

control system that would operate at the land borders of the United States and that would—

(1) collect a record of departure for every alien departing the United States and match the records of departure with the record of the alien's arrival in the United States; and

(2) enable the Attorney General to identify, through on-line searching procedures, lawfully admitted nonimmigrants who remain in the United States beyond the period authorized by the Attorney General.

(b) Such report shall assess the costs and feasibility of various means of operating such an automated entry-exit control system; shall evaluate how such a system could be implemented without increasing border traffic congestion and border crossing delays and, if any such system would increase border crossing delays, evaluate to what extent such congestion or delays would increase; and shall estimate the length of time that would be required for any such system to be developed and implemented at the land borders.

#### PUBLIC HOUSING REFORM AND RESPONSIBILITY ACT OF 1977

Mr. McCONNELL. Mr. President, I ask unanimous consent the Senate now proceed to the consideration of Calendar No. 63, S. 462.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (S. 462) to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the "Public Housing Reform and Responsibility Act of 1997".

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.
- Sec. 4. Effective date.
- Sec. 5. Proposed regulations; technical recommendations.
- Sec. 6. Elimination of obsolete documents.
- Sec. 7. Annual reports.

#### TITLE I—PUBLIC HOUSING

- Sec. 101. Declaration of policy.
- Sec. 102. Membership on board of directors.
- Sec. 103. Rental payments.
- Sec. 104. Definitions.
- Sec. 105. Contributions for lower income housing projects.
- Sec. 106. Public housing agency plan.
- Sec. 107. Contract provisions and requirements.
- Sec. 108. Expansion of powers for dealing with PHA's in substantial default.
- Sec. 109. Public housing site-based waiting lists.
- Sec. 110. Public housing capital and operating funds.
- Sec. 111. Community service and self-sufficiency.
- Sec. 112. Repeal of energy conservation; consortia and joint ventures.
- Sec. 113. Repeal of modernization fund.
- Sec. 114. Eligibility for public and assisted housing.
- Sec. 115. Demolition and disposition of public housing.

Sec. 116. Repeal of family investment centers; voucher system for public housing.

Sec. 117. Repeal of family self-sufficiency; homeownership opportunities.

Sec. 118. Revitalizing severely distressed public housing.

Sec. 119. Mixed-finance and mixed-ownership projects.

Sec. 120. Conversion of distressed public housing to tenant-based assistance.

Sec. 121. Public housing mortgages and security interests.

Sec. 122. Linking services to public housing residents.

Sec. 123. Prohibition on use of amounts.

Sec. 124. Pet ownership.

#### TITLE II—SECTION 8 RENTAL ASSISTANCE

Sec. 201. Merger of the certificate and voucher programs.

Sec. 202. Repeal of Federal preferences.

Sec. 203. Portability.

Sec. 204. Leasing to voucher holders.

Sec. 205. Homeownership option.

Sec. 206. Law enforcement and security personnel in public housing.

Sec. 207. Technical and conforming amendments.

Sec. 208. Implementation.

Sec. 209. Definition.

Sec. 210. Effective date.

Sec. 211. Recapture and reuse of annual contribution contract project reserves under the tenant-based assistance program.

#### TITLE III—SAFETY AND SECURITY IN PUBLIC AND ASSISTED HOUSING

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 resident screening and eviction.

Sec. 305. Definitions.

Sec. 306. Conforming amendments.

#### TITLE IV—MISCELLANEOUS PROVISIONS

Sec. 401. Public housing flexibility in the CHAS.

Sec. 402. Determination of income limits.

Sec. 403. Demolition of public housing.

Sec. 404. Technical correction of public housing agency opt-out authority.

Sec. 405. Review of drug elimination program contracts.

Sec. 406. Sense of Congress.

Sec. 407. Other repeals.

#### SEC. 2. FINDINGS AND PURPOSES.

(a) **FINDINGS.**—Congress finds that—  
(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) the inventory of public housing units owned and operated by public housing agencies, an asset in which the Federal Government has invested approximately \$90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations aggravates the problem and places excessive administrative burdens on public housing agencies;

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that—

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, dis-

cretion, and control with appropriate accountability to both public housing residents and localities; and

(D) rewards employment and economic self-sufficiency of public housing residents; and

(6) voucher and certificate programs under section 8 of the United States Housing Act of 1937 are successful for approximately 80 percent of applicants, and a consolidation of the voucher and certificate programs into a single, market-driven program will assist in making section 8 tenant-based assistance more successful in assisting low-income families in obtaining affordable housing and will increase housing choice for low-income families.

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

(1) to consolidate the various programs and activities under the public housing programs administered by the Secretary in a manner designed to reduce Federal overregulation;

(2) to redirect the responsibility for a consolidated program to States, localities, public housing agencies, and public housing residents;

(3) to require Federal action to overcome problems of public housing agencies with severe management deficiencies; and

(4) to consolidate and streamline tenant-based assistance programs.

#### SEC. 3. DEFINITIONS.

In this Act:

(1) **PUBLIC HOUSING AGENCY.**—The term "public housing agency" has the same meaning as in section 3 of the United States Housing Act of 1937.

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

#### SEC. 4. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act or the amendments made by this Act, this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

#### SEC. 5. PROPOSED REGULATIONS; TECHNICAL RECOMMENDATIONS.

(a) **PROPOSED REGULATIONS.**—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to Congress proposed regulations that the Secretary determines are necessary to carry out the United States Housing Act of 1937, as amended by this Act.

(b) **TECHNICAL RECOMMENDATIONS.**—Not later than 9 months after the date of enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this Act and the amendments made by this Act.

#### SEC. 6. ELIMINATION OF OBSOLETE DOCUMENTS.

Effective 1 year after the date of enactment of this Act, no rule, regulation, or order (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of enactment of this Act may be enforced by the Secretary.

#### SEC. 7. ANNUAL REPORTS.

Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to Congress on—

(1) the impact of the amendments made by this Act on—

(A) the demographics of public housing residents and families receiving tenant-based assistance under the United States Housing Act of 1937; and

(B) the economic viability of public housing agencies; and

(2) the effectiveness of the rent policies established by this Act and the amendments made by this Act on the employment status and earned income of public housing residents.

**TITLE I—PUBLIC HOUSING****SEC. 101. DECLARATION OF POLICY.**

Section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437) is amended to read as follows:

**“SEC. 2. DECLARATION OF POLICY.**

“It is the policy of the United States to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this title—

“(1) to assist States and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

“(2) to assist States and political subdivisions of States to address the shortage of housing affordable to low-income families; and

“(3) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to both public housing residents and localities.”.

**SEC. 102. MEMBERSHIP ON BOARD OF DIRECTORS.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) by redesignating the second section designated as section 27 (as added by section 903(b) of Public Law 104–193 (110 Stat. 2348)) as section 28; and

(2) by adding at the end the following:

**“SEC. 29. MEMBERSHIP ON BOARD OF DIRECTORS.**

“(a) **REQUIRED MEMBERSHIP.**—Except as provided in subsection (b), the membership of the board of directors of each public housing agency shall contain not less than 1 member—

“(1) who is a resident who directly receives assistance from the public housing agency; and

“(2) who may, if provided for in the public housing agency plan (as developed with appropriate notice and opportunity for comment by the resident advisory board) be elected by the residents directly receiving assistance from the public housing agency.

“(b) **EXCEPTION.**—Subsection (a) shall not apply to any public housing agency—

“(1) that is located in a State that requires the members of the board of directors of a public housing agency to be salaried and to serve on a full-time basis; or

“(2) with less than 300 units, if—

“(A) the public housing agency has provided reasonable notice to the resident advisory board of the opportunity of not less than 1 resident described in subsection (a) to serve on the board of directors of the public housing agency pursuant to that subsection; and

“(B) within a reasonable time after receipt by the resident advisory board of notice under subparagraph (A), the public housing agency has not been notified of the intention of any resident to participate on the board of directors.

“(c) **NONDISCRIMINATION.**—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project.”.

**SEC. 103. RENTAL PAYMENTS.**

(a) **IN GENERAL.**—Section 3(a)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(1)(A)) is amended by inserting before the semicolon the following: “ or, if the family resides in public housing, an amount established by the public housing agency, which shall not exceed 30 percent of the monthly adjusted income of the family”.

(b) **AUTHORITY OF PUBLIC HOUSING AGENCIES.**—Section 3(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)) is amended to read as follows:

“(2) **AUTHORITY OF PUBLIC HOUSING AGENCIES.**—

“(A) **IN GENERAL.**—Notwithstanding paragraph (1), a public housing agency may adopt ceiling rents that reflect the reasonable market

value of the housing, but that are not less than—

“(i) 75 percent of the monthly cost to operate the housing of the public housing agency; and

“(ii) the monthly cost to make a deposit to a replacement reserve (in the sole discretion of the public housing agency).

“(B) **MINIMUM RENT.**—Notwithstanding paragraph (1), a public housing agency may provide that each family residing in a public housing project or receiving tenant-based or project-based assistance under section 8 shall pay a minimum monthly rent in an amount not to exceed \$25 per month.

“(C) **POLICE OFFICERS.**—

“(i) **IN GENERAL.**—Notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing unit. The number and location of units occupied by police officers under this clause, and the terms and conditions of their tenancies, shall be determined by the public housing agency.

“(ii) **DEFINITION.**—In this subparagraph, the term ‘police officer’ means any person determined by a public housing agency to be, during the period of residence of that person in public housing, employed on a full-time basis as a duly licensed professional police officer by a Federal, State, or local government or by any agency thereof (including a public housing agency having an accredited police force).

“(D) **EXCEPTION TO INCOME LIMITATIONS FOR CERTAIN PUBLIC HOUSING AGENCIES.**—

“(i) **DEFINITION OF OVER-INCOME FAMILY.**—In this subparagraph, the term ‘over-income family’ means an individual or family that is not a low-income family or a very low-income family.

“(ii) **AUTHORIZATION.**—Notwithstanding any other provision of law, a public housing agency that manages less than 250 units may, on a month-to-month basis, lease a unit in a public housing project to an over-income family in accordance with this subparagraph, if there are no eligible families applying for residence in that public housing project for that month.

“(iii) **TERMS AND CONDITIONS.**—The number and location of units occupied by over-income families under this subparagraph, and the terms and conditions of those tenancies, shall be determined by the public housing agency, except that—

“(I) rent for a unit shall be in an amount that is equal to not less than the costs to operate the unit;

“(II) if an eligible family applies for residence after an over-income family moves in to the last available unit, the over-income family shall vacate the unit not later than the date on which the month term expires; and

“(III) if a unit is vacant and there is no one on the waiting list, the public housing agency may allow an over-income family to gain immediate occupancy in the unit, while simultaneously providing reasonable public notice of the availability of the unit.

“(E) **ENCOURAGEMENT OF SELF-SUFFICIENCY.**—Each public housing agency shall develop a rental policy that encourages and rewards employment and economic self-sufficiency.”.

(c) **REGULATIONS.**—

(1) **IN GENERAL.**—The Secretary shall, by regulation, after notice and an opportunity for public comment, establish such requirements as may be necessary to carry out section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by this section.

(2) **TRANSITION RULE.**—Prior to the issuance of final regulations under paragraph (1), a public housing agency may implement ceiling rents, which shall be—

(A) determined in accordance with section 3(a)(2)(A) of the United States Housing Act of 1937 (amended by subsection (b) of this section);

(B) equal to the 95th percentile of the rent paid for a unit of comparable size by residents

in the same public housing project or a group of comparable projects totaling 50 units or more; or

(C) equal to not more than the fair market rent for the area in which the unit is located.

**SEC. 104. DEFINITIONS.**

(a) **DEFINITIONS.**—

(1) **SINGLE PERSONS.**—Section 3(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)) is amended—

(A) in subparagraph (A), by striking the third sentence; and

(B) in subparagraph (B), in the second sentence, by striking “regulations of the Secretary” and inserting “public housing agency plan”.

(2) **ADJUSTED INCOME.**—Section 3(b)(5) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(5)) is amended to read as follows:

“(5) **ADJUSTED INCOME.**—The term ‘adjusted income’ means the income that remains after excluding—

“(A) \$480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household)—

“(i) who is under 18 years of age; or

“(ii) who is—

“(I) 18 years of age or older; and

“(II) a person with disabilities or a full-time student;

“(B) \$400 for an elderly or disabled family;

“(C) the amount by which the aggregate of—

“(i) medical expenses for an elderly or disabled family; and

“(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed;

exceeds 3 percent of the annual income of the family;

“(D) child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education; and

“(E) any other adjustments to earned income that the public housing agency determines to be appropriate, as provided in the public housing agency plan.”.

(b) **DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.**—

(1) **IN GENERAL.**—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(A) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of the Cranston-Gonzalez National Affordable Housing Act); and

(B) by adding at the end the following:

“(d) **DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING RENT DETERMINATIONS.**—

“(1) **IN GENERAL.**—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family—

“(A) that—

“(i) occupies a unit in a public housing project; or

“(ii) receives assistance under section 8; and

“(B) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);

may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

“(2) **PHASE-IN OF RATE INCREASES.**—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(B) shall be phased in over a subsequent 3-year period.

“(3) **OVERALL LIMITATION.**—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).”.

(2) **APPLICABILITY OF AMENDMENT.**—

(A) **PUBLIC HOUSING.**—Notwithstanding the amendment made by paragraph (1), any resident of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act, shall be governed by that authority after that date.

(B) **SECTION 8.**—The amendment made by paragraph (1) shall apply to tenant-based assistance provided under section 8 of the United States Housing Act of 1937, with funds appropriated on or after October 1, 1997.

(c) **DEFINITIONS OF TERMS USED IN REFERENCE TO PUBLIC HOUSING.**—

(1) **IN GENERAL.**—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended—

(A) in paragraph (1), by inserting “and of the fees and related costs normally involved in obtaining non-Federal financing and tax credits with or without private and nonprofit partners” after “carrying charges”; and

(B) in paragraph (2), in the first sentence, by striking “security personnel,” and all that follows through the period and inserting the following: “security personnel, service coordinators, drug elimination activities, or financing in connection with a public housing project, including projects developed with non-Federal financing and tax credits, with or without private and nonprofit partners.”

(2) **TECHNICAL CORRECTION.**—Section 622(c) of the Housing and Community Development Act of 1992 (Public Law 102-550; 106 Stat. 3817) is amended by striking “project.” and inserting “paragraph (3)”.

(3) **NEW DEFINITIONS.**—Section 3(c) of the United States Housing Act of 1937 (42 U.S.C. 1437a(c)) is amended by adding at the end the following:

“(6) **PUBLIC HOUSING AGENCY PLAN.**—The term ‘public housing agency plan’ means the plan of the public housing agency prepared in accordance with section 5A.

“(7) **DISABLED HOUSING.**—The term ‘disabled housing’ means any public housing project, building, or portion of a project or building, that is designated by a public housing agency for occupancy exclusively by disabled persons or families.

“(8) **ELDERLY HOUSING.**—The term ‘elderly housing’ means any public housing project, building, or portion of a project or building, that is designated by a public housing agency exclusively for occupancy exclusively by elderly persons or families, including elderly disabled persons or families.

“(9) **MIXED-FINANCE PROJECT.**—The term ‘mixed-finance project’ means a public housing project that meets the requirements of section 30.

“(10) **CAPITAL FUND.**—The term ‘Capital Fund’ means the fund established under section 9(c).

“(11) **OPERATING FUND.**—The term ‘Operating Fund’ means the fund established under section 9(d).”

**SEC. 105. CONTRIBUTIONS FOR LOWER INCOME HOUSING PROJECTS.**

(a) **IN GENERAL.**—Section 5 of the United States Housing Act of 1937 (42 U.S.C. 1437c) is amended by striking subsections (h) through (l).

(b) **CONFORMING AMENDMENTS.**—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 21(d), by striking “section 5(h) or”;

(2) in section 25(l)(1), by striking “and for sale under section 5(h)”;

(3) in section 307, by striking “section 5(h) and”.

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

(a) **IN GENERAL.**—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by inserting after section 5 the following:

**“SEC. 5A. PUBLIC HOUSING AGENCY PLANS.**

“(a) **5-YEAR PLAN.**—

“(1) **IN GENERAL.**—Subject to paragraph (2), not less than once every 5 fiscal years, each public housing agency shall submit to the Secretary a plan that includes, with respect to the 5 fiscal years immediately following the date on which the plan is submitted—

“(A) a statement of the mission of the public housing agency for serving the needs of low-income and very low-income families in the jurisdiction of the public housing agency during those fiscal years; and

“(B) a statement of the goals and objectives of the public housing agency that will enable the public housing agency to serve the needs identified pursuant to subparagraph (A) during those fiscal years.

“(2) **INITIAL PLAN.**—The initial 5-year plan submitted by a public housing agency under this subsection shall be submitted for the 5-year period beginning with the first fiscal year following the date of enactment of the Public Housing Reform and Responsibility Act of 1997 for which the public housing agency receives assistance under this Act.

“(b) **ANNUAL PLAN.**—

“(1) **IN GENERAL.**—Each public housing agency shall submit to the Secretary a public housing agency plan under this subsection for each fiscal year for which the public housing agency receives assistance under sections 8(o) and 9.

“(2) **UPDATES.**—For each fiscal year after the initial submission of a plan under this section by a public housing agency, the public housing agency may comply with requirements for submission of a plan under this subsection by submitting an update of the plan for the fiscal year.

“(c) **PROCEDURES.**—

“(1) **IN GENERAL.**—The Secretary shall establish requirements and procedures for submission and review of plans, including requirements for timing and form of submission, and for the contents of those plans.

“(2) **CONTENTS.**—The procedures established under paragraph (1) shall provide that a public housing agency shall—

“(A) consult with the resident advisory board established under subsection (e) in developing the plan; and

“(B) ensure that the plan under this section is consistent with the applicable comprehensive housing affordability strategy (or any consolidated plan incorporating that strategy) for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act and contains a certification by the appropriate State or local official that the plan meets the requirements of this paragraph and a description of the manner in which the applicable contents of the public housing agency plan are consistent with the comprehensive housing affordability strategy.

“(d) **CONTENTS.**—An annual public housing agency plan under this section for a public housing agency shall contain the following information relating to the upcoming fiscal year for which the assistance under this Act is to be made available:

“(1) **NEEDS.**—A statement of the housing needs of low-income and very low-income families residing in the jurisdiction served by the public housing agency, and of other low-income and very low-income families on the waiting list of the agency (including housing needs of elderly families and disabled families), and the means by which the public housing agency intends, to the maximum extent practicable, to address those needs.

“(2) **FINANCIAL RESOURCES.**—A statement of financial resources available to the agency and the planned uses of those resources.

“(3) **ELIGIBILITY, SELECTION, AND ADMISSIONS POLICIES.**—A statement of the policies governing eligibility, selection, admissions (including any preferences), assignment, and occupancy of

families with respect to public housing dwelling units and housing assistance under section 8(o).

“(4) **RENT DETERMINATION.**—A statement of the policies of the public housing agency governing rents charged for public housing dwelling units and rental contributions of assisted families under section 8(o).

“(5) **OPERATION AND MANAGEMENT.**—A statement of the rules, standards, and policies of the public housing agency governing maintenance and management of housing owned and operated by the public housing agency, and management of the public housing agency and programs of the public housing agency.

“(6) **GRIEVANCE PROCEDURE.**—A statement of the grievance procedures of the public housing agency.

“(7) **CAPITAL IMPROVEMENTS.**—With respect to public housing developments owned or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the developments.

“(8) **DEMOLITION AND DISPOSITION.**—With respect to public housing developments owned or operated by the public housing agency—

“(A) a description of any housing to be demolished or disposed of; and

“(B) a timetable for that demolition or disposition.

