Act of 1937 (42 U.S.C. 1437a(b)(6)).

22 (10) SECRETARY.—The term “Secretary”
23 means the Secretary of Housing and Urban Develop-
24 ment.

(11) SEVERELY DISTRESSED HOUSING.—The term “severely distressed housing” means a public or assisted housing project (or building in a project) that—

(A)(i) requires major redesign, reconstruction, or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems, and other deficiencies in the physical plant of the project; and

(ii) is a significant contributing factor to the physical decline of and disinvestment by public and private entities in the surrounding neighborhood; or

(B) was a project described in subparagraph (A) that has been legally vacated or demolished, but for which the Secretary has not yet provided replacement housing assistance other than tenant-based assistance.

(12) SUPPORTIVE SERVICES.—The term “supportive services” includes all activities for public or assisted housing tenants that live in or are displaced from the projects being revitalized under this Act,

1 that will promote upward mobility, self-sufficiency,
2 or improved quality of life, including such activities
3 as literacy training, remedial and continuing edu-
4 cation, job training, financial literacy instruction,
5 day care, youth services, aging-in-place, public trans-
6 portation, physical and mental health services, eco-
7 nomic development activities, and other programs
8 for which the community demonstrates need.

9 **SEC. 4. GRANT AUTHORITY.**

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

14 **SEC. 5. ELIGIBLE ENTITIES.**

15 Entities eligible to be grantees under this Act include
16 local governments, public housing agencies, community de-
17 velopment corporations, assisted housing owners, and
18 other for-profit and nonprofit entities.

19 **SEC. 6. ELIGIBLE NEIGHBORHOODS.**

20 Eligible neighborhoods for grant funds under this Act
21 include neighborhoods with—

- 22 (1) a concentration of extreme poverty;
23 (2) severely distressed housing; and
24 (3) a potential for long-term viability, once key
25 problems are addressed, including neighborhoods

1 with characteristics such as proximity to educational
2 institutions, medical centers, central business dis-
3 tricts, major employers, effective transportation al-
4 ternatives (including public transit, walking, and bi-
5 cycling), and being close to low-poverty neighbor-
6 hoods.

7 **SEC. 7. AUTHORIZED ACTIVITIES.**

8 (a) IN GENERAL.—Activities authorized to be funded
9 under this Act are those that will further the purposes
10 of this Act, in accordance with a transformation plan ap-
11 proved under section 9, to carry out transformational pro-
12 grams and initiatives.

13 (b) REQUIRED ACTIVITIES.—The following author-
14 ized activities shall be contained in the transformation
15 plan to be submitted under section 9 and implemented by
16 a grantee under an approved transformation plan:

17 (1) The transformation of housing through re-
18 habilitation, preservation, or demolition, or any com-
19 bination thereof, and replacement of severely dis-
20 tressed housing projects that incorporates energy ef-
21 ficient design principles.

22 (2) Activities that promote the economic self-
23 sufficiency of residents of the revitalized housing
24 and of the surrounding neighborhood.

1 (3) Activities that preserve affordable housing
2 in the neighborhood and other activities necessary to
3 ensure that existing residents have access to the
4 benefits of the neighborhood transformation.

5 (4) Activities that demonstrate that each tenant
6 relocated from severely distressed housing who wish-
7 es to return to the revitalized on-site housing in the
8 neighborhood or to replacement housing outside of
9 the neighborhood, can return, and shall be provided
10 a preference in accordance with the program re-
11 quirements in section 10(1).

12 (5) Activities that meet the program require-
13 ments for replacement of housing units in section
14 10(5).

15 (6) Activities that meet the fair housing pro-
16 gram requirements in section 10(6) and the accessi-
17 bility requirements in section 10(7).

18 (7) Appropriate service coordination, support
19 services, mobility counseling, and housing search as-
20 sistance for residents displaced as a result of revital-
21 ization of severely distressed projects.

22 (8) Involvement of residents of severely dis-
23 tressed housing and of the neighborhood in planning
24 and implementation of the transformation plan, in-
25 cluding reasonable steps to help ensure meaningful

1 participation for residents who, as a result of their
2 national origin, are limited in their English pro-
3 ficiency.