“(9) **DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.**—With respect to public housing developments owned or operated by the public housing agency, a description of any developments (or portions thereof) that the public housing agency has designated or will designate for occupancy by elderly and disabled families in accordance with section 7.

“(10) **CONVERSION OF PUBLIC HOUSING.**—With respect to public housing owned or operated by a public housing agency—

“(A) a description of any building or buildings that the public housing agency is required to convert to tenant-based assistance under section 31 or that the public housing agency voluntarily converts under section 22;

“(B) an analysis of those buildings required under that section for conversion; and

“(C) a statement of the amount of grant amounts to be used for rental assistance or other housing assistance.

“(11) **HOMEOWNERSHIP ACTIVITIES.**—A description of any homeownership programs of the public housing agency and the requirements for participation in and the assistance available under those programs.

“(12) **ECONOMIC SELF-SUFFICIENCY AND COORDINATION WITH WELFARE AND OTHER APPROPRIATE AGENCIES.**—A description of—

“(A) any programs relating to services and amenities provided or offered to assisted families;

“(B) any policies or programs of the public housing agency for the enhancement of the economic and social self-sufficiency of assisted families; and

“(C) how the public housing agency will comply with the requirements of subsections (c) and (d) of section 12.

“(13) **SAFETY AND CRIME PREVENTION.**—A description of policies established by the public housing agency that increase or maintain the safety of public housing residents.

“(14) **CERTIFICATION.**—An annual certification by the public housing agency that the public housing agency will carry out the public housing agency plan in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further the goal of fair housing.

“(15) **ANNUAL AUDIT.**—The results of the most recent fiscal year audit of the public housing agency.

“(e) **RESIDENT ADVISORY BOARD.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (3), each public housing agency shall establish 1 or more resident advisory boards in accordance with this subsection, the membership

of which shall adequately reflect and represent the residents of the dwelling units owned, operated, or assisted by the public housing agency.

“(2) PURPOSE.—Each resident advisory board established under this subsection shall assist and make recommendations regarding the development of the public housing agency plan. The public housing agency shall consider the recommendations of the resident advisory boards in preparing the final public housing agency plan, and shall include a copy of those recommendations in the public housing agency plan submitted to the Secretary under this section.

“(3) WAIVER.—The Secretary may waive the requirements of this subsection with respect to the establishment of resident advisory boards, if the public housing agency demonstrates to the satisfaction of the Secretary that there exists a resident council or other resident organization of the public housing agency that—

“(A) adequately represents the interests of the residents of the public housing agency; and

“(B) has the ability to perform the functions described in paragraph (2).

“(f) PUBLICATION OF NOTICE.—

“(1) IN GENERAL.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the public housing agency shall publish a notice informing the public that—

“(A) the proposed public housing agency plan is available for inspection at the principal office of the public housing agency during normal business hours; and

“(B) a public hearing will be conducted to discuss the public housing agency plan and to invite public comment regarding that plan.

“(2) PUBLIC HEARING.—Each public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1).

“(3) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2), and after considering all public comments received and, in consultation with the resident advisory board, making any appropriate changes in the public housing agency plan, the public housing agency shall—

“(A) adopt the public housing agency plan; and

“(B) submit the plan to the Secretary in accordance with this section.

“(g) AMENDMENTS AND MODIFICATIONS TO PLANS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), nothing in this section shall preclude a public housing agency, after submitting a plan to the Secretary in accordance with this section, from amending or modifying any policy, rule, regulation, or plan of the public housing agency, except that no such significant amendment or modification may be adopted or implemented—

“(A) other than at a duly called meeting of commissioners (or other comparable governing body) of the public housing agency that is open to the public; and

“(B) until notification of the amendment or modification is provided to the Secretary and approved in accordance with subsection (h)(2).

“(2) CONSISTENCY.—Each significant amendment or modification to a public housing agency plan submitted to the Secretary under this section shall—

“(A) meet the consistency requirement of subsection (c)(2);

“(B) be subject to the notice and public hearing requirements of subsection (f); and

“(C) be subject to approval by the Secretary in accordance with subsection (h)(2).

“(h) TIMING OF PLANS.—

“(1) IN GENERAL.—

“(A) INITIAL SUBMISSION.—Each public housing agency shall submit the initial plan required by this section, and any amendment or modification to the initial plan, to the Secretary at such time and in such form as the Secretary shall require.

“(B) ANNUAL SUBMISSION.—Not later than 60 days prior to the start of the fiscal year of the public housing agency, after initial submission of the plan required by this section in accordance with subparagraph (A), each public housing agency shall annually submit to the Secretary a plan update, including any amendments or modifications to the public housing agency plan.

“(2) REVIEW AND APPROVAL.—

“(A) REVIEW.—After submission of the public housing agency plan or any amendment or modification to the plan to the Secretary, to the extent that the Secretary considers such action to be necessary to make determinations under this subparagraph, the Secretary shall review the public housing agency plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

“(i) set forth the information required by this section to be contained in a public housing agency plan;

“(ii) are consistent with information and data available to the Secretary; and

“(iii) are prohibited by or inconsistent with any provision of this title or other applicable law.

“(B) APPROVAL.—

“(i) IN GENERAL.—Except as provided in paragraph (3)(B), not later than 60 days after the date on which a public housing agency plan is submitted in accordance with this section (or, with respect to the initial provision of notice under this subparagraph, not later than 75 days after the date on which the initial public housing agency plan is submitted in accordance with this section), the Secretary shall provide written notice to the public housing agency if the plan has been disapproved, stating with specificity the reasons for the disapproval.

“(ii) FAILURE TO PROVIDE NOTICE OF DISAPPROVAL.—If the Secretary does not provide notice of disapproval under clause (i) before the expiration of the period described in clause (i), the public housing agency plan shall be deemed to be approved by the Secretary.

“(3) SECRETARIAL DISCRETION.—

“(A) IN GENERAL.—The Secretary may require such additional information as the Secretary determines to be appropriate for each public housing agency that is—

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

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

“(B) TROUBLED AGENCIES.—The Secretary shall provide explicit written approval or disapproval, in a timely manner, for a public housing agency plan submitted by any public housing agency designated by the Secretary as a troubled public housing agency under section 6(j).

“(C) ADVISORY BOARD CONSULTATION ENFORCEMENT.—Following a written request by the resident advisory board that documents a failure on the part of the public housing agency to provide adequate notice and opportunity for comment under subsection (f), and upon a Secretarial finding of good cause within the time period provided for in paragraph (2)(B) of this subsection, the Secretary may require the public housing agency to adequately remedy that failure prior to a final approval of the public housing agency plan under this section.

“(4) STREAMLINED PLAN.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan for—

“(A) public housing agencies that are determined by the Secretary to be high performing public housing agencies;

“(B) public housing agencies with less than 250 public housing units that have not been designated as troubled under section 6(j); and

“(C) public housing agencies that only administer tenant-based assistance and that do not own or operate public housing.”.

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Sec-

retary shall issue an interim rule to require the submission of an interim public housing agency plan by each public housing agency, as required by section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(2) FINAL REGULATIONS.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall promulgate final regulations implementing section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

(c) AUDIT AND REVIEW; REPORT.—

(1) AUDIT AND REVIEW.—Not later than 1 year after the effective date of final regulations promulgated under subsection (b)(2), in order to determine the degree of compliance with public housing agency plans approved under section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section) by public housing agencies, the Comptroller General of the United States shall conduct—

(A) a review of a representative sample of the public housing agency plans approved under such section 5A before that date; and

(B) an audit and review of the public housing agencies submitting those plans.

(2) REPORT.—Not later than 2 years after the date on which public housing agency plans are initially required to be submitted under section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section) the Comptroller General of the United States shall submit to Congress a report, which shall include—

(A) a description of the results of each audit and review under paragraph (1); and

(B) any recommendations for increasing compliance by public housing agencies with their public housing agency plans approved under section 5A of the United States Housing Act of 1937 (as added by subsection (a) of this section).

#### SEC. 107. CONTRACT PROVISIONS AND REQUIREMENTS.

(a) CONDITIONS.—Section 6(a) of the United States Housing Act of 1937 (42 U.S.C. 1437d(a)) is amended—

(1) in the first sentence, by inserting “, in a manner consistent with the public housing agency plan” before the period; and

(2) by striking the second sentence.

(b) REPEAL OF FEDERAL PREFERENCES; REVISION OF MAXIMUM INCOME LIMITS; CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS; NOTIFICATION OF ELIGIBILITY.—Section 6(c) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)) is amended to read as follows:

“(c) [Reserved.]”.

(c) EXCESS FUNDS.—Section 6(e) of the United States Housing Act of 1937 (42 U.S.C. 1437d(e)) is amended to read as follows:

“(e) [Reserved.]”.

(d) PERFORMANCE INDICATORS FOR PUBLIC HOUSING AGENCIES.—Section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) by striking “obligated” and inserting “provided”; and

(ii) by striking “unexpended” and inserting “unobligated by the public housing agency”;

(B) in subparagraph (D), by striking “energy” and inserting “utility”;

(C) by redesignating subparagraph (H) as subparagraph (J); and

(D) by inserting after subparagraph (G) the following:

“(H) The extent to which the public housing agency—

“(i) coordinates, promotes, or provides effective programs and activities to promote the economic self-sufficiency of public housing residents; and

“(ii) provides public housing residents with opportunities for involvement in the administration of the public housing.

“(I) The extent to which the public housing agency implements—

“(i) effective screening and eviction policies; and

“(ii) other anticrime strategies;

including the extent to which the public housing agency coordinates with local government officials and residents in the development and implementation of these strategies.

“(J) The extent to which the public housing agency is providing acceptable basic housing conditions.

“(K) The extent to which the public housing agency successfully meets the goals and carries out the activities and programs of the public housing agency plan under section 5(A).”; and

(2) in paragraph (2)(A)(i), by inserting after the first sentence the following: “The Secretary may use a simplified set of indicators for public housing agencies with less than 250 public housing units.”.

(e) **DRUG-RELATED AND CRIMINAL ACTIVITY.**—Section 6(k) of the United States Housing Act of 1937 (42 U.S.C. 1437d(k)) is amended, in the matter following paragraph (6)—

(1) by striking “drug-related” and inserting “violent or drug-related”; and

(2) by inserting “or any activity resulting in a felony conviction,” after “on or off such premises.”.

(f) **LEASES.**—Section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)) is amended—

(1) in paragraph (3), by striking “not be less than” and all that follows through the end of paragraph (3) and inserting: “be the period of time required under State or local law, except that the public housing agency may provide such notice within a reasonable time which does not exceed the lesser of—

“(A) the period provided under applicable State or local law; or

“(B) 30 days—

“(i) if the health or safety of other tenants, public housing agency employees, or persons residing in the immediate vicinity of the premises is threatened; or

“(ii) in the event of any drug-related or violent criminal activity or any felony conviction.”;

(2) in paragraph (6), by striking “and” at the end;

(3) by redesignating paragraph (7) as paragraph (8); and

(4) by inserting after paragraph (6) following: “(7) provide that any occupancy in violation of section 7(e)(1) or the furnishing of any false or misleading information pursuant to section 7(e)(2) shall be cause for termination of tenancy; and”.

(g) **PUBLIC HOUSING ASSISTANCE TO FOSTER CARE CHILDREN.**—Section 6(o) of the United States Housing Act of 1937 (42 U.S.C. 1437d(o)) is amended by striking “Subject” and all that follows through “, in” and inserting “In”.

(h) **PREFERENCE FOR AREAS WITH INADEQUATE SUPPLY OF VERY LOW-INCOME HOUSING.**—Section 6(p) of the United States Housing Act of 1937 (42 U.S.C. 1437d(p)) is amended to read as follows:

“(p) [Reserved.]”.

(i) **TRANSITION RULE RELATING TO PREFERENCES.**—During the period beginning on the date of enactment of this Act and ending on the date on which the initial public housing agency plan of a public housing agency is approved under section 5A of the United States Housing Act of 1937 (as added by this Act) the public housing agency may establish local preferences for making available public housing under the United States Housing Act of 1937 and for providing tenant-based assistance under section 8 of that Act.

**SEC. 108. EXPANSION OF POWERS FOR DEALING WITH PHA'S IN SUBSTANTIAL DEFAULT.**

(a) **IN GENERAL.**—Section 6(j)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended—

(1) in subparagraph (A)—

(A) by striking clause (i) and inserting the following:

“(i) solicit competitive proposals from other public housing agencies and private housing management agents that, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary; if appropriate, these proposals shall provide for such agents to manage all, or part, of the housing administered by the public housing agency or all or part of the other programs of the agency.”;

(B) by striking clause (iv) and inserting the following:

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

(C) by inserting after clause (iii) the following:

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

(2) by striking subparagraphs (B) through (D) and inserting the following:

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

“(ii)(I) Upon the expiration of the 1-year period beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i) and the date of enactment of the Public Housing Reform and Responsibility Act of 1997, the Secretary shall—

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

“(bb) in the case of a troubled public housing agency with fewer than 1,250 units, either petition for the appointment of a receiver pursuant to subparagraph (A)(ii), or take possession of the public housing agency (including all or part of any project or program of the agency) pursuant to subparagraph (A)(iv) and appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project or program of the agency).

“(II) During the period between the date on which a petition is filed under item (aa) and the date on which a receiver assumes responsibility for the management of the public housing agency under that item, the Secretary may take possession of the public housing agency (including all or part of any project or program of the agency) pursuant to subparagraph (A)(iv) and may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project or program of the agency).

“(C) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

“(i) may abrogate any contract to which the United States or an agency of the United States is not a party that, in the receiver's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the receiver determines that reasonable efforts to renegotiate such contract have failed;

“(ii) may demolish and dispose of all or part of the assets of the public housing agency (including all or part of any project of the agency)

in accordance with section 18, including disposition by transfer of properties to resident-supported nonprofit entities;

“(iii) if determined to be appropriate by the Secretary, may seek the establishment, as permitted by applicable State and local law, of 1 or more new public housing agencies;

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

“(v) shall not be required to comply with any State or local law relating to civil service requirements, employee rights (except civil rights), procurement, or financial or administrative controls that, in the receiver's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default.

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

“(I) may abrogate any contract to which the United States or an agency of the United States is not a party that, in the written determination of the Secretary (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the Secretary determines that reasonable efforts to renegotiate such contract have failed;

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

“(III) may seek the establishment, as permitted by applicable State and local law, of 1 or more new public housing agencies;

“(IV) may seek consolidation of all or part of the agency (including all or part of any project or program of the agency), as permitted by applicable State and local laws, into other well-managed public housing agencies with the consent of such well-managed agencies;

“(V) shall not be required to comply with any State or local law relating to civil service requirements, employee rights (except civil rights), procurement, or financial or administrative controls that, in the Secretary's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default; and

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

“(ii) If the Secretary, pursuant to subparagraph (B)(ii)(II), appoints an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project or program of the agency), the Secretary may delegate to the administrative 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 1 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 the United States, or in any court of any State, territory, or possession of the United States.

“(F) In any proceeding under subparagraph (A)(ii), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of all or part of the public housing agency in a manner consistent with this Act and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another public housing agency, a private management corporation, or any other person or appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

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

“(H) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of a public housing agency (including all or part of any project or program of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of all or part of the public housing agency (including all or part of any project or program of the agency), shall be the liability of the public housing agency.”

(b) **APPLICABILITY.**—The provisions of, and duties and authorities conferred or confirmed by, the amendments made by subsection (a) shall apply with respect to any action taken before, on, or after the effective date of this Act and shall apply to any receiver appointed for a public housing agency before the date of enactment of this Act.

(c) **TECHNICAL CORRECTION REGARDING APPLICABILITY TO SECTION 8.**—Section 8(h) of the United States Housing Act of 1937 is amended by inserting “(except as provided in section 6(j)(3))” after “6”.

#### **SEC. 109. PUBLIC HOUSING SITE-BASED WAITING LISTS.**

Section 6 of the United States Housing Act of 1937 is amended by adding at the end the following:

“(s) **SITE-BASED WAITING LISTS.**—

“(1) **IN GENERAL.**—A public housing agency may establish, in accordance with guidelines established by the Secretary, procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include a system under which applicants may apply directly at or otherwise designate the development or developments in which they seek to reside.

“(2) **CIVIL RIGHTS.**—Any procedures established under paragraph (1) shall comply with title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws.

“(3) **NOTICE REQUIRED.**—Any system described in paragraph (1) shall provide for the full disclosure by the public housing agency to each applicant of any option available to the applicant in the selection of the development in which to reside.”

#### **SEC. 110. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.**

(a) **IN GENERAL.**—Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) is amended to read as follows:

#### **“SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.**

“(a) **IN GENERAL.**—Except for assistance provided under section 8 of this Act or as otherwise provided in the Public Housing Reform and Responsibility Act of 1997, all programs under which assistance is provided for public housing under this Act on the day before October 1, 1998, shall be merged, as appropriate, into either—

“(1) the Capital Fund established under subsection (c); or

“(2) the Operating Fund established under subsection (d).

“(b) **USE OF EXISTING FUNDS.**—With the exception of funds made available pursuant to section 8 or section 20(f) and funds made available for the urban revitalization demonstration program authorized under the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Acts—

“(1) funds made available to the Secretary for public housing purposes that have not been obligated by the Secretary to a public housing agency as of October 1, 1998, shall be made available, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate; and

“(2) funds made available to the Secretary for public housing purposes that have been obligated by the Secretary to a public housing agency but that, as of October 1, 1998, have not been obligated by the public housing agency, may be made available by that public housing agency, for the period originally provided in law, for use in either the Capital Fund or the Operating Fund, as appropriate.

“(c) **CAPITAL FUND.**—

“(1) **IN GENERAL.**—The Secretary shall establish a Capital Fund for the purpose of making assistance available to public housing agencies to carry out capital and management activities, including—

“(A) the development and modernization of public housing projects, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the development of mixed-finance projects;

“(B) vacancy reduction;

“(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

“(D) planned code compliance;

“(E) management improvements;

“(F) demolition and replacement;

“(G) resident relocation;

“(H) capital expenditures to facilitate programs to improve the empowerment and economic self-sufficiency of public housing residents and to improve resident participation;

“(I) capital expenditures to improve the security and safety of residents; and

“(J) homeownership activities.

“(2) **ESTABLISHMENT OF CAPITAL FUND FORMULA.**—The Secretary shall develop a formula for providing assistance under the Capital Fund, which may take into account—

“(A) the number of public housing dwelling units owned or operated by the public housing agency and the percentage of those units that are occupied by very low-income families;

“(B) if applicable, the reduction in the number of public housing units owned or operated by the public housing agency as a result of any conversion to a system of tenant-based assistance;

“(C) the costs to the public housing agency of meeting the rehabilitation and modernization needs, and meeting the reconstruction, development, replacement housing, and demolition needs of public housing dwelling units owned and operated by the public housing agency;

“(D) the degree of household poverty served by the public housing agency;

“(E) the costs to the public housing agency of providing a safe and secure environment in public housing units owned and operated by the public housing agency; and

“(F) the ability of the public housing agency to effectively administer the Capital Fund distribution of the public housing agency.

“(3) **CONDITION ON USE OF THE CAPITAL FUND FOR DEVELOPMENT AND MODERNIZATION.**—

“(A) **DEVELOPMENT.**—Any public housing developed using amounts provided under this subsection shall be operated for a 40-year period under the terms and conditions applicable to public housing during that period, beginning on the date on which the development (or stage of development) becomes available for occupancy.

“(B) **MODERNIZATION.**—Any public housing, or portion thereof, that is modernized using amounts provided under this subsection shall be maintained and operated for a 20-year period under the terms and conditions applicable to public housing during that period, beginning on the latest date on which modernization is completed.

“(C) **APPLICABILITY OF LATEST EXPIRATION DATE.**—Public housing subject to this paragraph or to any other provision of law mandating the operation of the housing as public housing or under the terms and conditions applicable to public housing for a specified length of time shall be maintained and operated as required until the latest expiration date.

“(d) **OPERATING FUND.**—

“(1) **IN GENERAL.**—The Secretary shall establish an Operating Fund for the purpose of making assistance available to public housing agencies for the operation and management of public housing, including—

“(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

“(B) activities to ensure a program of routine preventative maintenance;

“(C) anticrime and antidrug activities, including the costs of providing adequate security for public housing residents;

“(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities;

“(E) activities to provide for management and participation in the management and policymaking of public housing by public housing residents;

“(F) the costs associated with the operation and management of mixed-finance projects, to the extent appropriate (including the funding of an operating reserve to ensure affordability for low-income and very low-income families in lieu of the availability of operating funds for public housing units in a mixed-finance project);

“(G) the reasonable costs of insurance;

“(H) the reasonable energy costs associated with public housing units, with an emphasis on energy conservation; and

“(I) the costs of administering a public housing work program under section 12, including the costs of any related insurance needs.

“(2) **ESTABLISHMENT OF OPERATING FUND FORMULA.**—The Secretary shall establish a formula for providing assistance under the Operating Fund, which may take into account—

“(A) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

“(B) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

“(C) the degree of household poverty served by a public housing agency;

“(D) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing residents;

“(E) the number of dwelling units owned and operated by the public housing agency that are

chronically vacant and the amount of assistance appropriate for those units;

“(F) the costs of the public housing agency associated with anticrime and antidrug activities, including the costs of providing adequate security for public housing residents; and

“(G) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency.

“(e) LIMITATIONS ON USE OF FUNDS.—

“(1) IN GENERAL.—Each public housing agency may use not more than 20 percent of the Capital Fund distribution of the public housing agency for activities that are eligible for assistance under the Operating Fund under subsection (d), if the public housing agency plan provides for such use.

“(2) NEW CONSTRUCTION.—

“(A) IN GENERAL.—A public housing agency may not use any of the Capital Fund or Operating Fund distributions of the public housing agency for the purpose of constructing any public housing unit, if such construction would result in a net increase in the number of public housing units owned or operated by the public housing agency on the date of enactment of the Public Housing Reform and Responsibility Act of 1997, including any public housing units demolished as part of any revitalization effort.

“(B) EXCEPTION.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A), a public housing agency may use the Capital Fund or Operating Fund distributions of the public housing agency for the construction and operation of housing units that are available and affordable to low-income families in excess of the limitations on new construction set forth in subparagraph (A), except that the formulas established under subsections (c)(2) and (d)(2) shall not provide additional funding for the specific purpose of allowing construction and operation of housing in excess of those limitations.

“(ii) EXCEPTION.—Notwithstanding clause (i), subject to reasonable limitations set by the Secretary, the formulae established under subsections (c)(2) and (d)(2) may provide additional funding for the operation and modernization costs (but not the initial development costs) of housing in excess of amounts otherwise permitted under this paragraph if—

“(I) those units are part of a mixed-finance project or otherwise leverage significant additional private or public investment; and

“(II) the estimated cost of the useful life of the project is less than the estimated cost of providing tenant-based assistance under section 8(a) for the same period of time.

“(f) DIRECT PROVISION OF OPERATING AND CAPITAL ASSISTANCE.—

“(1) IN GENERAL.—The Secretary shall directly provide operating and capital assistance under this section to a resident management corporation managing a public housing development pursuant to a contract under this section, but only if—

“(A) the resident management corporation petitions the Secretary for the release of the funds;

“(B) the contract provides for the resident management corporation to assume the primary management responsibilities of the public housing agency; and

“(C) the Secretary determines that the corporation has the capability to effectively discharge such responsibilities.

“(2) USE OF ASSISTANCE.—Any operating and capital assistance provided to a resident management corporation pursuant to this subsection shall be used for purposes of operating the public housing developments of the agency and performing such other eligible activities with respect to public housing as may be provided under the contract.

“(3) RESPONSIBILITY OF PUBLIC HOUSING AGENCY.—If the Secretary provides direct funding to a resident management corporation under this subsection, the public housing agency shall not be responsible for the actions of the resident management corporation.

“(g) TECHNICAL ASSISTANCE.—To the extent approved in advance in appropriations Acts, the Secretary may make grants or enter into contracts in accordance with this subsection for purposes of providing, either directly or indirectly—

“(1) technical assistance to public housing agencies, resident councils, resident organizations, and resident management corporations, including assistance relating to monitoring and inspections;

“(2) training for public housing agency employees and residents;

“(3) data collection and analysis; and

“(4) training, technical assistance, and education to assist public housing agencies that are—

“(A) at risk of being designated as troubled under section 6(j) from being so designated; and

“(B) designated as troubled under section 6(j) in achieving the removal of that designation.

“(h) EMERGENCY RESERVE.—

“(1) IN GENERAL.—

“(A) SET-ASIDE.—In each fiscal year, the Secretary shall set aside not more than 2 percent of the amount made available for use under the capital fund to carry out this section for that fiscal year for use in accordance with this subsection.

“(B) USE OF FUNDS.—Amounts set aside under this paragraph shall be available to the Secretary for use in connection with—

“(i) emergencies and other disasters;

“(ii) housing needs resulting from any settlement of litigation; and

“(iii) the Operation Safe Home program, except that amounts set aside under this clause may not exceed \$10,000,000 in any fiscal year.

“(2) LIMITATION.—With respect to any fiscal year, the Secretary may carry over not more than a total of \$25,000,000 in unobligated amounts set aside under this subsection for use in connection with the activities described in paragraph (1)(B) during the succeeding fiscal year.

“(3) REPORTS.—The Secretary and the Office of Inspector General shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives regarding the feasibility of transferring the authority to administer the program functions implemented to reduce violent crime in public housing under Operation Safe Home to the Office of Public and Indian Housing or to the Department of Justice.

“(4) PUBLICATION.—The Secretary shall publish the use of any amounts allocated under this subsection relating to emergencies (other disasters and housing needs resulting from any settlement of litigation) in the Federal Register.

“(i) PENALTY FOR SLOW EXPENDITURE OF CAPITAL FUNDS.—

“(1) IN GENERAL.—

“(A) TIME PERIOD.—Except as provided in paragraph (2), and subject to subparagraph (B) of this paragraph, a public housing agency shall obligate any assistance received under this section not later than 18 months after the date on which the funds become available to the agency for obligation.

“(B) EXTENSION OF TIME PERIOD.—The Secretary may—

“(i) extend the time period described in subparagraph (A) for a period of not more than 1 year with respect to a public housing agency, if the Secretary determines that the failure of the public housing agency to obligate assistance in a timely manner is attributable to events beyond the control of the public housing agency; and

“(ii) provide an exception to the requirements of subparagraph (A) with respect to any de minimis amounts to be obligated by a public housing agency with the funding for the subsequent fiscal year of the public housing agency, to the extent that the Secretary determines such action to be necessary to permit the public housing agency to accumulate sufficient funding—

“(I) to undertake certain activities; and

“(II) to provide replacement housing.

“(C) EFFECT OF FAILURE TO COMPLY.—

“(i) IN GENERAL.—A public housing agency shall not be awarded assistance under this section for any month during any fiscal year in which the public housing agency has funds unobligated in violation of subparagraph (A).

“(ii) EFFECT OF FAILURE TO COMPLY.—During any fiscal year described in clause (i), the Secretary shall withhold all assistance that would otherwise be provided to the public housing agency. If the public housing agency cures its default during the year, it shall be provided with the share attributable to the months remaining in the year.

“(iii) REDISTRIBUTION.—The total amount of any funds not provided public housing agencies by operation of this subparagraph shall be distributed to high-performing agencies, as determined under section 6(j).

“(2) EXCEPTION.—

“(A) IN GENERAL.—Subject to subparagraph (B), if the Secretary has consented, before the date of enactment of the Public Housing Reform and Responsibility Act of 1997, to an obligation period for any agency longer than provided under paragraph (1)(A), a public housing agency that obligates its funds before the expiration of that period shall not be considered to be in violation of paragraph (1)(A).

“(B) FISCAL YEAR 1995.—Notwithstanding subparagraph (A)—

“(i) any funds appropriated to a public housing agency for fiscal year 1995, or for any preceding fiscal year, shall be fully obligated by the public housing agency not later than September 30, 1998; and

“(ii) any funds appropriated to a public housing agency for fiscal year 1996 or 1997 shall be fully obligated by the public housing agency not later than September 30, 1999.

“(3) EXPENDITURE OF AMOUNTS.—

“(A) IN GENERAL.—A public housing agency shall spend any assistance received under this section not later than 4 years (plus the period of any extension approved by the Secretary under paragraph (1)(B)) after the date on which funds become available to the agency for obligation.

“(B) ENFORCEMENT.—The Secretary shall enforce the requirement of subparagraph (A) through default remedies up to and including withdrawal of the funding.

“(4) RIGHT OF RECAPTURE.—Any obligation entered into by a public housing agency shall be subject to the right of the Secretary to recapture the obligated amounts for violation by the public housing agency of the requirements of this subsection.”

(b) IMPLEMENTATION; EFFECTIVE DATE; TRANSITION PERIOD.—

(1) IMPLEMENTATION.—Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall establish the formulas described in subsections (c)(3) and (d)(2) of section 9 of the United States Housing Act of 1937, as amended by this section.

(2) EFFECTIVE DATE.—The formulas established under paragraph (1) shall be effective only with respect to amounts made available under section 9 of the United States Housing Act of 1937, as amended by this section, in fiscal year 1999 or in any succeeding fiscal year.

(3) TRANSITION PERIOD.—

(A) IN GENERAL.—Subject to subparagraph (B), prior to the effective date described in paragraph (2), the Secretary shall provide that each public housing agency shall receive funding under sections 9 and 14 of the United States Housing Act of 1937, as those sections existed on the day before the date of enactment of this Act.

(B) QUALIFICATION.—If a public housing agency establishes a rental amount that is less than 30 percent of the monthly adjusted income of the family under section 3(a)(1)(A) of the United States Housing Act of 1937 (as amended

by section 103(a) of this Act), the Secretary shall not take into account any reduction of or increase in the per unit dwelling rental income of the public housing agency resulting from the use of that rental amount in calculating the contributions for the public housing agency for the operation of the public housing under section 9 of the United States Housing Act of 1937 (as in existence on the day before the date of enactment of this Act).

**SEC. 111. COMMUNITY SERVICE AND SELF-SUFFICIENCY.**

Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by adding at the end the following:

“(c) COMMUNITY SERVICE AND SELF-SUFFICIENCY REQUIREMENT.—

“(1) MINIMUM REQUIREMENT.—Notwithstanding any other provision of law, each adult member of each family assisted under this title shall—

“(A) contribute not less than 8 hours per month of community service (not to include any political activity) within the community in which that adult resides; or

“(B) participate in a self-sufficiency program (as that term is defined in subsection (d)(1)) for not less than 8 hours per month.

“(2) INCLUSION IN PLAN.—Each public housing agency shall include in the public housing agency plan a detailed description of the manner in which the public housing agency intends to implement and administer paragraph (1).

“(3) EXEMPTIONS.—The Secretary may provide an exemption from paragraph (1) for any adult who—

“(A) has attained age 62;

“(B) is a blind or disabled individual, as defined under section 1614 of the Social Security Act (42 U.S.C. 1382c) and who is unable to comply with this section, or a primary caretaker of that individual;

“(C) is engaged in a work activity (as that term is defined in subsection (d)(1)(C)); or

“(D) meets the requirements for being exempted from having to engage in a work activity under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under any other welfare program of the State in which the public housing agency is located.

“(d) SELF-SUFFICIENCY.—

“(1) DEFINITIONS.—In this section—

“(A) the term ‘covered family’ means a family that—

“(i) receives benefits for welfare or public assistance from a State or other public agency under a program for which the Federal, State, or local law relating to the program requires, as a condition of eligibility for assistance under the program, participation of a member of the family in a self-sufficiency program; and

“(ii) resides in a public housing dwelling unit or is provided tenant-based assistance;

“(B) the term ‘self-sufficiency program’ means any program designed to encourage, assist, train, or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, education, workfare and apprenticeship; and

“(C) the term ‘work activities’ has the meaning given that term in section 407(d) of the Social Security Act (42 U.S.C. 607(d)) (as in effect on and after July 1, 1997).

“(2) COMPLIANCE.—

“(A) SANCTIONS.—Notwithstanding any other provision of law, if the welfare or public assistance benefits of a covered family are reduced under a Federal, State, or local law regarding such an assistance program because of any failure of any member of the family to comply with the conditions under the assistance program requiring participation in a self-sufficiency program or a work activities requirement, or because of an act of fraud by any member of the family under the law or program, the amount

required to be paid by the family as a monthly contribution toward rent may not be decreased, during the period of the reduction, as a result of any decrease in the income of the family (to the extent that the decrease in income is a result of the benefits reduction).

“(B) REVIEW.—Any covered family that is affected by the operation of this paragraph shall have the right to review the determination under this paragraph through the administrative grievance procedure for the public housing agency.

“(C) NOTICE.—Subparagraph (A) shall not apply to any covered family before the public housing agency providing assistance under this Act on behalf of the family obtains written notification from the relevant welfare or public assistance agency specifying that the family’s benefits have been reduced because of noncompliance with self-sufficiency program or an applicable work activities requirement and the level of such reduction.

“(D) NO APPLICATION OF REDUCTIONS BASED ON TIME LIMIT FOR ASSISTANCE.—For purposes of this paragraph, a reduction in benefits as a result of the expiration of a lifetime time limit for a family receiving welfare or public assistance benefits shall not be considered to be a failure to comply with the conditions under the assistance program requiring participation in a self-sufficiency program or a work activities requirement.

“(3) OCCUPANCY RIGHTS.—This subsection may not be construed to authorize any public housing agency to limit the duration of tenancy in a public housing dwelling unit or of tenant-based assistance.

“(4) COOPERATION AGREEMENTS FOR SELF-SUFFICIENCY ACTIVITIES.—

“(A) REQUIREMENT.—To the maximum extent practicable, a public housing agency providing public housing dwelling units or tenant-based assistance for covered families shall enter into such cooperation agreements, with State, local, and other agencies providing assistance to covered families under welfare or public assistance programs, as may be necessary, to provide for such agencies to transfer information to facilitate administration of subsection (c) or paragraph (2) of this subsection, and other information regarding rents, income, and assistance that may assist a public housing agency or welfare or public assistance agency in carrying out its functions.

“(B) CONTENTS.—A public housing agency shall seek to include in a cooperation agreement under this paragraph requirements and provisions designed to target assistance under welfare and public assistance programs to families residing in public and other assisted housing developments, which may include providing for self-sufficiency services within such housing, providing for services designed to meet the unique employment-related needs of residents of such housing, providing for placement of workfare positions on-site in such housing, and such other elements as may be appropriate.

“(C) CONFIDENTIALITY.—This paragraph may not be construed to authorize any release of information that is prohibited by, or in contravention of, any other provision of Federal, State, or local law.”.

**SEC. 112. REPEAL OF ENERGY CONSERVATION; CONSORTIA AND JOINT VENTURES.**

Section 13 of the United States Housing Act of 1937 (42 U.S.C. 1437k) is amended to read as follows:

**“SEC. 13. CONSORTIA, JOINT VENTURES, AFFILIATES, AND SUBSIDIARIES OF PUBLIC HOUSING AGENCIES.**

“(a) CONSORTIA.—

“(1) IN GENERAL.—Any 2 or more public housing agencies may participate in a consortium for the purpose of administering any or all of the housing programs of those public housing agencies in accordance with this section.

“(2) EFFECT.—With respect to any consortium described in paragraph (1)—

“(A) any assistance made available under this title to each of the public housing agencies par-

ticipating in the consortium shall be paid to the consortium; and

“(B) all planning and reporting requirements imposed upon each public housing agency participating in the consortium with respect to the programs operated by the consortium shall be consolidated.

“(3) RESTRICTIONS.—

“(A) AGREEMENT.—Each consortium described in paragraph (1) shall be formed and operated in accordance with a consortium agreement, and shall be subject to the requirements of a joint public housing agency plan, which shall be submitted by the consortium in accordance with section 5A.

“(B) MINIMUM REQUIREMENTS.—The Secretary shall specify minimum requirements relating to the formation and operation of consortia and the minimum contents of consortium agreements under this paragraph.

“(b) JOINT VENTURES.—

“(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency, in accordance with the public housing agency plan, may—

“(A) form and operate wholly owned or controlled subsidiaries (which may be nonprofit corporations) and other affiliates, any of which may be directed, managed, or controlled by the same persons who constitute the board of commissioners or other similar governing body of the public housing agency, or who serve as employees or staff of the public housing agency; or

“(B) enter into joint ventures, partnerships, or other business arrangements with, or contract with, any person, organization, entity, or governmental unit, with respect to the administration of the programs of the public housing agency, including any program that is subject to this title.

“(2) USE OF AND TREATMENT INCOME.—Any income generated under paragraph (1)—

“(A) shall be used for low-income housing or to benefit the residents of the public housing agency; and

“(B) shall not result in any decrease in any amount provided to the public housing agency under this title.

“(3) AUDITS.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit of any activity undertaken under paragraph (1) at any time.”.

**SEC. 113. REPEAL OF MODERNIZATION FUND.**

(a) IN GENERAL.—Section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) is repealed.

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 5(c)(5), by striking “for use under section 14 or”;

(2) in section 5(c)(7)—

(A) in subparagraph (A)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively; and

(B) in subparagraph (B)—

(i) by striking clause (iii); and

(ii) by redesignating clauses (iv) through (x) as clauses (iii) through (ix), respectively;

(3) in section 6(j)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (H) as subparagraphs (B) through (G), respectively;

(4) in section 6(j)(2)(A)—

(A) in clause (i), by striking “The Secretary shall also designate,” and all that follows through the period at the end; and

(B) in clause (iii), by striking “(including designation as a troubled agency for purposes of the program under section 14)”;

(5) in section 6(j)(2)(B)—

(A) in clause (i), by striking “and determining that an assessment under this subparagraph



will not duplicate any review conducted under section 14(p)"; and

(B) in clause (ii)—

(i) by striking "(I) the agency's comprehensive plan prepared pursuant to section 14 adequately and appropriately addresses the rehabilitation needs of the agency's inventory, (II)" and inserting "(I)"; and

(ii) by striking "(III)" and inserting "(II)";

(6) in section 6(j)(3)—

(A) in clause (ii), by adding "and" at the end;

(B) by striking clause (iii); and

(C) by redesignating clause (iv) as clause (iii);

(7) in section 6(j)(4)—

(A) in subparagraph (D), by adding "and" at the end;

(B) in subparagraph (E), by striking "; and" at the end and inserting a period; and

(C) by striking subparagraph (F);

(8) in section 20—

(A) by striking subsection (c) and inserting the following:

"(c) [Reserved.];" and

(B) by striking subsection (f) and inserting the following:

"(f) [Reserved.];"

(9) in section 21(a)(2)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(10) in section 21(a)(3)(A)(v), by striking "the building or buildings meet the minimum safety and livability standards applicable under section 14, and";

(11) in section 25(b)(1), by striking "From amounts reserved" and all that follows through "the Secretary may" and inserting the following: "To the extent approved in appropriations Acts, the Secretary may";

(12) in section 25(e)(2)—

(A) by striking "The Secretary" and inserting "To the extent approved in appropriations Acts, the Secretary"; and

(B) by striking "available annually from amounts under section 14";

(13) in section 25(e), by striking paragraph (3);

(14) in section 25(f)(2)(G)(i), by striking "including—" and all that follows through "an explanation" and inserting "including an explanation";

(15) in section 25(i)(1), by striking the second sentence; and

(16) in section 202(b)(2)—

(A) by striking "(b) FINANCIAL ASSISTANCE.—" and all that follows through "The Secretary may," and inserting the following:

"(b) FINANCIAL ASSISTANCE.—The Secretary may"; and

(B) by striking paragraph (2).