4 (9) Relocation assistance, including tenant-
5 based rental assistance renewable under section 8 of
6 the United States Housing Act of 1937 (42 U.S.C.
7 1437f), and supportive services for families that are
8 displaced, including mobility and relocation coun-
9 seling over multiple years, reasonable moving costs,
10 and security deposits.

11 (10) Tracking of tenants relocated during rede-
12 velopment throughout the life of the grant or until
13 full occupancy of replacement housing, whichever is
14 longer.

15 (11) Links to local education efforts, as de-
16 scribed in subsection (c)(4).

17 (c) ELIGIBLE ACTIVITIES.—In addition to the activi-
18 ties required under subsection (b), activities eligible for
19 funding under this Act include—

20 (1) new construction, acquisition or rehabilita-
21 tion of public, assisted, and privately owned housing
22 that incorporates sustainable design principles, in-
23 cluding energy efficiency;

1 (2) new construction, acquisition, or rehabilita-
2 tion of mixed-use developments that include public
3 or assisted housing;

4 (3) the acquisition, demolition, or disposition of
5 properties, including Federal Housing Administra-
6 tion-foreclosed properties;

7 (4) programs administered in collaboration with
8 local educators and others to engage in local commu-
9 nity planning, to help increase access to place-based
10 programs that combine a continuum of effective
11 community services, strong family support, and com-
12 prehensive education reform to improve the edu-
13 cational and life outcomes for resident children and
14 youth;

15 (5) providing support services for residents pri-
16 marily focused on case management, service coordi-
17 nation (including family self-sufficiency coordina-
18 tors), workforce development, financial literacy, and
19 technical assistance to enable residents to access
20 programs from other key agencies and local service
21 providers, in order to help residents with stable
22 housing, improve outcomes for children, enhance
23 adults' capacity for self-sufficiency and economic se-
24 curity, and services for the elderly and persons with
25 disabilities to maintain independence;

1 (6) rehabilitation, physical improvement and de-
2 velopment of community facilities that are primarily
3 intended to facilitate the delivery of economic, com-
4 munity, and supportive services which have a signifi-
5 cant benefit to residents of housing assisted by the
6 grant and residents of off-site replacement housing;

7 (7) work incentives designed to help public and
8 assisted housing residents access jobs and move to-
9 ward self-sufficiency;

10 (8) partnerships involving the police, commu-
11 nity organizations, and other entities to reduce crime
12 and promote safety;

13 (9) partnering with employers and for-profit
14 and nonprofit organizations to create jobs and job
15 training opportunities, with a focus on job opportu-
16 nities accessible by mass transit;

17 (10) activities that promote sustainable neigh-
18 borhoods and incorporate principles of sustainable
19 design and development;

20 (11) critical community improvements not oth-
21 erwise covered by this Act;

22 (12) loss reserves to protect residents of hous-
23 ing assisted by the grant and continue the project in
24 case of default, foreclosure, or any other adverse fi-
25 nancial event; and

1 (13) land assembly and land banking.

2 (d) ELIGIBLE METHODS OF SUPPORT.—Activities
3 carried out with amounts from a grant under this Act may
4 be carried out through endowments, revolving loan funds,
5 reserves, or other instruments that the Secretary approves
6 for new construction or rehabilitation, tenant services, and
7 ongoing operating and capital needs.

8 (e) FUNDING RESTRICTIONS.—

9 (1) RESTRICTION ON ACTIVITIES.—

10 (A) IN GENERAL.—No funds made avail-
11 able under this Act may be used for construc-
12 tion or rehabilitation of a K–12 school building
13 or institution of higher education.

14 (B) NON-HOUSING ACTIVITIES AND SUP-
15 PORTIVE SERVICES.—For each grant under this
16 Act, the grantee shall comply with each of the
17 following requirements:

18 (i) Not more than 30 percent of the
19 amount of the grant may be used for eligi-
20 ble activities under paragraphs (4) through
21 (13) of subsection (c).

22 (ii) Not more than 5 percent of the
23 amount of the grant may be used for eligi-
24 ble activities under paragraphs (8) and (9)
25 of subsection (c).

1 (2) WAIVER.—The Secretary may waive the
2 funding limits in this subsection in order to promote
3 the purposes of this Act.

4 **SEC. 8. INTERAGENCY CONSULTATION AND NOTIFICATION**
5 **OF AVAILABLE FUNDING.**

6 (a) ANNUAL CONSULTATION.—The Secretary shall
7 consult with appropriate Federal agencies to identify addi-
8 tional funding opportunities that may be available to eligi-
9 ble neighborhoods and ensure that eligible entities and
10 grant recipients are aware of such opportunities as follows:

11 (1) The Secretary shall consult with the Sec-
12 retary of Labor, the Secretary of Education, the
13 Secretary of Transportation, the Secretary of Health
14 and Human Services, the Administrator of the Envi-
15 ronmental Protection Agency, the Attorney General,
16 and other agencies, as the President may prescribe.

17 (2) The Secretary shall include in the notifica-
18 tion of funding availability for the Choice Neighbor-
19 hoods program information about other Federal
20 funding opportunities that the Secretary determines
21 to be related to the Choice Neighborhoods program.

22 (3) The Secretary shall consult with the Sec-
23 retary of Labor, the Secretary of Education, the
24 Secretary of Transportation, the Secretary of Health
25 and Human Services, the Administrator of the Envi-

1 ronmental Protection Agency, the Attorney General,
2 and other agencies, as the Secretary may prescribe,
3 to identify barriers to and opportunities for greater
4 coordination of Federal resources for meeting the
5 purposes of this Act.

6 (b) REPORTS TO CONGRESS.—The Secretary shall—

7 (1) not later than 1 year after the date of en-
8 actment of this Act, submit a report to the Com-
9 mittee on Banking, Housing, and Urban Affairs of
10 the Senate and the Committee on Financial Services
11 of the House of Representatives identifying barriers
12 and opportunities to the coordination of Federal
13 funding to meet the purposes of this Act, including
14 any regulatory or statutory recommendations for ad-
15 dressing such barriers; and

16 (2) issue an annual report to be posted on the
17 website of the Department of Housing and Urban
18 Development that identifies Federal funding oppor-
19 tunities for eligible neighborhoods and best practices
20 in coordinating Federal funding for purposes of this
21 Act.

22 **SEC. 9. TRANSFORMATION PLAN AND SELECTION.**

23 (a) TRANSFORMATION PLAN.—An application for a
24 grant under this Act shall be submitted in the form of
25 a transformation plan that—

1 (1) demonstrates how the transformation plan
2 will achieve the desired priority outcomes of trans-
3 forming a distressed neighborhood of extreme pov-
4 erty into a mixed-income neighborhood with high-
5 quality, safe, affordable housing, economic opportu-
6 nities, well-functioning services, public assets, access
7 to jobs, public transportation, and effective edu-
8 cation programs and public schools, including char-
9 ter schools and other autonomous public schools;

10 (2) includes a long-term affordability plan that
11 describes how the grantee will maintain affordable
12 housing in the neighborhood over the succeeding 50
13 years or longer, including affordability provisions re-
14 lating to dwelling units provided using assistance
15 under the grant under this Act, and an agreement
16 by the applicant to update such plan every 5 years
17 during such period;

18 (3) demonstrates how the required activities
19 under section 7(b) will be carried out, with par-
20 ticular focus on the housing transformation;

21 (4) describes the other eligible activities listed
22 in section 7(c) that will occur in support of the
23 housing transformation;

24 (5) defines desired outcomes of the strategy,
25 identifies the population that will benefit, describes

1 the challenges they face, and the evidence base that
2 informs the proposed strategies that will result in
3 the desired outcomes for the community and resi-
4 dents; and

5 (6) includes such other information and shall be
6 submitted at such time and in accordance with pro-
7 cedures as the Secretary shall prescribe.