**SEC. 114. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.**

Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended to read as follows:

**"SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.**

"(a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

"(1) IN GENERAL.—Of the dwelling units of a public housing agency, including public housing units in a designated mixed-finance project, made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families;

"(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income for those families; and

"(C) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if ap-

proved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(3) PROHIBITION OF CONCENTRATION OF LOW-INCOME FAMILIES.—A public housing agency may not, in complying with the requirements under paragraph (1), concentrate very low-income families (or other families with relatively low incomes) in public housing dwelling units in certain public housing developments or certain buildings within developments.

"(4) MIXED-INCOME HOUSING STANDARD.—Each public housing agency plan submitted by a public housing agency shall include a plan for achieving a diverse income mix among residents in each public housing project of the public housing agency and among the scattered site public housing of the public housing agency.

"(b) INCOME ELIGIBILITY FOR CERTAIN ASSISTED HOUSING.—

"(1) TENANT-BASED ASSISTANCE.—Of the dwelling units receiving tenant-based assistance under section 8 made available for occupancy in any fiscal year of the public housing agency—

"(A) not less than 50 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income for those families; and

"(B) any remaining dwelling units may be made available for families whose incomes do not exceed 80 percent of the area median income for those families.

"(2) ESTABLISHMENT OF DIFFERENT STANDARDS.—Notwithstanding paragraph (1), if approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an occupancy standard other than the standard described in paragraph (1).

"(3) PROJECT-BASED ASSISTANCE.—Of the total number of dwelling units in a project receiving assistance under section 8, other than assistance described in paragraph (1), that are made available for occupancy by eligible families in any year (as determined by the Secretary)—

"(A) not less than 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the area median income; and

"(B) not less than 75 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income.

"(c) DEFINITION OF AREA MEDIAN INCOME.—In this section, the term 'area median income' means the median income of an area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than the percentages specified in subsections (a) and (b) if the Secretary determines that such variations are necessary because of unusually high or low family incomes."

**SEC. 115. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.**

(a) IN GENERAL.—Section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) is amended to read as follows:

**"SEC. 18. DEMOLITION AND DISPOSITION OF PUBLIC HOUSING.**

"(a) APPLICATIONS FOR DEMOLITION AND DISPOSITION.—Except as provided in subsection (b), not later than 60 days after receiving an application by a public housing agency for authorization, with or without financial assistance under this title, to demolish or dispose of a public housing project or a portion of a public housing project (including any transfer to a resident-supported nonprofit entity), the Secretary shall approve the application, if the public housing agency certifies—

"(1) in the case of—

"(A) an application proposing demolition of a public housing project or a portion of a public housing project, that—

"(i) the project or portion of the public housing project is obsolete as to physical condition,

location, or other factors, making it unsuitable for housing purposes; and

"(ii) no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to useful life; and

"(B) an application proposing the demolition of only a portion of a public housing project, that the demolition will help to assure the viability of the remaining portion of the project;

"(2) in the case of an application proposing disposition of a public housing project or other real property subject to this title by sale or other transfer, that—

"(A) the retention of the property is not in the best interests of the residents or the public housing agency because—

"(i) conditions in the area surrounding the public housing project adversely affect the health or safety of the residents or the feasible operation of the project by the public housing agency; or

"(ii) disposition allows the acquisition, development, or rehabilitation of other properties that will be more efficiently or effectively operated as low-income housing;

"(B) the public housing agency has otherwise determined the disposition to be appropriate for reasons that are—

"(i) in the best interests of the residents and the public housing agency;

"(ii) consistent with the goals of the public housing agency and the public housing agency plan; and

"(iii) otherwise consistent with this title; or

"(C) for property other than dwelling units, the property is excess to the needs of a public housing project or the disposition is incidental to, or does not interfere with, continued operation of a public housing project;

"(3) that the public housing agency has specifically authorized the demolition or disposition in the public housing agency plan, and has certified that the actions contemplated in the public housing agency plan comply with this section;

"(4) that the public housing agency—

"(A) will provide for the payment of the actual and reasonable relocation expenses of each resident to be displaced;

"(B) will ensure that each displaced resident is offered comparable housing—

"(i) that meets housing quality standards; and

"(ii) which may include—

"(I) tenant-based assistance;

"(II) project-based assistance; or

"(III) occupancy in a unit operated or assisted by the public housing agency at a rental rate paid by the resident that is comparable to the rental rate applicable to the unit from which the resident is vacated;

"(C) will provide any necessary counseling for residents who are displaced; and

"(D) will not commence demolition or complete disposition until all residents residing in the unit are relocated;

"(5) that the net proceeds of any disposition will be used—

"(A) unless waived by the Secretary, for the retirement of outstanding obligations issued to finance the original public housing project or modernization of the project; and

"(B) to the extent that any proceeds remain after the application of proceeds in accordance with subparagraph (A), for the provision of low-income housing or to benefit the residents of the public housing agency; and

"(6) that the public housing agency has complied with subsection (c).

"(b) DISAPPROVAL OF APPLICATIONS.—The Secretary shall disapprove an application submitted under subsection (a) if the Secretary determines that—

"(1) any certification made by the public housing agency under that subsection is clearly inconsistent with information and data available to the Secretary or information or data requested by the Secretary; or

“(2) the application was not developed in consultation with—

“(A) residents who will be affected by the proposed demolition or disposition; and

“(B) each resident advisory board and resident council, if any, that will be affected by the proposed demolition or disposition.

“(c) RESIDENT OPPORTUNITY TO PURCHASE IN CASE OF PROPOSED DISPOSITION.—

“(1) IN GENERAL.—In the case of a proposed disposition of a public housing project or portion of a project, the public housing agency shall, in appropriate circumstances, as determined by the Secretary, initially offer the property to any eligible resident organization, eligible resident management corporation, or nonprofit organization acting on behalf of the residents, if that entity has expressed an interest, in writing, to the public housing agency in a timely manner, in purchasing the property for continued use as low-income housing.

“(2) TIMING.—

“(A) THIRTY-DAY NOTICE.—A resident organization, resident management corporation, or other resident-supported nonprofit entity referred to in paragraph (1) may express interest in purchasing property that is the subject of a disposition, as described in paragraph (1), during the 30-day period beginning on the date of notification of a proposed sale of the property.

“(B) SIXTY-DAY NOTICE.—If an entity expresses written interest in purchasing a property, as provided in subparagraph (A), no disposition of the property shall occur during the 60-day period beginning on the date of receipt of that written notice, during which time that entity shall be given the opportunity to obtain a firm commitment for financing the purchase of the property.

“(d) REPLACEMENT UNITS.—Notwithstanding any other provision of law, replacement housing units for public housing units demolished in accordance with this section may be built on the original public housing location or in the same neighborhood as the original public housing location if the number of those replacement units is fewer than the number of units demolished.”

(b) HOMEOWNERSHIP REPLACEMENT PLAN.—

(1) IN GENERAL.—Section 304(g) of the United States Housing Act of 1937 (42 U.S.C. 1437aaa-3(g)), as amended by section 1002(b) of the Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred at Oklahoma City, and Rescissions Act, 1995 (Public Law 104-19; 109 Stat. 236), is amended to read as follows:

“(g) [Reserved.]”

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective with respect to any plan for the demolition, disposition, or conversion to homeownership of public housing that is approved by the Secretary after September 30, 1995.

(c) UNIFORM RELOCATION AND REAL PROPERTY ACQUISITION ACT.—The Uniform Relocation and Real Property Acquisition Act shall not apply to activities under section 18 of the United States Housing Act of 1937, as amended by this section.

**SEC. 116. REPEAL OF FAMILY INVESTMENT CENTERS; VOUCHER SYSTEM FOR PUBLIC HOUSING.**

(a) IN GENERAL.—Section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t) is amended to read as follows:

**“SEC. 22. VOUCHER SYSTEM FOR PUBLIC HOUSING.**

“(a) IN GENERAL.—

“(1) AUTHORIZATION.—A public housing agency may convert any public housing project (or portion thereof) owned and operated by the public housing agency to a system of tenant-based assistance in accordance with this section.

“(2) REQUIREMENTS.—In converting to a tenant-based system of assistance under this section, the public housing agency shall develop a conversion assessment and plan under sub-

section (b) in consultation with the appropriate public officials, with significant participation by the residents of the project (or portion thereof), which assessment and plan shall—

“(A) be consistent with and part of the public housing agency plan; and

“(B) describe the conversion and future use or disposition of the public housing project, including an impact analysis on the affected community.

“(b) CONVERSION ASSESSMENT AND PLAN.—

“(1) IN GENERAL.—Not later than 2 years after the date of enactment of the Public Housing Reform and Responsibility Act of 1997, each public housing agency shall assess the status of each public housing project owned and operated by that public housing agency, and shall submit to the Secretary an assessment that includes—

“(A) a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing tenant-based assistance under section 8 for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing project proposed for conversion for the remaining useful life of the project;

“(B) an analysis of the market value of the public housing project proposed for conversion both before and after rehabilitation, and before and after conversion;

“(C) an analysis of the rental market conditions with respect to the likely success of tenant-based assistance under section 8 in that market for the specific residents of the public housing project proposed for conversion, including an assessment of the availability of decent and safe dwellings renting at or below the payment standard established for tenant-based assistance under section 8 by the public housing agency;

“(D) the impact of the conversion to a system of tenant-based assistance under this section on the neighborhood in which the public housing project is located; and

“(E) a plan that identifies actions, if any, that the public housing agency would take with regard to converting any public housing project or projects (or portions thereof) of the public housing agency to a system of tenant-based assistance.

“(2) STREAMLINED ASSESSMENT.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of paragraph (1) or otherwise require a streamlined assessment with respect to any public housing project or class of public housing projects.

“(3) IMPLEMENTATION OF CONVERSION PLAN.—

“(A) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

“(i) will not be more expensive than continuing to operate the public housing project (or portion thereof) as public housing; and

“(ii) will principally benefit the residents of the public housing project (or portion thereof) to be converted, the public housing agency, and the community.

“(B) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or if there is reliable information and data available to the Secretary that contradicts that conversion assessment.

“(c) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide tenant-based assistance under section 8 shall be added to the annual contribution contract administered by the public housing agency.”

(b) SAVINGS PROVISION.—The amendment made by subsection (a) does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

**SEC. 117. REPEAL OF FAMILY SELF-SUFFICIENCY; HOMEOWNERSHIP OPPORTUNITIES.**

(a) IN GENERAL.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended to read as follows:

**“SEC. 23. PUBLIC HOUSING HOMEOWNERSHIP OPPORTUNITIES.**

“(a) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency may, in accordance with this section—

“(1) sell any public housing unit in any public housing project of the public housing agency to—

“(A) the low-income residents of the public housing agency; or

“(B) any organization serving as a conduit for sales to those persons; and

“(2) provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence.

“(b) RIGHT OF FIRST REFUSAL.—In making any sale under this section, the public housing agency shall initially offer the public housing unit at issue to the resident or residents occupying that unit, if any, or to an organization serving as a conduit for sales to any such resident.

“(c) SALE PRICES, TERMS, AND CONDITIONS.—Any sale under this section may involve such prices, terms, and conditions as the public housing agency may determine in accordance with procedures set forth in the public housing agency plan.

“(d) PURCHASE REQUIREMENTS.—

“(1) IN GENERAL.—Each resident that purchases a dwelling unit under subsection (a) shall, as of the date on which the purchase is made—

“(A) intend to occupy the property as a principal residence; and

“(B) submit a written certification to the public housing agency that such resident will occupy the property as a principal residence for a period of not less than 12 months beginning on that date.

“(2) RECAPTURE.—Except for good cause, as determined by a public housing agency in the public housing agency plan, if, during the 1-year period beginning on the date on which any resident acquires a public housing unit under this section, that public housing unit is resold, the public housing agency shall recapture 75 percent of the amount of any proceeds from that resale that exceed the sum of—

“(A) the original sale price for the acquisition of the property by the qualifying resident;

“(B) the costs of any improvements made to the property after the date on which the acquisition occurs; and

“(C) any closing costs incurred in connection with the acquisition.

“(e) PROTECTION OF NONPURCHASING RESIDENTS.—If a public housing resident does not exercise the right of first refusal under subsection (b) with respect to the public housing unit in which the resident resides, the public housing agency shall—

“(1) ensure that either another public housing unit or rental assistance under section 8 is made available to the resident; and

“(2) provide for the payment of the actual and reasonable relocation expenses of the resident.

“(f) NET PROCEEDS.—The net proceeds of any sales under this section remaining after payment of all costs of the sale and any unassumed, unpaid indebtedness owed in connection with the dwelling units sold under this section unless waived by the Secretary, shall be used for purposes relating to low-income housing and in accordance with the public housing agency plan.

“(g) HOMEOWNERSHIP ASSISTANCE.—From amounts distributed to a public housing agency under section 9, or from other income earned by the public housing agency, the public housing agency may provide assistance to public housing residents to facilitate the ability of those residents to purchase a principal residence, including a residence other than a residence located in a public housing project.”

(b) CONFORMING AMENDMENTS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 8(y)(7)(A)—

(A) by striking “, (ii)” and inserting “, and (ii)”;

(B) by striking “, and (iii)” and all that follows before the period at the end; and

(2) in section 25(l)(2)—

(A) in the first sentence, by striking “, consistent with the objectives of the program under section 23,”; and

(B) by striking the second sentence.

(c) SAVINGS PROVISION.—The amendments made by this section do not affect any contract or other agreement entered into under section 23 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

**SEC. 118. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.**

Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended to read as follows:

**“SEC. 24. REVITALIZING SEVERELY DISTRESSED PUBLIC HOUSING.**

“(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies for the purposes of—

“(1) enabling the demolition of obsolete public housing projects or portions thereof;

“(2) revitalizing sites (including remaining public housing units) on which such public housing projects are located;

“(3) the provision of replacement housing, which will avoid or lessen concentrations of very low-income families; and

“(4) the provision of tenant-based assistance under section 8 for use as replacement housing.

“(b) COMPETITION.—The Secretary shall make grants under this section on the basis of a competition, which shall be based on such factors as—

“(1) the need for additional resources for addressing a severely distressed public housing project;

“(2) the need for affordable housing in the community;

“(3) the supply of other housing available and affordable to a family receiving tenant-based assistance under section 8; and

“(4) the local impact of the proposed revitalization program.

“(c) TERMS AND CONDITIONS.—The Secretary may impose such terms and conditions on recipients of grants under this section as the Secretary determines to be appropriate to carry out the purposes of this section, except that such terms and conditions shall be similar to the terms and conditions of either—

“(1) the urban revitalization demonstration program authorized under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts; or

“(2) section 24 of the United States Housing Act of 1937, as such section existed before the date of enactment of the Public Housing Reform and Responsibility Act of 1997.

“(d) ALTERNATIVE MANAGEMENT.—The Secretary may require any recipient of a grant under this section to make arrangements with an entity other than the public housing agency to carry out the purposes for which the grant was awarded, if the Secretary determines that such action is necessary for the timely and effective achievement of the purposes for which the grant was awarded.

“(e) SUNSET.—No grant may be made under this section on or after October 1, 1999.”

**SEC. 119. MIXED-FINANCE AND MIXED-OWNER-SHIP PROJECTS.**

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 30. MIXED-FINANCE AND MIXED-OWNER-SHIP PROJECTS.**

“(a) IN GENERAL.—A public housing agency may own, operate, assist, or otherwise partici-

pate in 1 or more mixed-finance projects in accordance with this section.

“(b) REQUIREMENTS.—

“(1) MIXED-FINANCE PROJECT.—In this section, the term ‘mixed-finance project’ means a project that meets the requirements of paragraph (2) and that is occupied both by 1 or more very low-income families and by 1 or more families that are not very low-income families.

“(2) STRUCTURE OF PROJECTS.—Each mixed-finance project shall be developed—

“(A) in a manner that ensures that units are made available in the project, by master contract, individual lease, or equity interest for occupancy by eligible families identified by the public housing agency for a period of not less than 20 years;

“(B) in a manner that ensures that the number of public housing units bears approximately the same proportion to the total number of units in the mixed-finance project as the value of the total financial commitment provided by the public housing agency bears to the value of the total financial commitment in the project, or shall not be less than the number of units that could have been developed under the conventional public housing program with the assistance; and

“(C) in accordance with such other requirements as the Secretary may prescribe by regulation.

“(3) TYPES OF PROJECTS.—The term ‘mixed-finance project’ includes a project that is developed—

“(A) by a public housing agency or by an entity affiliated with a public housing agency;

“(B) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, managing member, or otherwise participates in the activities of that entity;

“(C) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

“(D) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

“(c) TAXATION.—

“(1) IN GENERAL.—A public housing agency may elect to have all public housing units in a mixed-finance project subject to local real estate taxes, except that such units shall be eligible at the discretion of the public housing agency for the taxing requirements under section 6(d).

“(2) LOW-INCOME HOUSING TAX CREDIT.—With respect to any unit in a mixed-finance project that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the residents may be set at levels not to exceed the amounts allowable under that section.

“(d) RESTRICTION.—No assistance provided under section 9 shall be used by a public housing agency in direct support of any unit rented to a family that is not a low-income family.

“(e) EFFECT OF CERTAIN CONTRACT TERMS.—If an entity that owns or operates a mixed-finance project under this section enters into a contract with a public housing agency, the terms of which obligate the entity to operate and maintain a specified number of units in the project as public housing units in accordance with the requirements of this Act for the period required by law, such contractual terms may provide that, if, as a result of a reduction in appropriations under section 9, or any other change in applicable law, the public housing agency is unable to fulfill its contractual obligations with respect to those public housing units, that entity may deviate, under procedures and requirements developed through regulations by the Secretary, from otherwise applicable restrictions under this Act regarding rents, income eli-

gibility, and other areas of public housing management with respect to a portion or all of those public housing units, to the extent necessary to preserve the viability of those units while maintaining the low-income character of the units to the maximum extent practicable.”

(b) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to promote the development of mixed-finance projects, as that term is defined in section 30 of the United States Housing Act of 1937 (as added by this Act).

**SEC. 120. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.**

(a) IN GENERAL.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 31. CONVERSION OF DISTRESSED PUBLIC HOUSING TO TENANT-BASED ASSISTANCE.**

“(a) IDENTIFICATION OF UNITS.—Each public housing agency shall identify all public housing projects of the public housing agency—

“(1) that are on the same or contiguous sites;

“(2) that the public housing agency determines to be distressed, which determination shall be made in accordance with guidelines established by the Secretary, which guidelines shall be based on the criteria established in the Final Report of the National Commission on Severely Distressed Public Housing (August 1992);

“(3) identified as distressed housing under paragraph (2) for which the public housing agency cannot assure the long-term viability as public housing through reasonable modernization expenses, density reduction, achievement of a broader range of family income, or other measures; and

“(4) for which the estimated cost, during the remaining useful life of the project, of continued operation and modernization as public housing exceeds the estimated cost, during the remaining useful life of the project, of providing tenant-based assistance under section 8 for all families in occupancy, based on appropriate indicators of cost (such as the percentage of total development costs required for modernization).

“(b) CONSULTATION.—Each public housing agency shall consult with the appropriate public housing residents and the appropriate unit of general local government in identifying any public housing projects under subsection (a).

“(c) REMOVAL OF UNITS FROM THE INVENTORIES OF PUBLIC HOUSING AGENCIES.—

“(1) IN GENERAL.—

“(A) DEVELOPMENT OF PLAN.—Each public housing agency shall develop and, to the extent provided in advance in appropriations Acts, carry out a 5-year plan in conjunction with the Secretary for the removal of public housing units identified under subsection (a) from the inventory of the public housing agency and the annual contributions contract.

“(B) APPROVAL OF PLAN.—The plan required under subparagraph (A) shall—

“(i) be included as part of the public housing agency plan;

“(ii) be certified by the relevant local official to be in accordance with the comprehensive housing affordability strategy under title I of the Housing and Community Development Act of 1992; and

“(iii) include a description of any disposition and demolition plan for the public housing units.

“(2) EXTENSIONS.—The Secretary may extend the 5-year deadline described in paragraph (1) by not more than an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

“(d) CONVERSION TO TENANT-BASED ASSISTANCE.—

“(1) IN GENERAL.—To the extent approved in advance in appropriations Acts, the Secretary shall make authority available to a public housing agency to provide assistance under this Act to families residing in any public housing

project that is removed from the inventory of the public housing agency and the annual contributions contract pursuant to this section.

“(2) **PLAN REQUIREMENTS.**—Each plan under subsection (c) shall require the agency—

“(A) to notify each family residing in the public housing project, consistent with any guidelines issued by the Secretary governing such notifications, that—

“(i) the public housing project will be removed from the inventory of the public housing agency;

“(ii) the demolition will not commence until each resident residing in the public housing project is relocated; and

“(iii) each family displaced by such action will be offered comparable housing—

“(I) that meets housing quality standards; and

“(II) which may include—

“(aa) tenant-based assistance;

“(bb) project-based assistance; or

“(cc) occupancy in a unit operated or assisted by the public housing agency at a rental rate paid by the family that is comparable to the rental rate applicable to the unit from which the family is vacated;

“(B) to provide any necessary counseling for families displaced by such action; and

“(C) to provide any actual and reasonable relocation expenses for families displaced by such action.

“(e) **REMOVAL BY SECRETARY.**—The Secretary shall take appropriate actions to ensure removal of any public housing project identified under subsection (a) from the inventory of a public housing agency, if the public housing agency fails to adequately develop a plan under subsection (c) with respect to that project, or fails to adequately implement such plan in accordance with the terms of the plan.

“(f) **ADMINISTRATION.**—

“(1) **IN GENERAL.**—The Secretary may require a public housing agency to provide to the Secretary or to public housing residents such information as the Secretary considers to be necessary for the administration of this section.

“(2) **APPLICABILITY OF SECTION 18.**—Section 18 does not apply to the demolition of public housing projects removed from the inventory of the public housing agency under this section.”

(b) **CONFORMING AMENDMENT.**—Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437i note) is repealed.

**SEC. 121. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 32. PUBLIC HOUSING MORTGAGES AND SECURITY INTERESTS.**

“(a) **GENERAL AUTHORIZATION.**—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to mortgage or otherwise grant a security interest in any public housing project or other property of the public housing agency.

“(b) **TERMS AND CONDITIONS.**—

“(1) **CRITERIA FOR APPROVAL.**—In making any authorization under subsection (a), the Secretary may consider—

“(A) the ability of the public housing agency to use the proceeds of the mortgage or security interest for low-income housing uses;

“(B) the ability of the public housing agency to make payments on the mortgage or security interest; and

“(C) such other criteria as the Secretary may specify.

“(2) **TERMS AND CONDITIONS OF MORTGAGES AND SECURITY INTERESTS OBTAINED.**—Each mortgage or security interest granted under this section shall be—

“(A) for a term that—

“(i) is consistent with the terms of private loans in the market area in which the public

housing project or property at issue is located; and

“(ii) does not exceed 30 years; and

“(B) subject to conditions that are consistent with the conditions to which private loans in the market area in which the subject project or other property is located are subject.

“(3) **NO FEDERAL LIABILITY.**—No action taken under this section shall result in any liability to the Federal Government.”

**SEC. 122. LINKING SERVICES TO PUBLIC HOUSING RESIDENTS.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 33. SERVICES FOR PUBLIC HOUSING RESIDENTS.**

“(a) **IN GENERAL.**—To the extent provided in advance in appropriations Acts, the Secretary may make grants to public housing agencies on behalf of public housing residents, or directly to resident management corporations, resident councils, or resident organizations (including nonprofit entities supported by residents), for the purposes of providing a program of supportive services and resident empowerment activities to assist public housing residents in becoming economically self-sufficient.

“(b) **ELIGIBLE ACTIVITIES.**—Grantees under this section may use such amounts only for activities on or near the property of the public housing agency or public housing project that are designed to promote the self-sufficiency of public housing residents, including activities relating to—

“(1) physical improvements to a public housing project in order to provide space for supportive services for residents;

“(2) the provision of service coordinators;

“(3) the provision of services related to work readiness, including education, job training and counseling, job search skills, business development training and planning, tutoring, mentoring, adult literacy, computer access, personal and family counseling, health screening, work readiness health services, transportation, and child care;

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

“(5) resident management activities and resident participation activities; and

“(6) other activities designed to improve the economic self-sufficiency of residents.

“(c) **FUNDING DISTRIBUTION.**—

“(1) **IN GENERAL.**—Except for amounts provided under subsection (d), the Secretary may distribute amounts made available under this section on the basis of a competition or a formula, as appropriate.

“(2) **FACTORS FOR DISTRIBUTION.**—Factors for distribution under paragraph (1) shall include—

“(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities;

“(B) the ability of the applicant to leverage additional resources for the provision of services; and

“(C) the extent to which the grant will result in a high quality program of supportive services or resident empowerment activities.

“(d) **FUNDING FOR RESIDENT COUNCILS.**—Of amounts appropriated for activities under this section, not less than \$25,000,000 shall be provided directly to resident councils, resident organizations, and resident management corporations.”

**SEC. 123. PROHIBITION ON USE OF AMOUNTS.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 34. PROHIBITION ON USE OF AMOUNTS.**

“None of the amounts made available to the Department of Housing and Urban Development

to carry out this Act, that are obligated to State or local governments, public housing agencies, housing finance agencies, or other public or quasi-public housing agencies, may be used to indemnify contractors or subcontractors of the government or agency against costs associated with judgments of infringement of intellectual property rights.”

**SEC. 124. PET OWNERSHIP.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

**“SEC. 35. PET OWNERSHIP IN FEDERALLY ASSISTED RENTAL HOUSING.**

“(a) **OWNERSHIP CONDITIONS.**—

“(1) **IN GENERAL.**—A resident of a dwelling unit in federally assisted rental housing may own 1 or more common household pets or have 1 or more common household pets present in the dwelling unit of such resident, subject to the reasonable requirements of the owner of the federally assisted rental housing, if the resident maintains each pet responsibly and in accordance with applicable State and local public health, animal control, and animal anti-cruelty laws and regulations.

“(2) **REQUIREMENTS.**—The reasonable requirements described in paragraph (1) may include requiring payment of a nominal fee, a pet deposit, or both, by residents owning or having pets present, to cover the reasonable operating costs to the project relating to the presence of pets and to establish an escrow account for additional costs not otherwise covered, respectively.

“(b) **PROHIBITION AGAINST DISCRIMINATION.**—No owner of federally assisted rental housing may restrict or discriminate against any person in connection with admission to, or continued occupancy of, such housing by reason of the ownership of common household pets by, or the presence of such pets in the dwelling unit of, such person.

“(c) **DEFINITIONS.**—In this section:

“(1) **FEDERALLY ASSISTED RENTAL HOUSING.**—The term ‘federally assisted rental housing’ means any public housing project or any rental housing receiving project-based assistance under—

“(A) the new construction and substantial rehabilitation program under section 8(b)(2) of this Act (as in effect before October 1, 1983);

“(B) the property disposition program under section 8(b);

“(C) the moderate rehabilitation program under section 8(e)(2) of this Act (as it existed prior to October 1, 1991);

“(D) section 23 of this Act (as in effect before January 1, 1975);

“(E) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965;

“(F) section 8 of this Act, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965; or

“(G) loan management assistance under section 8 of this Act.

“(2) **OWNER.**—The term ‘owner’ means, with respect to federally assisted rental housing, the entity or private person, including a cooperative or public housing agency, that has the legal right to lease or sublease dwelling units in such housing (including a manager of such housing having such right).

“(d) **REGULATIONS.**—This section shall take effect upon the date of the effectiveness of regulations issued by the Secretary to carry out this section. Such regulations shall be issued after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).”

**TITLE II—SECTION 8 RENTAL ASSISTANCE**

**SEC. 201. MERGER OF THE CERTIFICATE AND VOUCHER PROGRAMS.**

(a) **IN GENERAL.**—Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended to read as follows:

“(o) VOUCHER PROGRAM.—

“(1) PAYMENT STANDARD.—

“(A) IN GENERAL.—The Secretary may provide assistance to public housing agencies for tenant-based assistance using a payment standard established in accordance with subparagraph (B). The payment standard shall be used to determine the monthly assistance that may be paid for any family, as provided in paragraph (2).

“(B) ESTABLISHMENT OF PAYMENT STANDARD.—Except as provided under subparagraph (D), the payment standard shall not exceed 110 percent of the fair market rental established under subsection (c) and shall be not less than 90 percent of that fair market rental.

“(C) SET-ASIDE.—The Secretary may set aside not more than 5 percent of the budget authority available under this subsection as an adjustment pool. The Secretary shall use amounts in the adjustment pool to make adjusted payments to public housing agencies under subparagraph (A), to ensure continued affordability, if the Secretary determines that additional assistance for such purpose is necessary, based on documentation submitted by a public housing agency.

“(D) APPROVAL.—The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval, if the payment standard is less than 90 percent of the fair market rent or exceeds 110 percent of the fair market rent.

“(E) REVIEW.—The Secretary—

“(i) shall monitor rent burdens and review any payment standard that results in a significant percentage of the families occupying units of any size paying more than 30 percent of adjusted income for rent; and

“(ii) may require a public housing agency to modify the payment standard of the public housing agency based on the results of that review.

“(2) AMOUNT OF MONTHLY ASSISTANCE PAYMENT.—

“(A) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT DOES NOT EXCEED PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) does not exceed the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the rent exceeds the greatest of the following amounts, rounded to the nearest dollar:

“(i) Thirty percent of the monthly adjusted income of the family.

“(ii) Ten percent of the monthly income of the family.

“(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

“(B) FAMILIES RECEIVING TENANT-BASED ASSISTANCE; RENT EXCEEDS PAYMENT STANDARD.—For a family receiving tenant-based assistance under this title, if the rent for that family (including the amount allowed for tenant-paid utilities) exceeds the payment standard established under paragraph (1), the monthly assistance payment to that family shall be equal to the amount by which the applicable payment standard exceeds the greatest of the following amounts, rounded to the nearest dollar:

“(i) Thirty percent of the monthly adjusted income of the family.

“(ii) Ten percent of the monthly income of the family.

“(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

“(C) FAMILIES RECEIVING PROJECT-BASED ASSISTANCE.—For a family receiving project-based assistance under this title, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3) of this section.

“(3) FORTY PERCENT LIMIT.—At the time a family initially receives tenant-based assistance under this title with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

“(4) ELIGIBLE FAMILIES.—At the time a family initially receives assistance under this subsection, a family shall qualify as—

“(A) a very low-income family;

“(B) a family previously assisted under this title;

“(C) a low-income family that meets eligibility criteria specified by the public housing agency;

“(D) a family that qualifies to receive a voucher in connection with a homeownership program approved under title IV of the Cranston-Gonzalez National Affordable Housing Act; or

“(E) a family that qualifies to receive a voucher under section 223 or 226 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

“(5) ANNUAL REVIEW OF FAMILY INCOME.—Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.

“(6) SELECTION OF FAMILIES.—

“(A) IN GENERAL.—Each public housing agency may establish local preferences consistent with the public housing agency plan submitted by the public housing agency under section 5A.

“(B) SELECTION OF TENANTS.—The selection of tenants shall be made by the owner of the dwelling unit, subject to the annual contributions contract between the Secretary and the public housing agency.

“(7) LEASE.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit—

“(A) shall provide that the screening and selection of families for those units shall be the function of the owner;

“(B) shall provide that the lease between the tenant and the owner shall be for a term of not less than 1 year, except that the public housing agency may approve a shorter term for an initial lease between the tenant and the dwelling unit owner if the public housing agency determines that such shorter term would improve housing opportunities for the tenant and if such shorter term is considered to be an acceptable local market practice;

“(C) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that—

“(i) are in a standard form used in the locality by the dwelling unit owner; and

“(ii) contain terms and conditions that—

“(I) are consistent with State and local law; and

“(II) apply generally to tenants in the property who are not assisted under this section;

“(D) shall provide that the dwelling unit owner may not terminate the tenancy of any person assisted under this subsection during the term of a lease that meets the requirements of this section unless the owner determines, on the same basis and in the same manner as would apply to a tenant in the property who does not receive assistance under this subsection, that—

“(i) the tenant has committed a serious or repeated violation of the terms and conditions of the lease;

“(ii) the tenant has violated applicable Federal, State, or local law; or

“(iii) other good cause for termination of the tenancy exists;

“(E) shall provide that any termination of tenancy under this subsection shall be preceded

by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State and local law; and

“(F) may include any addenda appropriate to set forth the provisions of this title.

“(8) INSPECTION OF UNITS BY PUBLIC HOUSING AGENCIES.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall—

“(i) inspect the unit before any assistance payment is made to determine whether the dwelling unit meets housing quality standards for decent safe housing established—

“(I) by the Secretary for purposes of this subsection; or

“(II) by local housing codes or by codes adopted by public housing agencies that—

“(aa) meet or exceed housing quality standards; and

“(bb) do not severely restrict housing choice; and

“(ii) make not less than annual inspections during the contract term.

“(B) LEASING OF UNITS OWNED BY PUBLIC HOUSING AGENCY.—If an eligible family assisted under this subsection leases a dwelling unit (other than public housing) that is owned by a public housing agency administering assistance under this subsection, the Secretary shall require the unit of general local government, or another entity approved by the Secretary, to make inspections and rent determinations as required by this paragraph.

“(9) VACATED UNITS.—If an assisted family vacates a dwelling unit for which rental assistance is provided under a housing assistance contract before the expiration of the term of the lease for the unit, rental assistance pursuant to such contract may not be provided for the unit after the month during which the unit was vacated.

“(10) RENT.—

“(A) REASONABLE MARKET RENT.—The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market, or for comparable dwelling units that are in the assisted, local market.

“(B) NEGOTIATED RENT.—A public housing agency shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency shall not make housing assistance payments to the owner under this subsection with respect to that unit.

“(C) UNITS EXEMPT FROM LOCAL RENT CONTROL.—If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area that are exempt from local rent control provisions.

“(D) TIMELY PAYMENTS.—Each public housing agency shall make timely payment of any amounts due to a dwelling unit owner under this subsection. The housing assistance payment contract between the owner and the public housing agency may provide for penalties for the late payment of amounts due under the contract, which shall be imposed on the public housing agency in accordance with generally accepted practices in the local housing market.

“(E) PENALTIES.—Unless otherwise authorized by the Secretary, each public housing agency shall pay any penalties from administrative fees collected by the public housing agency, except that no penalty shall be imposed if the late payment is due to factors that the Secretary determines are beyond the control of the public housing agency.

“(11) MANUFACTURED HOUSING.—

“(A) IN GENERAL.—A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence. Such payments may be made for the rental of the real property on which the manufactured home owned by any such family is located.

“(B) RENT CALCULATION.—

“(i) CHARGES INCLUDED.—For assistance pursuant to this paragraph, the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.

“(ii) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.

“(iii) MONTHLY ASSISTANCE PAYMENT.—The monthly assistance payment under this paragraph shall be determined in accordance with paragraph (2).

“(12) CONTRACT FOR ASSISTANCE PAYMENTS.—

“(A) IN GENERAL.—If the Secretary enters into an annual contributions contract under this subsection with a public housing agency pursuant to which the public housing agency will enter into a housing assistance payment contract with respect to an existing structure under this subsection—

“(i) the housing assistance payment contract may not be attached to the structure unless the owner agrees to rehabilitate or newly construct the structure other than with assistance under this Act, and otherwise complies with this section; and

“(ii) the public housing agency may approve a housing assistance payment contract for such existing structure for not more than 15 percent of the funding available for tenant-based assistance administered by the public housing agency under this section.

“(B) EXTENSION OF CONTRACT TERM.—In the case of a housing assistance payment contract that applies to a structure under this paragraph, a public housing agency may enter into a contract with the owner, contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, to extend the term of the underlying housing assistance payment contract for such period as the Secretary determines to be appropriate to achieve long-term affordability of the housing. The contract shall obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner.

“(C) RENT CALCULATION.—For project-based assistance under this paragraph, housing assistance payment contracts shall establish rents and provide for rent adjustments in accordance with subsection (c).

“(D) ADJUSTED RENTS.—With respect to rents adjusted under this paragraph—

“(i) the adjusted rent for any unit shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted, local market, or for comparable dwelling units that are in the assisted local market; and

“(ii) the provisions of subsection (c)(2)(C) do not apply.

“(13) INAPPLICABILITY TO TENANT-BASED ASSISTANCE.—Subsection (c) does not apply to tenant-based assistance under this subsection.

“(14) HOMEOWNERSHIP OPTION.—

“(A) IN GENERAL.—A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

“(B) ALTERNATIVE ADMINISTRATION.—A public housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

“(15) RENTAL VOUCHERS FOR WITNESS RELOCATION.—Of amounts made available for assistance under this subsection in each fiscal year, the Secretary, in consultation with the Inspector General, shall make available such sums as may be necessary for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to requests from law enforcement or prosecution agencies.”.

(b) CONFORMING AMENDMENT.—Section 8(f)(6) of the United States Housing Act (42 U.S.C. 1437f(f)(6)) is amended by striking “(d)(2)” and inserting “(o)(12)”.

**SEC. 202. REPEAL OF FEDERAL PREFERENCES.**

(a) SECTION 8 EXISTING AND MODERATE REHABILITATION.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

“(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish local preferences, consistent with the public housing agency plan submitted by the public housing agency under section 5A.”.

(b) SECTION 8 NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION.—

(1) REPEAL.—Section 545(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended to read as follows: “(c) [Reserved.]”.

(2) PROHIBITION.—The provisions of section 8(e)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983, that require tenant selection preferences shall not apply with respect to—

(A) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in existence on the day before October 1, 1983; or

(B) projects financed under section 202 of the Housing Act of 1959, as in existence on the day before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act.

(c) RENT SUPPLEMENTS.—Section 101(k) of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(k)) is amended to read as follows: “(k) [Reserved.]”.

(d) CONFORMING AMENDMENTS.—

(1) UNITED STATES HOUSING ACT OF 1937.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(A) in section 6(o), by striking “preference rules specified in” and inserting “written selection criteria established pursuant to”; and

(B) in section 8(d)(2)(A), by striking the last sentence; and

(C) in section 8(d)(2)(H), by striking “Notwithstanding subsection (d)(1)(A)(i), an” and inserting “An”.

(2) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704 et seq.) is amended—

(A) in section 455(a)(2)(D)(iii), by striking “would qualify for a preference under” and inserting “meet the written selection criteria established pursuant to”; and

(B) in section 522(f)(6)(B), by striking “any preferences for such assistance under section 8(d)(1)(A)(i)” and inserting “the written selection criteria established pursuant to section 8(d)(1)(A)”.