8 (b) SELECTION CRITERIA.—The Secretary shall es-
9 tablish criteria for the award of grants under this Act,
10 which shall include the extent to which the transformation
11 plan—

12 (1) demonstrates the ability of the plan to fur-
13 ther the purposes of this Act, as evidenced by,
14 among other factors, a track record of effective part-
15 nerships and community engagement;

16 (2) demonstrates inclusive local planning with
17 input from local government, housing owners and
18 providers, educators, residents, local community or-
19 ganizations, public schools, early learning programs,
20 health service organizations, and community stake-
21 holders in the development and implementation of a
22 sustainable revitalization program;

23 (3) coordinates multiple funding resources, in-
24 cluding public, private, and philanthropic funding,
25 and emphasizes collaboration between the local gov-

1 ernment, early learning programs, and public
2 schools, or a public housing agency, or all three;

3 (4) submits current data showing that the
4 neighborhood targeted for revitalization is in need of
5 and can benefit from the authorized activities de-
6 scribed in section 7 and proposed in the trans-
7 formation plan;

8 (5) demonstrates that the neighborhood has, or
9 will have, the potential for long-term viability;

10 (6) demonstrates the capability and record of
11 the applicant and the partners of the applicant for
12 managing housing redevelopment or modernization
13 projects and meeting performance benchmarks;

14 (7) demonstrates that sustainable building and
15 energy efficient design principles are incorporated or
16 will be incorporated in the activities;

17 (8) demonstrates that the neighborhood has, or
18 will have within a reasonable time, public transpor-
19 tation that provides effective access to economic op-
20 portunities and commercial and public services;

21 (9) demonstrates that the residents of revital-
22 ized housing developments have or will have access
23 to high-quality educational opportunities, including
24 early learning and effective K–12 public schools, in
25 or outside of the neighborhood;

1 (10) demonstrates that the transformation plan
2 includes the provision of appropriate supportive serv-
3 ices and activities that promote economic self-suffi-
4 ciency of residents, and a plan to sustain those serv-
5 ices;

6 (11) demonstrates that the transformation plan
7 provides support for residents displaced as a result
8 of the revitalization of the project, including assist-
9 ance in obtaining housing in areas with low con-
10 centrations of poverty and minority populations;

11 (12) demonstrates that sufficient housing op-
12 portunities are available in the neighborhood to be
13 revitalized and in areas with low concentrations of
14 poverty and minority populations to accommodate
15 displaced residents;

16 (13) has a well-documented assessment of the
17 number of households with special needs for ongoing
18 supportive services residing in the public or assisted
19 properties that are the target of the grant and an
20 effective plan to address those needs;

21 (14) demonstrates the ability to leverage funds
22 from—

23 (A) other programs of the Department of
24 Housing and Urban Development;

1 (B) other Federal, State, or local pro-
2 grams; or

3 (C) the private sector, including donations
4 of land or services;

5 (15) replaces the public and assisted housing
6 units in accordance with section 10(5), if targeting
7 a project that meets the definition of section
8 3(11)(B);

9 (16) demonstrates, if feasible, phased redevelop-
10 ment that provides for demolition and construction
11 of dwelling units in phases, to limit disruptions to
12 residents;

13 (17) demonstrates how the applicant will use
14 indicators of housing redevelopment, neighborhood
15 quality, resident well-being, and other outcomes to
16 measure success, manage program implementation,
17 and engage stakeholders, consistent with require-
18 ments established by the Secretary; and

19 (18) demonstrates compliance with any other
20 factors and priorities, as the Secretary may pre-
21 scribe through a notice of funding availability and
22 that further the purposes of this Act.

23 **SEC. 10. PROGRAM REQUIREMENTS.**

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

1 (1) HOUSING CHOICE OPPORTUNITIES FOR RE-
2 TURNING TENANTS.—An approved transformation
3 plan under section 9 shall demonstrate that each
4 former tenant who wishes to return to the on-site or
5 off-site replacement housing may return if the ten-
6 ant was lease-compliant at the time of departure
7 from the housing subject to rehabilitation or demoli-
8 tion, and would be eligible, as of the time of such
9 return, for occupancy under the eligibility, screening,
10 and occupancy standards, policies, or practices appli-
11 cable to the housing from which the resident was
12 displaced, as in effect at such time of displacement.
13 A returning tenant shall be provided a preference for
14 occupancy of on-site or off-site replacement units be-
15 fore such units are made available to any other eligi-
16 ble households, or the tenant may choose to retain
17 or obtain tenant-based voucher assistance provided
18 under section 8(o) of the United States Housing Act
19 of 1937 (42 U.S.C. 1437f(o)), for relocation from
20 the properties revitalized under this Act.