(3) LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.—The second sentence of section 226(b)(6)(B) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116(b)(6)(B)) is amended by striking “requirement for giving preferences to certain categories of eligible families under” and inserting “written selection criteria established pursuant to”.

(4) HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking “preferences for occupancy” and all that follows before the period at the end and inserting “selection criteria established by the owner to elderly families according to such written selection criteria, and to near-elderly families according to such written selection criteria, respectively”.

(5) REFERENCES IN OTHER LAW.—Any reference in any Federal law other than any provision of any law amended by paragraphs (1) through (5) of this subsection or section 201 to the preferences for assistance under section 8(d)(1)(A)(i) or 8(o)(3)(B) of the United States Housing Act of 1937, as those sections existed on the day before the effective date of this title, shall be considered to refer to the written selection criteria established pursuant to section 8(d)(1)(A) or 8(o)(6)(A), respectively, of the United States Housing Act of 1937, as amended by this subsection and section 201 of this Act.

**SEC. 203. PORTABILITY.**

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

(1) in paragraph (1)—

(A) by striking “assisted under subsection (b) or (o)” and inserting “receiving tenant-based assistance under subsection (o)”;

(B) by striking “the same State” and all that follows before the semicolon and inserting “any area in which a program is being administered under this section”;

(2) in paragraph (2), by striking the last sentence;

(3) in paragraph (3)—

(A) by striking “(b) or”; and

(B) by adding at the end the following: “The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies.”; and

(4) by adding at the end the following:

“(5) LEASE VIOLATIONS.—A family may not receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has moved out of the assisted dwelling unit of the family in violation of a lease.”.

**SEC. 204. LEASING TO VOUCHER HOLDERS.**

Section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) is amended to read as follows:

“(t) [Reserved.]”.

**SEC. 205. HOMEOWNERSHIP OPTION.**

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

(1) in paragraph (1)—

(A) by striking “A family receiving” and all that follows through “if the family” and inserting the following: “A public housing agency providing tenant-based assistance on behalf of an eligible family under this section may provide assistance for an eligible family that purchases a dwelling unit (including a unit under a lease-purchase agreement) that will be owned by 1 or more members of the family, and will be occupied by the family, if the family”;

(B) in subparagraph (A), by inserting before the semicolon “, or owns or is acquiring shares in a cooperative”; and

(C) in subparagraph (B), by striking “(i) participates” and all that follows through “(ii) demonstrates” and inserting “demonstrates”;

(2) by striking paragraph (2) and inserting the following:

“(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—

“(A) MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

“(i) Thirty percent of the monthly adjusted income of the family.

“(ii) Ten percent of the monthly income of the family.

“(iii) If the family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

“(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the following amounts, rounded to the nearest dollar:

“(i) Thirty percent of the monthly adjusted income of the family.

“(ii) Ten percent of the monthly income of the family.

“(iii) If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.”;

(4) by striking paragraphs (3) through (5); and  
(5) by redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

**SEC. 206. LAW ENFORCEMENT AND SECURITY PERSONNEL IN PUBLIC HOUSING.**

Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by adding at the end the following:

“(cc) LAW ENFORCEMENT AND SECURITY PERSONNEL.—Notwithstanding any other provision of this Act, an owner may admit, and assistance may be provided to, police officers and other security personnel (who are not otherwise eligible for assistance under the Act), in the case of assistance attached to a structure. In addition, the Secretary may permit such special rent requirements to be accompanied by other terms and conditions of occupancy that the Secretary may consider appropriate and may require the owner to submit an application for special rent requirements which shall include such information as the Secretary, in the discretion of the Secretary, determines to be necessary.”.

**SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

(a) LOWER INCOME HOUSING ASSISTANCE.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (a), by striking the second and third sentences;

(2) in subsection (b)—

(A) in the subsection heading, by striking “RENTAL CERTIFICATES AND”; and

(B) in the first undesignated paragraph—

(i) by striking “The Secretary” and inserting the following:

“(1) IN GENERAL.—The Secretary”; and

(ii) by striking the second sentence;

(3) in subsection (c)—

(A) in paragraph (3)—

(i) by striking “(A)”; and

(ii) by striking subparagraph (B);

(B) in the first sentence of paragraph (4), by striking “or by a family that qualifies to receive” and all that follows through “1990”;

(C) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5);

(D) by striking paragraph (7) and redesignating paragraphs (8) through (10) as paragraphs (6) through (8), respectively;

(E) effective on October 1, 1997, in paragraph (7), as redesignated, by striking “housing certificates or vouchers under subsection (b) or” and inserting “a voucher under subsection”; and

(F) in paragraph (8), as redesignated, by striking “(9)” and inserting “(7)”;

(4) in subsection (d)—

(A) in paragraph (1)(B)(iii), by striking “drug-related criminal activity or or near such premises” and inserting “violent or drug-related criminal activity on or off such premises, or any activity resulting in a felony conviction”;

(B) in paragraph (2)—

(i) in subparagraph (A), by striking the third sentence and all that follows through the end of the subparagraph; and

(ii) by striking subparagraphs (B) through (E) and redesignating subparagraphs (F) through (H) as subparagraphs (B) through (D), respectively;

(5) in subsection (f)—

(A) in paragraph (6), by striking “(d)(2)” and inserting “(o)(11)”; and

(B) in paragraph (7)—

(i) by striking “(b) or”; and

(ii) by inserting before the period the following: “and that provides for the eligible family to select suitable housing and to move to other suitable housing”;

(6) by striking subsection (j) and inserting the following:

“(j) [Reserved.]”;

(7) by striking subsection (n) and inserting the following:

“(n) [Reserved.]”;

(8) in subsection (q)—

(A) in the first sentence of paragraph (1), by striking “certificate and housing voucher programs under subsections (b) and (o)” and inserting “voucher program under this section”;

(B) in paragraph (2)(A)(i), by striking “certificate and housing voucher programs under subsections (b) and (o)” and inserting “voucher program under this section”; and

(C) in paragraph (2)(B), by striking “certificate and housing voucher programs under subsections (b) and (o)” and inserting “voucher program under this section”;

(9) in subsection (u)—

(A) in paragraph (2), by striking “, certificates”; and

(B) by striking “certificates or” each place that term appears; and

(10) in subsection (x)(2), by striking “housing certificate assistance” and inserting “tenant-based assistance”.

(b) PUBLIC HOUSING HOMEOWNERSHIP AND MANAGEMENT OPPORTUNITIES.—Section 21(b)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437s(b)(3)) is amended—

(1) in the first sentence, by striking “(at the option of the family) a certificate under section 8(b)(1) or a housing voucher under section 8(o)” and inserting “tenant-based assistance under section 8”; and

(2) by striking the second sentence.

(c) DOCUMENTATION OF EXCESSIVE RENT BURDENS.—Section 550(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note) is amended—

(1) in paragraph (1), by striking “assisted under the certificate and voucher programs established” and inserting “receiving tenant-based assistance”;

(2) in the first sentence of paragraph (2)—

(A) by striking “, for each of the certificate program and the voucher program” and inserting “for the tenant-based assistance under section 8”; and

(B) by striking “participating in the program” and inserting “receiving tenant-based assistance”; and

(3) in paragraph (3), by striking “assistance under the certificate or voucher program” and inserting “tenant-based assistance under section 8 of the United States Housing Act of 1937”.

(d) GRANTS FOR COMMUNITY RESIDENCES AND SERVICES.—Section 861(b)(1)(D) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12910(b)(1)(D)) is amended by striking “certificates or vouchers” and inserting “assistance”.

(e) SECTION 8 CERTIFICATES AND VOUCHERS.—Section 931 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437c note) is amended by striking “assistance under the certificate and voucher programs under sections 8(b) and (o) of such Act” and inserting “tenant-based assistance under section 8 of the United States Housing Act of 1937”.

(f) ASSISTANCE FOR DISPLACED RESIDENTS.—Section 223(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4113(a)) is amended by striking “assistance under the certificate and voucher programs under sections 8(b) and 8(o)” and inserting “tenant-based assistance under section 8”.

(g) RURAL HOUSING PRESERVATION GRANTS.—Section 533(a) of the Housing Act of 1949 (42 U.S.C. 1490m(a)) is amended in the second sentence by striking “assistance payments as provided by section 8(o)” and inserting “tenant-based assistance as provided under section 8”.

(h) REPEAL OF MOVING TO OPPORTUNITIES FOR FAIR HOUSING DEMONSTRATION.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is repealed.

(i) PREFERENCES FOR ELDERLY FAMILIES AND PERSONS.—Section 655 of the Housing and Community Development Act of 1992 (42 U.S.C. 13615) is amended by striking “the first sentence of section 8(o)(3)(B)” and inserting “section 8(o)(6)(A)”.

(j) ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.—Section 201(m)(2)(A) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(m)(2)(A)) is amended by striking “section 8(b)(1)” and inserting “section 8”.

(k) MANAGEMENT AND DISPOSITION OF MULTIFAMILY HOUSING PROJECTS.—Section 203(g)(2) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z-11(g)(2)) is amended by striking “8(o)(3)(B)” and inserting “8(o)(6)(A)”.

**SEC. 208. IMPLEMENTATION.**

In accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall issue such regulations as may be necessary to implement the amendments made by this title after notice and opportunity for public comment.

**SEC. 209. DEFINITION.**

In this title, the term “public housing agency” has the same meaning as section 3 of the United States Housing Act of 1937, except that such term shall also include any other nonprofit entity serving more than 1 local government jurisdiction that was administering the section 8 tenant-based assistance program pursuant to a contract with the Secretary or a public housing agency prior to the date of enactment of this Act.

**SEC. 210. EFFECTIVE DATE.**

(a) IN GENERAL.—The amendments made by this title shall become effective not later than 1 year after the date of enactment of this Act.

(b) CONVERSION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as those sections existed on the day before the effective date of the amendments made by this title, to the voucher program established by the amendments made by this title.

(2) CONTINUED APPLICABILITY.—The Secretary may apply the provisions of the United States

Housing Act of 1937, or any other provision of law amended by this title, as those provisions existed on the day before the effective date of the amendments made by this title, to assistance obligated by the Secretary before that effective date for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

**SEC. 211. RECAPTURE AND REUSE OF ANNUAL CONTRIBUTION CONTRACT PROJECT RESERVES UNDER THE TENANT-BASED ASSISTANCE PROGRAM.**

Section 8(d) of the United States Housing Act of 1937 is amended by adding at the end the following:

“(5) RECAPTURE AND REUSE OF ANNUAL CONTRIBUTION CONTRACT PROJECT RESERVES.—

“(A) RECAPTURE.—To the extent that the Secretary determines that the amount in the annual contribution contract reserve account under a contract with a public housing agency for tenant-based assistance under this section is in excess of the amount needed by the public housing agency, the Secretary shall recapture such excess amount.

“(B) REUSE.—The Secretary may hold any amounts under this paragraph in reserve until needed to amend or renew an annual contributions contract with any public housing agency.”.

**TITLE III—SAFETY AND SECURITY IN PUBLIC AND ASSISTED HOUSING**

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

(a) INELIGIBILITY BECAUSE OF PAST EVICTIONS.—

(1) IN GENERAL.—Any household or member of a household evicted from federally assisted housing (as that term is defined in section 305(a)) by reason of drug-related criminal activity (as that term is defined in section 305(c)) or for other serious violations of the terms or conditions of the lease shall not be eligible for federally assisted housing—

(A) in the case of eviction by reason of drug-related criminal activity, for a period of not less than 3 years from the date of the eviction unless the evicted member of the household successfully completes a rehabilitation program; and

(B) for other evictions, for a reasonable period of time as determined by the public housing agency or owner of the federally assisted housing, as applicable.

(2) WAIVER.—The requirements of subparagraphs (A) and (B) of paragraph (1) may be waived if the circumstances leading to eviction no longer exist.

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, or both, as determined by the Secretary, shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(1) who the public housing agency or the owner determines is engaging in the illegal use of a controlled substance; or

(2) with respect to whom the public housing agency or the owner determines that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol would interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(c) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to subsection (b)(2), to deny admission to the program or to federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member—

(1) has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(2) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(3) is participating in a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

(d) ILLEGAL USE OF CONTROLLED SUBSTANCES OR ABUSE OF ALCOHOL.—

(1) RELEASES.—

(A) IN GENERAL.—A public housing agency may require each person who applies for admission to public housing or for assistance under section 8(o) of the United States Housing Act of 1937 to sign one or more appropriate releases authorizing the public housing agency to obtain written information related solely to the applicant's current illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, in order to assist a public housing agency in determining an applicant's eligibility for such admission or assistance, including determining whether—

(i) the applicant is or is not illegally using a controlled substance; or

(ii) there is reasonable cause to believe that the applicant's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project.

(B) LIMITATION.—For purposes of this paragraph, a public housing agency may only require an applicant to sign a release (or releases) if the public housing agency requires all of its applicants to sign such release or releases.

(2) PROVISION OF INFORMATION.—

(A) IN GENERAL.—Notwithstanding any other provision of law other than this subsection, upon the written request of a public housing agency that meets the requirements of subparagraph (B), a physician, drug or alcohol treatment center, medical center, medical clinic, detoxification center, hospital, drug or alcohol treatment program, the National Crime Information Center, police department, or any other law enforcement agency, shall provide to the public housing agency information described in paragraph (1) with respect to an applicant.

(B) REQUIREMENTS.—For purposes of subparagraph (A) a request by a public housing agency meets the requirements of this subparagraph if it includes a written authorization, signed by such applicant, for the release of information described in paragraph (1) to the public housing agency.

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

(4) RECORDS MANAGEMENT.—Each public housing agency that receives information under this subsection shall establish and implement a system of records management that ensures that any information received by the public housing agency under this subsection is—

(A) maintained confidentially;

(B) not misused or improperly disseminated; and

(C) destroyed in a timely fashion, once the purpose for which the information was requested has been accomplished.

(5) LIMITATION.—For purposes of this subsection, a public housing agency shall be prohibited from—

(A) requesting any information that does not relate solely to an applicant's current illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol; or

(B) receiving the actual records from which information has been obtained related to the ap-

plicant's current illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol.

(6) EFFECTIVE DATE.—This subsection shall take effect upon enactment and without the necessity of guidance from, or regulations issued by, the Secretary.

(e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL RECORDS.—A public housing agency may require, as a condition of providing admission to the public housing program or assisted housing program under the jurisdiction of the public housing agency, that each adult member of the household provide a signed, written authorization for the public housing agency to obtain records described in section 304 regarding such member of the household from the National Crime Information Center, police departments, and other law enforcement agencies.

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

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

(1) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(2) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(b) TERMINATION OF ASSISTANCE FOR SERIOUS OR REPEATED LEASE VIOLATION.—Notwithstanding any other provision of law, the public housing agency must terminate tenant-based assistance for all household members if the household is evicted from assisted housing for serious or repeated violation of the lease.

**SEC. 303. LEASE REQUIREMENTS.**

In addition to any other applicable lease requirements, each lease for a dwelling unit in federally assisted housing shall provide that, during the term of the lease—

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

(2) grounds for termination of tenancy shall include any activity, engaged in by the resident, any member of the resident's household, any guest, or any other person under the control of any member of the household, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other residents or employees of the public housing agency, owner, or other manager of the housing;

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

(C) is drug-related or violent criminal activity on or off the premises, or any activity resulting in a felony conviction.

**SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUBLIC HOUSING RESIDENT SCREENING AND EVICTION.**

(a) IN GENERAL.—

(1) PROVISION OF INFORMATION.—Notwithstanding any other provision of law other than paragraphs (2) and (3), upon the request of a public housing agency, the National Crime Information Center, a police department, and any other law enforcement agency shall provide to the public housing agency information regarding the criminal conviction records of an adult applicant for, or residents of, the public housing



program or assisted housing program under the jurisdiction of the public housing agency for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such Center, department, or agency a written authorization, signed by such applicant, for the release of such information to such public housing agency.

(2) **EXCEPTION.**—A law enforcement agency described in paragraph (1) shall provide information under this paragraph relating to any criminal conviction of a juvenile only to the extent that the release of such information is authorized under the law of the applicable State, tribe, or locality.

(b) **OPPORTUNITY TO DISPUTE.**—Before an adverse action is taken with regard to assistance for public housing on the basis of a criminal record, the public housing agency shall provide the resident or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

(c) **FEE.**—A public housing agency may be charged a reasonable fee for information provided under subsection (a).

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

- (1) maintained confidentially;
- (2) not misused or improperly disseminated; and
- (3) destroyed in a timely fashion, once the purpose for which the record was requested has been accomplished.

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

#### SEC. 305. DEFINITIONS.

In this title:

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

- (A) public housing under the United States Housing Act of 1937;

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

(C) housing that is assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

(D) housing that is assisted under section 202 of the Housing Act of 1959 (as in existence immediately before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act); and

(E) housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act.

(2) **DRUG-RELATED CRIMINAL ACTIVITY.**—The term “drug-related criminal activity” means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)).

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

#### SEC. 306. CONFORMING AMENDMENTS.

Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended—

- (1) in subsection (l) (as amended by section 107(f) of this Act)—
  - (A) by striking paragraphs (4) and (5);
  - (B) by striking the last sentence; and
  - (C) by redesignating paragraphs (6) through (8) as paragraphs (4) through (6), respectively;

(2) by striking subsections (q) and (r); and

(3) by redesignating subsection (s) (as added by section 109 of this Act) as subsection (q).

#### TITLE IV—MISCELLANEOUS PROVISIONS

##### SEC. 401. PUBLIC HOUSING FLEXIBILITY IN THE CHAS.

Section 105(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705(b)) is amended—

(1) by redesignating the second paragraph designated as paragraph (17) (as added by section 681(2) of the Housing and Community Development Act of 1992) as paragraph (20);

(2) by redesignating paragraph (17) (as added by section 220(b)(3) of the Housing and Community Development Act of 1992) as paragraph (19);

(3) by redesignating the second paragraph designated as paragraph (16) (as added by section 220(c)(1) of the Housing and Community Development Act of 1992) as paragraph (18);

(4) in paragraph (16)—

(A) by striking the period at the end and inserting a semicolon; and

(B) by striking “(16)” and inserting “(17)”;

(5) by redesignating paragraphs (11) through (15) as paragraphs (12) through (16), respectively; and

(6) by inserting after paragraph (10) the following:

“(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing and is consistent with the local public housing agency plan under section 5A of the United States Housing Act of 1937.”

##### SEC. 402. DETERMINATION OF INCOME LIMITS.

(a) **IN GENERAL.**—Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended—

(1) in the fourth sentence—

(A) by striking “County,” and inserting “and Rockland Counties”; and

(B) by inserting “each” before “such county”; and

(2) in the fifth sentence, by striking “County” each place that term appears and inserting “and Rockland Counties”.

(b) **REGULATIONS.**—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations implementing the amendments made by subsection (a).

##### SEC. 403. DEMOLITION OF PUBLIC HOUSING.

Notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (as in existence on April 25, 1996) shall be eligible for demolition under—

(1) section 9 of the United States Housing Act of 1937, as amended by this Act; and

(2) section 14 of the United States Housing Act of 1937, as that section existed on the day before the date of enactment of this Act.

##### SEC. 404. TECHNICAL CORRECTION OF PUBLIC HOUSING AGENCY OPT-OUT AUTHORITY.

Section 214(h)(2)(A) of the Housing and Community Development Act of 1980 (42 U.S.C. 1436(h)(2)(A)) is amended by striking “this section” and inserting “paragraph (1) of this subsection”.

##### SEC. 405. REVIEW OF DRUG ELIMINATION PROGRAM CONTRACTS.

(a) **REQUIREMENT.**—The Secretary shall investigate all security contracts awarded by grantees under the Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) that are public housing agencies that own or operate more than 4,500 public housing dwelling units—

(1) to determine whether the contractors under such contracts have complied with all laws and regulations regarding prohibition of discrimination in hiring practices;

(2) to determine whether such contracts were awarded in accordance with the applicable laws

and regulations regarding the award of such contracts;

(3) to determine how many such contracts were awarded under emergency contracting procedures;

(4) to evaluate the effectiveness of the contracts; and

(5) to provide a full accounting of all expenses under the contracts.

(b) **REPORT.**—Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the investigation required under subsection (a) and submit a report to Congress regarding the findings under the investigation. With respect to each such contract, the report shall—

(1) state whether the contract was made and is operating, or was not made or is not operating, in full compliance with applicable laws and regulations; and

(2) for each contract that the Secretary determines is in such compliance issue a personal certification of such compliance by the Secretary.

(c) **ACTIONS.**—For each contract that is described in the report under subsection (b) as not made or not operating in full compliance with applicable laws and regulations, the Secretary shall promptly take any actions available under law or regulation that are necessary—

(1) to bring such contract into compliance; or

(2) to terminate the contract.

(d) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

##### SEC. 406. SENSE OF CONGRESS.

It is the sense of Congress that, each public housing agency involved in the selection of residents under the United States Housing Act of 1937 (including section 8 of that Act) should, consistent with the public housing agency plan of the public housing agency, consider preferences for individuals who are victims of domestic violence.

##### SEC. 407. OTHER REPEALS.

The following provisions of law are repealed:

(1) **REPORT REGARDING FAIR HOUSING OBJECTIVES.**—Section 153 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(2) **SPECIAL PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.**—Section 209 of the Housing and Community Development Act of 1974 (42 U.S.C. 1438).

(3) **MISCELLANEOUS PROVISIONS.**—Subsections (b)(1), (c), and (d) of section 326 of the Housing and Community Development Amendments of 1981 (Public Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

(4) **PUBLIC HOUSING CHILDHOOD DEVELOPMENT.**—Section 222 of the Housing and Urban Rural Recovery Act of 1983 (12 U.S.C. 1701z–6 note).

(5) **INDIAN HOUSING CHILDHOOD DEVELOPMENT.**—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z–6 note).

(6) **PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.**—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

(7) **PUBLIC HOUSING MINCS DEMONSTRATION.**—Section 522 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(8) **PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.**—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(9) **PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.**—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

Mr. MACK. Mr. President, I am pleased to bring to the floor S. 462, the Public Housing Reform and Responsibility Act of 1997. This bill is similar to public and assisted housing reform legislation, S. 1260, that was introduced

in the 104th Congress and passed unanimously by this body.

The Public Housing Reform and Responsibility Act of 1997 addresses a public housing system fraught with counterproductive rules and regulations that make it impossible for even the best run public housing authorities [PHA's] to operate effectively and efficiently. It will help to make public housing a platform from which residents can achieve the goal of economic independence and self-sufficiency. In addition, it promotes increased residential choice and mobility by increasing opportunities for residents to use tenant-based assistance.

The following reforms contained in the Public Housing Reform and Responsibility Act represent significant improvements in current public and assisted housing policies.

First, the bill consolidates a multitude of programs into two flexible block grants to expand the eligible uses of funds and allow more creative and efficient use of resources. The bill also repeals a number of current programs that are obsolete, unused, or unfunded.

Second, it institutes permanent rent reforms such as ceiling rents, earned income adjustments, and minimum rents that provide PHA's with the tools to develop rental policies that encourage and reward work and further the goal of creating mixed-income communities. The bill also removes the floor on rents that may be charged under the Brooke amendment, while assuring that poor families will not pay more than 30 percent of their income for rent.

Third, S. 462 requires tough, swift action against PHA's with severe management deficiencies and provides HUD or court-appointed receivers with the necessary tools and powers to deal with troubled agencies and protect public housing residents.

Fourth, it requires intervention with respect to severely distressed public housing developments that trap residents in deplorable living conditions and are costly to operate or maintain. It provides residents with alternative housing using vouchers or other available housing.

Fifth, the bill permanently repeals the one-for-one replacement requirement and streamlines the demolition and disposition process to permit PHA's to demolish or sell vacant or obsolete public housing.

Sixth, it gives PHA's broad flexibility to develop or participate with other providers of affordable housing in the development of mixed-income, mixed finance developments.

Seventh, it repeals Federal preferences that have had the unintended consequence of concentrating the poorest of the poor in public housing developments and allows PHA's to operate according to locally established preferences consistent with local housing needs. The bill still maintains the requirement that most housing assistance be targeted to very low-income households.

Eighth, the Public Housing Reform and Responsibility Act calls on PHA's to increase coordination with State and local welfare agencies to ensure that welfare recipients living in public housing will have the full opportunity to move from welfare to work.

Ninth, the bill provides residents with an active voice in developing the local PHA plans that will govern the operations and management of housing and for direct participation on housing authority boards of directors. It also authorizes funds for resident organizations to develop resident management and empowerment activities.

Finally, S. 462 merges the section 8 voucher and certificate programs into a single, choice-based program designed to operate more effectively in the private marketplace. It repeals requirements that are administratively burdensome to landlords, such as "take-one, take-all," endless lease and 90-day termination notice requirements. These reforms will make participation in the section 8 tenant-based program more attractive to private landlords and increase housing choices for lower income families.

The reforms contained in this legislation will significantly improve the Nation's public housing and tenant-based rental assistance program and the lives of those who reside in federally assisted housing. The funding flexibility, substantial deregulation of the day-to-day operations and policies of public authorities, encouragement of mixed-finance developments, policies to deal with distressed and troubled public housing, and rent reforms will change the face of public housing for PHA's, residents, and local communities.

Reform of the public housing system has been and remains a bipartisan effort in the Senate. I want to thank the chairman of the Banking Committee, Senator D'AMATO for his strong and steadfast support of public housing reform. Further, I appreciate the commitment of the ranking member of the Committee, Senator SARBANES, and the ranking member of the Housing Subcommittee, Senator KERRY, to the reform effort.

S. 462 represents the input of many members of this body as well as the administration. Since the unanimous approval of this legislation by the Banking Committee on May 8, we have worked to make a number of needed technical changes to the bill. In addition, the managers amendment to the bill reflects a number of policy changes that have bipartisan support.

First, the amendment revises the income targeting provisions for public and section 8 tenant-based housing contained in the committee-passed bill. Most important, the amendment would increase the percentage of section 8 tenant based assistance that would be targeted to families with very low incomes.

Second, the managers amendment modifies an amendment initially approved by the Banking Committee,

which permits housing authorities to require applicants for public housing to sign a release for information concerning the applicant's illegal drug use. I appreciate the willingness of the sponsor of the amendment, Senator GRAMS, to work with Senators LEAHY, KENNEDY, KERRY, and JEFFORDS to address their concerns about the confidentiality of medical records and potential conflicts with other statutes.

As reflected in the managers amendment, the Grams amendment will not supersede the Public Health Service Act, and is not intended to abrogate or otherwise limit any provision of the Public Health Service Act, or the regulations issued pursuant to the Public Health Service Act. Any action pursuant to this provision must be taken in conformance with the Public Health Service Act.

Finally, the bill contains an amendment proposed by Senator GRAMM, along with Senator D'AMATO, to prohibit the admission of sexually violent predators into public and assisted housing and provide housing authorities access to records on past convictions. One of the important purposes of S. 462 is to incorporate measures which reduce crime and increase the safety and security of residents of public and assisted housing. This amendment is an important and useful contribution to meeting the goals of the legislation.

I urge the passage of S. 462, so that we can begin the process of reconciling our differences with the House-passed version of public housing reform.

Mr. KERRY. Mr. President, I rise in support of S. 462 and urge all my colleagues to support this public housing reform legislation.

I want to thank Senator MACK, chairman of the Housing Subcommittee and his excellent staff for their great work on this legislation. Senator MACK has proved to be a tireless partner in trying to put together a consensus piece of legislation. I also want to thank Senator SARBANES for his active participation in drafting the current compromise language.

Finally, I want to congratulate Senator D'AMATO for shepherding this important piece of housing legislation through the Senate for the second year in a row. He has taken an active interest in this and other housing legislation which helps to put our Nation's housing policy on a more sound and fiscally responsible foundation.

This is an important piece of legislation. It contains many of the key ingredients needed to bring the public housing program back to health. It includes many important management reforms requested by Secretary Cuomo that will make HUD a more efficient and responsive organization, a direction in which we can all agree the Department must move.

The bill gives local public housing authorities both new powers and new flexibility to define and meet local housing needs. At the same time, it makes the consequences for failing to

meet those needs more certain and more severe.

This bill eliminates many of the provisions of current law that numerous critics have pointed to as causes for the decline of public housing, provisions such as Federal preferences and one for one replacement. While well-meaning, these laws have had the unintended consequence of contributing to an image—and in some cases the reality—of public housing projects as islands of desperate poverty, ridden by crime and joblessness.

By repealing these laws, the Senate bill gives local housing officials much more independence. They will have to identify the housing needs in their communities and address them in a more effective way that avoids the pitfalls of the past. This is a significant new responsibility. Many housing authorities have already proven to be extremely creative and innovative. For those, this bill will prove to be a huge benefit to the residents, the PHA's, and their communities as a whole.

As part of this bargain, we now require housing authorities to devote a greater number of the rental assistance vouchers to serve extremely low income families. This is an important improvement that has been made in the legislation since the committee approved it, and I thank Chairman MACK for his cooperation in achieving this goal.

We have also expanded and improved the opportunities for residents to be informed about and participate in the public housing planning process. Residents will be able to take a more active role in the provision of services to other public housing residents. I strongly support these initiatives.

Other PHA's will have a more difficult time with the transition to greater independence. HUD will have to continue to have a significant oversight role in these areas. But as HUD's staff and authority diminish, I look to the residents of public housing to exercise their voices and participate enthusiastically and aggressively in the PHA's plans and activities, along the lines established by this bill. In the long run, it is the residents who will be the best watchdogs. We must make sure they are adequately empowered to exercise this function effectively.

In the long run, Mr. President, I hope this bill, when enacted into law, will make public housing the kind of showcase to which we can proudly point to in seeking the additional resources we need to really start addressing the affordable housing crisis affecting so many of our States, from my own State of Massachusetts, to New York, California, Utah, and elsewhere. That will be the measure of success I will use in the years to come.

Mr. D'AMATO. Mr. President, I rise today in strong support of the Public Housing Reform and Responsibility Act of 1997 (S. 462). With the passage of this important legislation, the Senate today renews its commitment to ensur-

ing that every American family has a decent, safe and affordable home. The bill builds upon and improves those aspects of the Nation's public and assisted housing programs which are working well and takes dramatic and vital steps to eliminate areas of failure in the system.

This legislation recognizes that the vast majority of public housing is well-managed and provides over 1 million American families, elderly and disabled with decent, safe and affordable housing. However, housing and social policy concerns, as well as Federal budget constraints, dictate the need for reform. The reform measures contained in S. 462 will reduce the costs of public and assisted housing to the Federal Government by streamlining regulations, facilitating the formation of local partnerships and leveraging additional State, local, and private resources to improve the quality of the existing stock. These changes will help ensure that Federal funds can be used more efficiently in order to serve additional families through the creation of mixed income communities.

This legislation represents the culmination of over 2 years of a bipartisan, consensus-building effort to enhance and revitalize affordable housing throughout the Nation. This fruitful effort has been led by Senator CONNIE MACK, chairman of the Subcommittee on Housing and Community Opportunity, whom I salute for his determination and commitment to an informed and reasoned approach in confronting issues of enormous complexity. Senator MACK has sought input from the administration, resident groups, public housing authorities, low-income housing advocates, nonprofit organizations and state and local officials who are responsible for implementing the Federal requirements established by Congress.

Mr. President, this legislation makes several critical improvements to the Nation's public and assisted housing system. It will protect our residents by maintaining the Brooke amendment, which caps rents at 30-percent of a tenant's income, and mandating tenant participation. It will institute reasonable rent requirements to encourage welfare recipients who currently receive housing subsidies to move to work. It will expand homeownership opportunities for low and moderate income families. The bill will speed the demolition of distressed housing projects through the repeal of the one-for-one replacement requirement. Also, the section 8 tenant-based voucher and certificate programs will be combined into a single, streamlined voucher system. The needless confusion which results from the differing rules and regulations of these two separate programs will be eliminated in order to increase the participation of private landlords in a unified, simplified system.

This legislation recognizes that every American deserves to live in a safe and secure community. To achieve that

goal, a number of important provisions have been added to the legislation at my request. The legislation will allow HUD to waive rent and income requirements to permit police officers a lower rent as an inducement to living in public and assisted housing. Loopholes in the current law which allow drug dealers and violent criminals to escape eviction if they commit their crimes off the premises of the public housing authority will be eliminated. In addition, public housing authorities will be judged and rated based on the effectiveness of their anticrime policies, and their coordination with local law enforcement and tenant organizations in developing and implementing anticrime strategies.

I would like to highlight one important anticrime provision which has recently been added to the legislation. This provision would mandate the exclusion of child molesters and sexually violent predators from receiving Federal housing assistance. In addition, local public housing agencies would be granted access to the Federal Bureau of Investigation's [FBI] national database on sexually violent offenders. This improved records access provision is critical to ensuring that these offenders are properly screened out. I would like to thank my colleague Senator GRAMM for joining with me in ensuring that the families and children who live in public housing are protected from convicted sex offenders. Senator GRAMM's leadership as the sponsor of the Pam Lychner Sexual Offender Tracking and Identification Act of 1996 (Public Law 104-236), which established the FBI database, and his diligence in bringing this issue to the attention of the committee are to be commended.

Mr. President, the reform provisions contained in this bill will greatly improve the quality of life of the families residing in public and assisted housing and will help to ensure the long-term viability of our Nation's existing stock of affordable housing. I thank my colleagues on the Senate Banking Committee for their hard work and spirit of bipartisan compromise which they have shown throughout the process. I respectfully urge this legislation's speedy passage.

Mr. SARBANES. Mr. President, I rise in support of S. 462, the Public Housing Reform and Responsibility Act of 1997.

This bill is the culmination of months of hard work and careful consideration. It represents the collective wisdom of housing authority directors, public housing residents and resident organizations, local elected officials, and experts at HUD. As a result of this open, inclusive, and bipartisan process, this bill represents widespread agreement among stakeholders.

I want to take a moment to extend my special thanks to Senator MACK for his hard work over the past 3 years to get us to this point. Senator MACK has worked tirelessly to listen to every argument, to entertain every question,

and to consider every opinion as we moved this bill from introduction through the committee and now to the floor. He has proven to be responsive to serious concerns and has shown the willingness and ability to build coalitions in the interest of getting legislation passed. I greatly appreciate his willingness to work with me and my colleagues to produce this important piece of legislation.

Likewise, I want to thank Senator KERRY, the ranking member of the Housing Subcommittee. Senator KERRY has long been one of the chief advocates for public and assisted housing in the Congress of the United States. This public housing bill, particularly in its efforts to target assistance to those most in need, reflects Senator KERRY's indelible stamp.

Finally, I greatly appreciate the skill with which Senator D'AMATO has managed this bill and other important legislation, such as the mark-to-market proposal. He has been an important partner in the success we are achieving here tonight.

Mr. President, public housing is the program everyone loves to hate. It is easy to understand why; bad high-rise public housing projects are easy targets for the press. These projects are magnets for crime and drugs. They stick out like sore thumbs and ruin whole neighborhoods.

But the fact is that most public housing is good housing. In fact, in most communities around the country, public housing cannot be distinguished from the private housing stock that surrounds it. Most people don't even know when public housing is in their neighborhoods.

Many of the provisions of S. 462 will help make the public housing program a more effective program. It will give local housing authorities greater autonomy, and greater responsibility, to meet the housing needs in their communities. It will provide for a broader, more economically diverse mix in public housing, which experts universally agree is necessary to create healthier communities. The bill includes important provisions to encourage public housing residents to go to work by delaying any rent increases that would otherwise accompany income gains.

The bill will expedite the demolition of bad public housing, which has been a point of emphasis for both Secretary Cuomo and former Secretary Cisneros. It will enable HUD to set aside bad public housing management more quickly and replace it with the type of professionals that can turn these agencies around. Many of the reforms in this bill will result in spending taxpayers dollars more efficiently and effectively, and in residents benefiting from imported conditions.

Again, I want to thank my colleagues for their cooperation, and I look forward to continuing to move forward to conference in a bipartisan spirit. I urge my colleagues to adopt this legislation.

Mr. ALLARD. Mr. President, I believe the public housing bill is sound legislation and would like to extend

my appreciation to the chairman and the subcommittee staff for all of their hard work.

I would especially like to thank the chairman for working with me to include two provisions in the public housing bill. One measure would make vouchers available for Public Housing residents who are victims of crime. This provision would give them the change to live in better surroundings. Also included in the bill is a Housing Cost Commission to determine the full cost to the Federal Government of each of the housing programs administered by HUD. The data from this Commission will be available for Congress as it works to improve the efficiency and quality of federally assisted housing programs.

I appreciate being able to work together for the goal of improving our public housing system and ensuring that these programs provide necessary assistance to low income individuals while giving them an opportunity to help themselves.

Mr. GRAMS. Mr. President, today, I rise in support of S. 462, the Public Housing Reform and Responsibility Act. This bill is compassionate legislation that provides much-needed regulatory relief and commonsense reform for public housing in America. I am proud to be an original cosponsor of S. 462. It makes permanent the reform measures that have been added onto recent appropriations bills. It provides much needed additional regulatory relief and paperwork reduction to well-managed public housing agencies. It imposes tougher penalties on troubled housing authorities. And finally, it strengthens the ability of authorities to improve the safety of their tenants by enhancing their powers of screening and eviction.

S. 462 makes permanent various reform measures that have been approved in appropriations bills during the last 3 years. It permanently repeals Federal preferences that have had the unintended consequence of concentrating the poorest of the poor in public housing developments and allows housing authorities to operate according to locally established preferences consistent with local housing needs. The bill still maintains the requirement that most housing assistance be targeted to very low-income households. S. 462 also repeals the one-for-one replacement requirement and streamlines the demolition and disposition process to permit housing authorities to demolish or sell vacant or obsolete public housing.

S. 462 also provides much needed additional regulatory relief and paperwork reduction to public housing agencies. The bill significantly reduces the complexity that public housing authorities have in receiving funding. S. 462 consolidates a multitude of programs into two flexible block grants to expand the eligible uses of funds and allow a public housing agency to more efficiently and creatively use its available resources.

The bill also repeals the highly burdensome requirements of the Family

Self Sufficiency Program, which was passed in 1990 as part of the National Affordable Housing Act. Congress now recognizes that, while well-intentioned, FSS was an unfunded mandate that placed enormous administrative burden on public housing agencies. I believe that public housing agencies should be permitted to direct all of their energies to provide safe and affordable housing to low-income families, senior citizens, and the disabled. Public housing agencies should not have to drain their scarce resources to do the work better suited to county social service agencies.

More importantly, however, the FSS mandate has been made unnecessary by the enactment last year of the landmark welfare reform bill. Because there will be 50 locally determined welfare reform laws, these laws are the more appropriate vehicle for moving public housing families from welfare to work.