21 (2) RELOCATION AND NOTICE.—All relocation
22 activities resulting from, or that will result from,
23 demolition, disposition, or both demolition and dis-
24 position, to be carried out under a transformation

1 plan relating to a grant under this Act shall be sub-
2 ject to the following requirements:

3 (A) THE UNIFORM RELOCATION ACT.—The
4 Uniform Relocation Assistance and Real Prop-
5 erty Acquisition Policies Act of 1970 (42
6 U.S.C. 4601 et seq.) shall apply to all reloca-
7 tion activities pursuant to a transformation
8 plan under this Act, except as otherwise pro-
9 vided in this Act.

10 (B) RELOCATION PLAN.—The applicant
11 shall submit to the Secretary, before acquisition
12 or demolition, a relocation plan providing for
13 the relocation of residents occupying the public
14 or assisted housing for which the demolition or
15 disposition is proposed.

16 (3) NOTICE UPON APPROVAL OF APPLICA-
17 TION.—Within a reasonable time after notice to the
18 applicant of the approval of an application for a
19 grant under this section, the applicant shall provide
20 notice in writing, in plain and non-technical lan-
21 guage, to the residents of the public and assisted
22 housing subject to the approved transformation plan
23 that—

24 (A) states that the application and trans-
25 formation 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 non-
14 technical language, to each family residing in a pub-
15 lic or assisted housing project that is subject to an
16 approved transformation plan, and in accordance
17 with such guidelines as the Secretary may issue gov-
18 erning such notification of the demolition, their
19 rights, and 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 100 percent
25 of all such dwelling units in existence, as of the

1 date of the application for the grant, that are
 2 to be demolished or disposed, the trans-
 3 formation plan shall provide for replacement of
 4 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,
 24 up to 25 miles from the original
 25 project site, as necessary to—

- 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, as
- 7 determined by the Secretary in
- 8 order to further the purposes of
- 9 this Act.

10 (ii) REPLACEMENT HOUSING OUTSIDE
 11 IMMEDIATE NEIGHBORHOOD.—Replace-
 12 ment housing outside the immediate neigh-
 13 borhood shall offer access to economic op-
 14 portunities and public transportation and
 15 shall be accessible to social, recreational,
 16 educational, commercial, health facilities
 17 and services, and other municipal services
 18 and facilities that are comparable, under
 19 such standards as the Secretary may pre-
 20 scribe.

21 (iii) OFF-SITE REPLACEMENT HOUS-
 22 ING.—Off-site replacement housing, out-
 23 side the immediate neighborhood, shall not
 24 be located in areas of minority concentra-
 25 tion, defined in relation to the metropolitan

1 area or rural county in which the Choice
 2 Neighborhoods project is located, or in
 3 areas of extreme poverty.

4 (D) TYPES OF UNITS.—Replacement hous-
 5 ing is public housing or other assisted housing
 6 units, excluding tenant-based vouchers, unless
 7 permitted in this section.

8 (E) USE OF PROJECT-BASED VOUCHERS
 9 FOR REPLACEMENT HOUSING.—The Secretary
 10 may require the use of project-based voucher
 11 assistance under section 8(o)(13) of the United
 12 States Housing Act of 1937 (42 U.S.C.
 13 1437f(o)(13)) to meet the replacement require-
 14 ment. Where project-based voucher units are
 15 developed as replacement housing, subpara-
 16 graph (D) of such section 8(o)(13), relating to
 17 percentage limitation and income-mixing re-
 18 quirement for project-based voucher assistance,
 19 shall not apply. The Secretary may waive or
 20 modify other provisions of such section 8(o)(13)
 21 to promote the purposes of this Act.

22 (F) TENANT-BASED VOUCHERS AS RE-
 23 PLACEMENT HOUSING.—A grantee may replace
 24 up to 20 percent of the public housing or other
 25 assisted housing dwelling units that are demol-

1 ished or disposed of under the transformation
2 plan with tenant-based vouchers in housing
3 markets where there is an adequate supply of
4 affordable rental housing in areas of low pov-
5 erty. Such supply shall be demonstrated by data
6 that shows within the housing market or area
7 served by the Choice Neighborhoods project
8 that—

9 (i) a minimum of 80 percent of vouch-
10 ers issued over the preceding 24 months to
11 comparable families were successfully
12 leased within 120 days of issuance or, if a
13 sufficient number of comparable families
14 have not received vouchers, the Secretary
15 shall design an alternative measure;

16 (ii) existing voucher holders are widely
17 dispersed geographically, as determined by
18 the Secretary, among the available private
19 rental housing stock, including in areas of
20 low poverty; and

21 (iii) the grantee provides a market
22 analysis demonstrating that there is a rel-
23 atively high vacancy rate, as determined by
24 the Secretary, within the market area with
25 rent and utility costs not exceeding the ap-

1 plicable payment standard under section
2 8(o) of the United States Housing Act of
3 1937 (42 U.S.C. 1437f(o)).

4 (6) FAIR HOUSING.—The demolition or disposi-
5 tion, relocation, replacement, and re-occupancy of
6 housing units under this Act shall be carried out in
7 a manner that affirmatively furthers fair housing, as
8 required under section 808(e) of the Civil Rights Act
9 of 1968 (42 U.S.C. 3608(e)). Grantees shall adopt
10 affirmative marketing procedures and require af-
11 firmative marketing activities of project owners and
12 managers which special outreach efforts shall be tar-
13 geted to those who are least likely to apply for the
14 housing, to ensure that all persons, regardless of
15 their race, color, national origin, religion, sex, dis-
16 ability, or familial status are aware of the housing
17 opportunities in each project funded under this Act.

18 (7) ACCESSIBILITY REQUIREMENTS.—All new
19 construction and substantial alterations of existing
20 buildings receiving assistance under this Act shall
21 comply with the requirements of the Rehabilitation
22 Act of 1973 (29 U.S.C. 701 et seq.), the Uniform
23 Federal Accessibility Standards, the Fair Housing
24 Act (42 U.S.C. 3601 et seq.), and any other require-
25 ments, as determined by the Secretary.

1 (8) AFFORDABILITY REQUIREMENT.—The
2 owner of a property assisted with funding under this
3 Act shall agree to a period of affordability for the
4 property which shall be not less than the period of
5 affordability to which the property is already subject
6 and remains subject, or 30 years, whichever is great-
7 er.

8 (9) COST LIMITS.—Subject to the provisions of
9 this Act, the Secretary shall establish cost limits on
10 eligible activities under this Act sufficient to provide
11 for effective transformation programs.

12 (10) ENVIRONMENTAL REVIEW.—For purposes
13 of environmental review, assistance and projects
14 under this Act shall be treated as assistance for spe-
15 cial projects that are subject to section 305(c) of the
16 Multifamily Housing Property Disposition Reform
17 Act of 1994 (42 U.S.C. 3547(c)), and shall be sub-
18 ject to the regulations issued by the Secretary to im-
19 plement such section.

20 (11) GRANTEE REPORTING.—The Secretary
21 shall require grantees under this Act to report the
22 sources and uses of all amounts expended and other
23 information for transformation plans for the annual
24 report of the Secretary to Congress or other pur-
25 poses, as determined by the Secretary.

1 **SEC. 11. DEMOLITION AND DISPOSITION.**

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

6 **SEC. 12. ADMINISTRATION BY OTHER ENTITIES.**

7 The Secretary may require a grantee under this Act
8 to make arrangements satisfactory to the Secretary for
9 use of an entity other than the original grantee to carry
10 out activities assisted under the transformation plan, if
11 the Secretary determines that such action will help to ef-
12 fectuate the purposes of this Act.

13 **SEC. 13. WITHDRAWAL OF FUNDING.**

14 If a grantee under this Act does not proceed within
15 a reasonable time frame in implementing the trans-
16 formation plan of the grantee, or does not otherwise com-
17 ply with the requirements of this Act or the grant agree-
18 ment, as determined by the Secretary, the Secretary is au-
19 thorized to withdraw any grant amounts under this Act
20 that have not been obligated by the grantee. The Secretary
21 may redistribute any withdrawn amounts to one or more
22 other eligible entities capable of proceeding expeditiously
23 in the same locality in carrying out the transformation
24 plan of the original grantee, or as such plan may be modi-
25 fied and approved by the Secretary, or, if that is not fea-

1 sible, to one or more other applicants that has already re-
 2 ceived assistance under this Act.

3 **SEC. 14. ANNUAL REPORT.**

4 The Secretary shall submit to Congress an annual re-
 5 port setting forth—

6 (1) the number, type, and cost of affordable
 7 housing units revitalized pursuant to this Act;

8 (2) the amount and type of financial assistance
 9 provided under and in conjunction with this Act, in-
 10 cluding a specification of the amount and type of as-
 11 sistance provided for educational opportunities, serv-
 12 ices, public assets, public transportation, and access
 13 to jobs; and

14 (3) the impact of grants made under this Act
 15 on the original residents, the target neighborhoods,
 16 and the larger communities within which they are lo-
 17 cated.

18 **SEC. 15. PROGRAM EVALUATION.**

19 The Secretary shall conduct, and shall submit a re-
 20 port to Congress on, an evaluation of the Choice Neighbor-
 21 hoods program, with respect to which—

22 (1) the Secretary shall—

23 (A) select an outside expert firm to con-
 24 duct the evaluation of the Choice Neighbor-
 25 hoods program; and

1 (B) consult with the Secretary of Labor,
2 the Secretary of Education, the Secretary of
3 Transportation, the Secretary of Health and
4 Human Services, the Administrator of the En-
5 vironmental Protection Agency, the Attorney
6 General, and other appropriate agencies on the
7 evaluation of the program and selection of the
8 evaluation firm;

9 (2) the Secretary shall submit to Congress a re-
10 port of the results of the evaluation 5 years after the
11 initial grant awards, and annually thereafter; and

12 (3) the factors to be considered within the eval-
13 uation include measures of—

14 (A) resident engagement within and after
15 the transformation process;

16 (B) neighborhood improvement, including
17 changes in property values, demographic
18 changes, access to transportation, and survey
19 data on resident satisfaction;

20 (C) self-sufficiency, including changes in
21 resident and neighborhood income, and changes
22 in neighborhood and resident employment sta-
23 tistics;

1 (D) educational improvement, including
2 student performance data, student mobility and
3 absenteeism, and parental involvement; and

4 (E) other indicators as determined appro-
5 priate by the Secretary.

6 **SEC. 16. FUNDING.**

7 There are authorized to be appropriated the fol-
8 lowing:

9 (1) \$350,000,000 for fiscal year 2017, and such
10 sums as may be necessary in each of fiscal years
11 2018 through 2021, for grants under this Act. Of
12 the funding authorized in any fiscal year, up to 10
13 percent is authorized for planning grants. In award-
14 ing planning grants, the Secretary may elect to base
15 selection on a subset of the required provisions of
16 this Act. In any fiscal year, up to 5 percent is au-
17 thorized for technical assistance and program eval-
18 uation efforts related to grants awarded under this
19 Act, or under predecessor programs.

20 (2) Such sums as may be necessary for each of
21 fiscal years 2017 through 2021, for providing ten-
22 ant-based assistance for relocation and for rental as-
23 sistance under section 8 of the United States Hous-
24 ing Act of 1937 (42 U.S.C. 1437f), for the purposes
25 of complying with section 10(2) of this Act, but not

1 to exceed the amount of assistance for the number
2 of units demolished or disposed of under section
3 10(2).

4 (3) Not less than $\frac{2}{3}$ of amounts made available
5 in any fiscal year under this Act shall be used for,
6 or $\frac{2}{3}$ of the number of housing units assisted under
7 this Act shall be, public housing units, subject to de
8 minimis variations, as may result from the grantee
9 selection process.

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