While providing much needed regulatory relief to well-managed public housing agencies, S. 462 also imposes tough, new penalties for troubled authorities. I am very supportive of swift and strong action to correct the management deficiencies of troubled housing authorities. While less than 5 percent of the 3,400 housing authorities in this country are troubled, their poor condition and lack of safety tend to dominate the news. I believe that, working together, we must act decisively to improve their condition.

S. 462 also contains three provisions that I personally authored. The first provision relates to the Congregate Housing Services Program, which was authorized by the Housing and Community Development Amendments Act of 1978 to provide 3- to 5-year contracts to fund services for eligible residents of public housing authorities. CHSP provides for ailing seniors, who normally would be institutionalized in nursing homes to remain housed in less expensive elderly-only projects that provide them with at least one hot meal a day, a social worker to monitor their health and medication, and housekeeping services.

CHSP is good program because it provides ailing low-income seniors with the dignity of having their own apartment at a cost that has been estimated to be 66 percent lower than the costs of institutionalizing them in nursing homes.

As I strongly support CHSP, I have had language added into S. 462 to guarantee the continuation of funding for this important program.

I have included two other provisions into S. 462 that are designed to enhance tenant safety. My first provision strengthens the eviction powers of public housing authorities by permitting them to quickly terminate the leases of tenants that are found by a legal police search to have illegal drugs in their possession.

My second tenant safety provision—now commonly known as the Grams Amendment—has been the subject of high amount of controversy. As you know, current law permits public housing authorities to reject applicants who have a record of violent criminal activity, who are abusing illegal drugs, or who are abusing alcohol in a way that could adversely affect the safety and peaceful enjoyment of other tenants. Public housing authorities have responded to this legislation by checking on their applicants' criminal records, prior tenancy records and—in a few cases—information from the records of drug abuse treatment facilities. Public housing authorities that have instituted this screening have reported back to me that they have been able to significantly reduce illegal drug use and crime in their projects.

Several months ago, several of Minnesota's public housing authorities requested that I get an amendment into the public housing reform bill that would clarify their right to get information about illegal drug use from the records of drug abuse treatment facilities. Their request was prompted by a lawsuit being filed against the Minneapolis Public Housing Authority by people that are opposed to their screening for illegal drugs.

I agreed to do the amendment, because I have previously toured public housing projects throughout Minnesota and have had touching conversations with Minnesotans who were fearful about the affects of illegal drugs on their own safety and the future of their children. I am also concerned that the money that public housing authorities have been spending to defend themselves against frivolous lawsuits regarding their screening programs could be better spent on providing housing to America's most needy families.

After I added in safeguards to protect applicants' privacy and confidentiality rights, my amendment was unanimously accepted by the Democrats and the Republicans on the Senate Banking committee, and it was part of the public housing reform bill that the Committee unanimously voted to report out on May 8. At the time, no one on the committee considered my amendment to be controversial.

After we completed committee action on the bill, I heard from quite a few organizations that were concerned that the language of the legislation preempted the medical record confidentiality protections of the Public Health Service Act. Furthermore, there was concern that the type of information that the amendment would permit a public housing authority to review would conflict with the Americans With Disabilities Act, the Fair Housing Act, and the Rehabilitation Act. I took these concerns very seriously because I am a strong supporter of laws that protect medical confidentiality and protect people with disabilities from discrimination.

Over August recess, my staff had meetings with HUD, the DOJ, HHS, and

Housing Subcommittee staff to address the concerns regarding the amendment. On September 11, I submitted to the committee a scaled-down version of the Amendment that does not preempt the Public Health Service Act and does not conflict with ADA, Fair Housing, or the Rehab Act. I am happy that this version of my amendment has been retained in the bill.

In conclusion, I am very pleased that the Senate will be reporting out this long overdue piece of legislation today. I commend Senator MACK for sponsoring this moderate and balanced piece of legislation and for carefully shepherding it through the Senate.

Mr. GRAMM. Mr. President, I wish to thank the distinguished chairman of the Committee on Banking, Housing, and Urban Affairs, Senator D'AMATO, as well as Senator MACK, the chairman of the Housing Opportunity Subcommittee and the ranking members for including in the manager's amendment the text of several proposals that I drafted and which I believe will strengthen the legislation.

The first of these is an amendment which will ban violent sexual predators from eligibility for, and thus admission to, public housing facilities. The second initiative allows public housing authorities access to State records concerning sex offender convictions. Both of these provisions were approved by the House in its version of the legislation.

In a letter endorsing the effort to rid our public housing of these violent predators, the National Center for Missing and Exploited Children said that " \* \* \* each and every American, regardless of socio-economic class, has the right to a safe and secure neighborhood."

Mr. President, I do not believe that there is a constitutional right to have access to public housing. If there is a right involved here, it is the right of people to know that the person living next door to them and their children is not a convicted sex offender. Adoption of these amendments will insure a safer environment for the adults and children who reside in public housing.

I urge adoption of the amendments.

Mr. FAIRCLOTH. Mr. President, as many of my colleagues are aware, I introduced a bill earlier this session, along with Senator KYL and numerous other Senators, on occupancy standards. The State Housing Protection Act transfers authority to set occupancy standards from the Department of Housing and Urban Development to the States. Occupancy standards was an issue in last year's conference of the public housing bill. I rise today to urge the members of the Senate Committee on Banking, Housing, and Urban Affairs to address occupancy standards again this year when the public housing reform bill goes to conference.

The State Housing Protection Act does not address privately owned dwellings, only rental dwellings. Under the Fair Housing Act, private property

owners are permitted to set occupancy standards that limit the number of persons who may rent an apartment dwelling, if the standards are reasonable. At present, there is no clear guidance in this area, and there is controversy over what is a reasonable standard.

Following passage of the Fair Housing Act in 1988, some activists brought lawsuits against housing providers, charging that two persons per bedroom standards discriminated against families. Housing providers persuasively argued to HUD that consistently applied two persons per bedroom standards do not discriminate against families. So, in order to give housing providers a safe harbor from inappropriate legal challenges, in 1991, HUD issued guidance which indicated that two persons per bedroom would be presumed to be a generally reasonable standard by HUD, and housing providers would generally not be sued by HUD for discrimination if they used that standard.

Housing providers, of course, were not precluded in the guidance from exceeding that standard. Private housing providers adjusted to that guidance and relied on it when adopting occupancy policies for their rental units. HUD's own handbooks for public and assisted housing also established that standard. HUD itself adhered more strictly to that guidance until the Clinton administration arrived.

In 1995, HUD issued and then quickly retracted a new guidance that would have required housing providers to allow as many as 8 to 10 people in a two bedroom apartment and 12 to 15 in a three bedroom apartment—if the housing providers didn't want to be sued for discrimination by HUD. HUD realized that the 1995 guidance was unworkable and put back in place the 1991 two person per bedroom guidance. However, there have been a number of court decisions overturning HUD's actions in this area. So there is still a void and no clarity as to how it is being interpreted by HUD or whether it will be changed again by HUD in line with the 1995 attempt.

Housing providers need certainty in their establishment of such fundamental business judgments as occupancy standards. Nobody likes to be sued for discrimination, but you especially don't like when you don't know the rules that are being used by the Government. Republicans and Democrats on the Senate Banking Committee have acknowledged the need for clarity and have promised to work with me in conference on this issue.

Mr. KYL. Mr. President, I rise to encourage the members of the Senate Committee on Banking, Housing, and Urban Development to address the issue of occupancy standards when the public housing reform bill goes to conference committee. Earlier this year, Senator FAIRCLOTH and I introduced the State Housing Protection Act which transfers from HUD to the States, the authority to set occupancy standards. Yet, the committee did not

address the matter when it considered its public housing reform bill.

Mr. President, Senator FAIRCLOTH and I have worked on this issue for 2 years. In the 104th Congress, Senator FAIRCLOTH and I blocked HUD from imposing national occupancy standards until it completed an official rule. Soon thereafter, we introduced a bill with Representative MCCOLLUM which prohibited HUD from setting a national occupancy standard. The House included that bill in its 1996 public housing reform bill, but it died in conference committee late last year.

In May of this year, the House passed its public housing reform bill which included a section that prohibits the Secretary of HUD from establishing a national occupancy standard. Senator FAIRCLOTH and I have tried to change the current policy on occupancy standards because we believe that HUD generally has pursued an occupancy standard policy that encourages overcrowding, thereby depreciating housing stock that is scarce to begin with. We believe that HUD is poorly serving lower-income families and defeating its own purpose. Again, I encourage the members of the conference committee to seriously consider restricting HUD's ability to set a national occupancy standard.

Mr. LUGAR. Mr. President, I would like to thank the floor managers for agreeing to include the city of Indianapolis flexible grant demonstration amendment in the manager's amendment to S. 462.

The Lugar amendment would authorize the city of Indianapolis, in coordination with its public housing authority, to receive and combine program allocations from Federal housing assistance funds so that it has the flexibility to determine the best use of these funds. This amendment has the support both of Mayor Goldsmith and of the Indianapolis Housing Authority.

My flexible grant demonstration amendment would give the city of Indianapolis, in coordination with the Indianapolis Housing Authority, the ability to receive and combine covered housing assistance to which the Indianapolis Housing Authority would otherwise be entitled. Covered housing assistance is defined as operating assistance, modernization assistance, section 8 certificate and voucher programs assistance, capital and operating funds assistance, and tenant-based rental assistance. It does not include other housing assistance programs for which the city or its public housing authority would otherwise be able to compete.

This demonstration program would last for 2 to 5 years and would serve a variety of purposes. It could be used to provide incentives for low-income working families to become economically self-sufficient, to reduce costs of housing assistance by providing funds in the most effective manner, to increase the stock of affordable low-income housing and housing choices for low-income families, to increase home

ownership among low-income families and for other ways in which the city in coordination with the public housing agency could make more effective use of limited housing funds.

Under no circumstances would there be any reduction in the number of low-income families who would otherwise be served with housing assistance had these amounts not been combined. In fact, by allowing greater flexibility and cost-effectiveness in the use of these funds, my amendment will increase and enhance housing assistance to lower income families who need it.

I urge support for my amendment.

Mr. KERRY. Mr. Chairman, I have a question regarding section 107(d) of S. 462, which adds a new performance indicator for the extent to which the public housing agency is providing acceptable basic housing conditions. I do not see what could be much more fundamental to a housing authority's performance than offering its tenants decent housing conditions in which to live.

Mr. MACK. I agree.

Mr. KERRY. The committee report, on page 15, indicates that both the Secretary of Housing and Urban Development [HUD] and HUD's inspector general pointed out that under the current performance evaluation [PHMAP] system, a PHA can escape "troubled" designation even though a substantial portion of its units would not meet basic housing conditions. This seems totally unacceptable. Will the proposed amendment in section 107(d) of S. 462 allow HUD to give this performance indicator enough weight to solve this problem? Will that approach assure that we do not have authorities that are deemed acceptable performers even though they offer widespread substandard housing conditions?

Mr. MACK. The amendment in S. 462 would allow HUD, subject to the rule-making process, to give this performance indicator enough weight in the PHMAP system so that it can appropriately affect the determination whether a PHA is designated "troubled."

Mr. SARBANES. As you know, one of the most important principles of this public housing bill is resident empowerment. To this end, the legislation mandates that resident advisory boards assist in the development of public housing agency [PHA] plans. It also requires that PHA's: first, conduct public hearings to collect input on their proposed plans; second, make a copy of their proposed plan available for public inspection at least 45 days prior to the public hearing; and third, provide notice of the date of the public hearing at least 45 days in advance of the hearing.

Given this emphasis on resident participation, I would anticipate that PHA's would make every effort to ensure that each resident is aware of his or her opportunities to provide input. I would expect PHA's to prominently display, at each of their assisted housing developments, information about

the hearings, as well as information about where residents can view copies of the proposed agency plans. I would also expect that PHA's, to the maximum extent practicable, will contact resident groups directly to inform them of this information. Is this how you anticipate the process will work?

Mr. MACK. That is the type of scenario I envision. The legislation was carefully crafted so that residents will have a significant voice in the policies and programs that will affect them. I agree that the only way their interests can truly be served is to provide them with as much advance notice and information about the public hearings as possible—and to incorporate their recommendations where appropriate.

Mrs. BOXER. Mr. President, I would first like to thank the chairman of the Housing Opportunity and Community Development Subcommittee for joining me in this colloquy regarding a very serious problem for many low-income citizens living in mobile home parks. These good people, most of whom are senior citizens, are not able to use section 8 assistance because their park owners refuse to accept it.

In the vast majority of cases, mobile home tenants own their mobile home and rent the space on which the home sits. Unfortunately, many residents become unable to pay the rising space rates and require low-income housing assistance under section 8. This is especially common among elderly residents whose income drops following death of a spouse or illness.

Under the current system, because section 8 assistance payments are made to landlords, section 8 participation requires that the landlord sign a rental assistance contract with the appropriate housing authority. For various reasons, many mobile home park owners are refusing to sign these contracts. Consequently, their residents are being denied the section 8 assistance they need to meet their housing costs.

Without section 8 assistance, these very low-income, primarily elderly, residents, have few options. Some will be forced to move their homes to parks which accept section 8 assistance. However, this is an expensive and laborious process. It costs a minimum of \$10,000 to relocate a mobile home, money that most low-income tenants do not have.

Some residents will not even have the option of moving their mobile homes to parks which accept section 8 payments. In areas with a shortage of spaces, tenants will have to either abandon their homes or continue to pay unaffordable space rents. Because currently high-space rents reduce the demand for mobile homes, those who must abandon their homes will likely not recoup their investment, often losing their entire lifetimes savings.

This is a critical problem for many in my State of California. Mobile homes are one of the few sources of affordable housing in many areas of the State, especially for senior citizens. There are

approximately 700,000 mobile home residents in California 50-60 percent of whom are seniors. Without section 8 assistance, many of these residents will lose their homes and lifetime investments.

Mr. MACK. I am aware that this problem exists, Senator, and I am very sympathetic.

Mrs. BOXER. I appreciate the chairman's response. I would like to offer a solution. The House-passed Public Housing bill, H.R. 2, contains a provision that allows section 8 payments to go directly to mobile home tenants of parks which refuse to enter into section 8 contracts. This provision, section 330, gives the money directly to the tenants thereby obviating the need for a contract between the park owner and the local housing authority. Because the House provision only applies to tenants who already live in parks that do not accept section 8, it does not force park owners to take in new tenants with section 8 assistance.

I hope, Mr. Chairman, that when we get to conference on the Public Housing bills, we can seriously consider section 330 of the House-passed bill as a possible solution to the very urgent problem facing so many mobile home tenants.

Mr. MACK. I thank the Senator from California for her concern. I share her desire to prevent displacement of these good tenants and I have every intention of working with her during conference to assure that this problem is appropriately addressed.

Mrs. BOXER. I appreciate the Chairman's willingness to help solve this serious problem and I look forward to working with him on it in conference.

Mr. WELLSTONE. The relocation provisions contained in section 115 state that residents shall be relocated to areas that are generally not less desirable than the location of the displaced person's dwelling. Is it your understanding that a comparably desirable area would be one that is not subject to unreasonable adverse environment conditions, and one which offers similar access to public utilities, facilities, services, and the displaced person's place of employment?

Mr. MACK. I agree that these should be the primary factors that a public housing authority takes into consideration when providing relocation assistance. It is our intention that the interests of residents be protected to the maximum possible extent during the demolition and relocation process.

#### AMENDMENT NO. 1257

(Purpose: To provide a substitute)

Mr. McCONNELL. Senator MACK has at the desk an amendment to the committee substitute. I ask its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kentucky [Mr. McCONNELL], for Mr. MACK, proposes an amendment numbered 1257.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. Without objection, the amendment was agreed to.

(The amendment (No. 1257) was agreed to.)

Mr. McCONNELL. I ask unanimous consent the committee amendment, as amended, be considered read and agreed to, the bill be considered read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment, as amended was agreed to.

The bill (S. 462), as amended, was read the third time, and passed.

### EXECUTIVE SESSION

#### EXECUTIVE CALENDAR

Mr. McCONNELL. Mr. President, I ask unanimous consent the Senate immediately proceed to executive session to consider the following nominations on the Executive Calendar: No. 108, No. 256, No. 257, No. 260 through 262, No. 278 and No. 290 through 303, all nominations on the Secretary's desk in the Air Force, Army, Coast Guard, Marine Corps, Navy and the Public Health Service.

I further ask unanimous consent that the nominations be confirmed, the motion to reconsider be laid on the table, any statements relating to the nominations appear at this point in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

#### INTER-AMERICAN FOUNDATION

Jeffrey Davidow, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be a Member of the Board of Directors of the Inter-American Foundation, for a term expiring September 20, 2002.

#### THE JUDICIARY

Marjorie O. Rendell, of Pennsylvania, to be U.S. Circuit Judge for the Third Circuit.

Richard A. Lazzara, of Florida, to be U.S. District Judge for the Middle District of Florida.

#### DEPARTMENT OF COMMERCE

Robert L. Mallett, of Texas, to be Deputy Secretary of Commerce.

W. Scott Gould, of the District of Columbia, to be Chief Financial Officer, Department of Commerce.

W. Scott Gould, of the District of Columbia, to be an Assistant Secretary of Commerce.

#### INTER-AMERICAN FOUNDATION

Nancy Dorn, of the District of Columbia, to be Member of the Board of Directors of the Inter-American Foundation for a term expiring June 26, 2002.

#### IN THE ARMY

The following U.S. Army Reserve officer for promotion in the Reserve of the Army to the grade indicated under title 10, United States Code, sections 14101, 14315 and 12203(a):

*To be brigadier general*

Col. James W. Comstock, 0000

The following-named officer for appointment in the Regular Army to be the grade indicated under title 10, United States Code, section 624:

*To be brigadier general*

Col. Antonio M. Taguba, 0000

The following-named officers for appointment in the U.S. Army to the grade indicated under title 10, United States Code, section 624:

*To be major general*

Brig. Gen. John G. Meyer, Jr., 0000

Brig. Gen. Robert L. Nabors, 0000

The following-named officer for appointment in the U.S. Army to the grade indicated under the provisions of title 10, United States Code, section 624:

*To be major general*

Maj. Gen. Robert G. Claypool, 0000

The following Army National Guard of the United States officers for appointment in the Reserve of the Army to the grade indicated under title 10, United States Code, section 12203:

*To be major general*

Brig. Gen. Earl L. Adams, 0000

Brig. Gen. John E. Blair, 0000

Brig. Gen. James G. Blaney, 0000

Brig. Gen. Don C. Morrow, 0000

Brig. Gen. Thomas E. Whitecotton III, 0000

Brig. Gen. Jackie D. Wood, 0000

*To be brigadier general*

Col. Stephen E. Arey, 0000

Col. George A. Buskirk, Jr., 0000

Col. William A. Cugno, 0000

Col. Joseph A. Goode, Jr., 0000

Col. Stanley J. Gordon, 0000

Col. Larry W. Haltom, 0000

Col. Daniel E. Long, Jr., 0000

Col. Gerald P. Minetti, 0000

Col. Ronald G. Young, 0000

The following-named officer for appointment in the U.S. Army to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be lieutenant general*

Lt. Gen. George A. Fisher, 0000

The following-named officer for appointment in the U.S. Army to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be lieutenant general*

Maj. Gen. William J. Bolt, 0000

The following-named officer for appointment in the U.S. Army to the grade indicated under title 10, United States Code, section 624:

*To be brigadier general*

Col. Henry W. Stratman, 0000

#### IN THE MARINE CORPS

The following-named officer for appointment in the U.S. Marine Corps to the grade indicated while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be lieutenant general*

Lt. Gen. Peter Pace, 0000

#### IN THE NAVY

The following-named officer for appointment in the U.S. Navy to the grade indicated under title 10, United States Code, section 624: