

(K) five members appointed by the Governor of Alaska and appointed by the Secretary of Commerce, one of whom shall represent fishing interests, one of whom shall represent Alaska Natives, one of whom shall represent environmental interests, one of whom shall represent academia, and one of whom shall represent oil and gas interests.

The members of the Board shall be individuals knowledgeable by education, training, or experience regarding fisheries or marine ecosystems in the north Pacific Ocean, Bering Sea, or Arctic Ocean. The Governor of Alaska shall submit three nominations for member appointed under subparagraph (K). Board members appointed under subparagraph (K) shall serve for a three year term and may be reappointed.

(4)(A) The Secretary of Commerce shall review and administer grants recommended by the Board. If the Secretary does not approve a grant recommended by the Board, the Secretary shall explain in writing the reasons for not approving such grant, and the amount recommended to be used for such grant shall be available only for grants recommended by the Board.

(B) Grant recommendations and other decisions of the Board shall be by majority vote, with each member having one vote. The Board shall establish written criteria for the submission of grant requests through a competitive process and for deciding upon the award of grants. Grants shall be recommended by the Board on the basis of merit in accordance with priorities established by the Board. The Secretary shall provide the Board with such administrative and technical support as is necessary for the effective functioning of the Board. The Board shall be considered an advisory panel established under section 302(g) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.) for the purposes of section 302(i)(1) of such Act, and the other procedural matters applicable to advisory panels under section 302(i) of such Act shall apply to the Board to the extent practicable. Members of the Board may be reimbursed for actual expenses incurred in performance of their duties for the Board. Not more than 5 percent of the funds provided to the Secretary of Commerce under paragraph (1) may be used to provide support for the Board and administer grants under this subsection.

(f) FINANCIAL ASSISTANCE TO THE STATES.—Section 6(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l-8(b)) is amended—

(1) APPORTIONMENT AMONG STATES; NOTIFICATION.—

(A) By striking paragraphs (1), (2), and (3) and inserting the following:

“(1) Sixty percent shall be apportioned equally among the several States;

“(2) Twenty percent shall be apportioned on the basis of the proportion which the population of each State bears to the total population of the United States; and

“(3) Twenty percent shall be apportioned on the basis of the urban population in each State (as defined by Metropolitan Statistical Areas).”

(2) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and inserting after paragraph (3) the following:

“(4) The total allocation to an individual State under paragraphs (1) through (3) shall not exceed 10 percent of the total amount allocated to the several States in any one year.

(g) FUNDS FOR INDIAN TRIBES.—Section 6(b)(6) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l-8(b)(6)) (as so redesignated) is amended—

(1) by inserting “(A)” after “(6)”; and

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

“(B) For the purposes of paragraph (1), all federally recognized Indian tribes and Alaska Native Corporations (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602) shall be treated collectively as one State, and shall receive shares of the apportionment under paragraph (1) in accordance with a competitive grant program established by the Secretary by rule. Such rule shall ensure that in each fiscal year no single tribe or Alaska Native Corporation receives more than 10 percent of the total amount made available to all Indian tribes and Alaska Native Corporations pursuant to the apportionment under paragraph (1). Funds received by an Indian tribe or Alaska Native Corporation under this subparagraph may be expended only for the purposes specified in subsection (a). Receipt in any given year of an apportionment under this section shall not prevent an Indian tribe or Alaska Native Corporation from receiving grants for other purposes under than regular apportionment of the State in which it is located.”

## THE PUBLIC HOUSING REFORM AND RESPONSIBILITY ACT OF 1997

### MACK AMENDMENT NO. 1233

(Ordered to lie on the table.)

Mr. MACK submitted an amendment intended to be proposed by him to the bill (S. 462) A bill 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; as follows:

Strike all after the enacting clause and insert 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 public housing agencies 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.
- Sec. 125. City of Indianapolis flexible grant demonstration.

#### 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. National Commission on Housing Assistance Program Costs.
  - Sec. 405. Technical correction of public housing agency opt-out authority.
  - Sec. 406. Review of drug elimination program contracts.
  - Sec. 407. Treatment of public housing agency repayment agreement.
  - Sec. 408. Ceiling rents for certain section 8 properties.
  - Sec. 409. Sense of Congress.
  - Sec. 410. Other repeals.
  - Sec. 411. Guarantee of loans for acquisition of property.
  - Sec. 412. Prohibition on use of assistance for employment relocation activities.
  - Sec. 413. Use of HOME funds for public housing modernization.

#### 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, discretion, 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.

(a) **IN GENERAL.**—Except with respect to any provision or amendment identified by the Secretary under subsection (b) and 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.

(b) **EXCEPTION.**—

(1) **DETERMINATION.**—Not later than 2 months after the date of enactment of this Act, the Secretary shall identify any provision of this Act, or any amendment made by this Act, the implementation of which, in the determination of the Secretary—

(A) requires a substantial exercise of discretion, such that there exists a significant risk of litigation;

(B) requires a need for uniform interpretation; or

(C) is otherwise problematic, such that immediate implementation is inappropriate.

(2) **NOTICE.**—

(A) **IN GENERAL.**—Notwithstanding any other provision of law, not later than 6 months after the date on which the Secretary makes any identification under paragraph (1), the Secretary shall implement each provision or amendment so identified by notice published in the Federal Register, which notice shall—

(i) include such requirements as may be necessary to implement the provision or amendment; and

(ii) invite public comments on those requirements.

(B) **EFFECTIVE DATE OF NOTICE.**—The notice published under paragraph (2) may, in the discretion of the Secretary, take effect upon publication.

(3) **FINAL REGULATIONS.**—Not later than 12 months after the date of enactment of this Act, the Secretary shall issue such final regulations as may be necessary, taking into account any comments received under paragraph (2)(A)(ii), to implement each provision or amendment identified under paragraph (1).

### 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 and subject to clause (ii), 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) INCREASED SECURITY.—A public housing agency may take the actions authorized in clause (i) only for the purpose of increasing security for the residents of a public housing project.

“(iii) 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.—

(A) IN GENERAL.—Subject to subparagraph (B), prior to the issuance of final regulations under paragraph (1), a public housing agency may implement ceiling rents, which shall be—

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

(ii) 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

(iii) equal to the fair market rent for the area in which the unit is located.

(B) MINIMUM AMOUNT.—The amount of any ceiling rent implemented by a public housing agency under this paragraph may not be less than 75 percent of the monthly cost to operate the housing.

#### 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 in-

creases 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).

“(e) INDIVIDUAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—In lieu of a disallowance of earned income under subsection (d), upon the request of a family that qualifies under subsection (d), a public housing agency may establish an individual savings account in accordance with this subsection for that family.

“(2) DEPOSITS TO ACCOUNT.—The public housing agency shall deposit in any savings account established under this subsection an amount equal to the total amount that otherwise would be applied to the family’s rent payment under subsection (a) as a result of employment.

“(3) WITHDRAWAL FROM ACCOUNT.—Amounts deposited in a savings account established under this subsection may only be withdrawn by the family for the purpose of—

“(A) purchasing a home;

“(B) paying education costs of family members;

“(C) moving out of public or assisted housing; or

“(D) paying any other expense authorized by the public housing agency for the purpose of promoting the economic self-sufficiency of residents of public and assisted housing.”

(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. 1437c 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. 1437c 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 (which shall include measures necessary for the prevention or eradication of infestation by cockroaches), 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.—Subject to subparagraph (B), 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 ac-

tion 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, including the approved comprehensive housing affordability strategy under title I of the Cranston-Gonzalez National Affordable Housing Act of the jurisdiction in which the public housing agency is located; and

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

“(B) EXCEPTION.—

“(i) IN GENERAL.—Except as provided in clause (ii), the Secretary may, by regulation, provide that 1 or more elements of a public housing agency plan shall be reviewed only if the element is challenged.

“(ii) INAPPLICABILITY TO CERTAIN PROVISIONS.—Notwithstanding clause (i), the Secretary shall review the information submitted under paragraphs (7) and (14) of subsection (d).

“(C) 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.

“(5) COMPLIANCE WITH PLAN.—

“(A) IN GENERAL.—In providing assistance under this title, a public housing agency shall comply with the rules, standards, and policies established in the public housing agency plan of the public housing agency approved under this section.

“(B) INVESTIGATION AND ENFORCEMENT.—In carrying out this title, the Secretary shall—

“(i) provide an appropriate response to any complaint concerning noncompliance by a public housing agency with the applicable public housing agency plan; and

“(ii) if the Secretary determines, based on a finding of the Secretary or other information available to the Secretary, that a public housing agency is not complying with the applicable public housing agency plan, take such actions as the Secretary determines to be appropriate to ensure such compliance.”.

(b) IMPLEMENTATION.—

(1) INTERIM RULE.—Not later than 120 days after the date of enactment of this Act, the Secretary 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 rule-making 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) ACCOUNTING SYSTEM FOR RENTAL COLLECTIONS AND COSTS.—

“(1) ESTABLISHMENT.—Each public housing agency that receives grant amounts under this title shall establish and maintain a system of accounting for rental collections and costs (including administrative, utility, maintenance, repair, and other operating costs) for each project.

“(2) ACCESS TO RECORDS.—Each public housing agency shall make available to the general public the information required pursuant to paragraph (1) regarding collections and costs.

“(3) EXEMPTION.—The Secretary may permit authorities owning or operating fewer than 500 dwelling units to comply with the requirements of this subsection by accounting on an agency-wide basis.”

(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 (L); 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).”;

(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.”; and

(3) by adding at the end the following:

“(5)(A) To the extent that the Secretary determines such action to be necessary in order to ensure the accuracy of any certification made under this section, the Secretary shall require an independent auditor to review documentation or other information maintained by a public housing agency or resident management corporation pursuant to this section to substantiate each certification submitted by the agency or corporation relating to the performance of that agency or corporation.

“(B) The Secretary may withhold, from assistance otherwise payable to the agency or corporation under section 9, amounts sufficient to pay for the reasonable costs of any review under this paragraph.”

(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 PUBLIC HOUSING AGENCIES 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”; 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;

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

“(G) any other factors that the Secretary determines to be appropriate.

“(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 (including amounts sufficient to pay for the reasonable costs of review by an independent auditor of the documentation or other information maintained pursuant to section 6(j)(5) by a public housing agency or resident management corporation to substantiate the performance of that agency or corporation);

“(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;

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

“(H) any other factors that the Secretary determines to be appropriate.

“(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(o) 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.

“(5) ELIGIBLE USES.—In carrying out this subsection, the Secretary may use amounts set aside under this subsection for—

“(A) any eligible use under the Operating Fund or the Capital Fund established by this section; or

“(B) the provision of tenant-based assistance in accordance with section 8.

“(1) 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 24 months after, as applicable—

“(i) the date on which the funds become available to the agency for obligation in the case of modernization; or

“(ii) the date on which the agency accumulates adequate funds to undertake comprehensive modernization, substantial rehabilitation, or new construction of units.

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

“(i) may, extend the time period described in subparagraph (A), for such period of time as the Secretary determines to be necessary, if the Secretary determines that the failure of the public housing agency to obligate assistance in a timely manner is attributable to—

“(I) litigation;

“(II) obtaining approvals of a Federal, State, or local government;

“(III) complying with environmental assessment and abatement requirements;

“(IV) relocating residents;

“(V) an event beyond the control of the public housing agency; or

“(VI) any other reason established by the Secretary by notice published in the Federal Register;

“(ii) shall disregard the requirements of subparagraph (A) with respect to any unobligated amounts made available to a public housing agency, to the extent that the total of those amounts does not exceed 10 percent of the original amount made available to the public housing agency; and

“(iii) may, with the prior approval of the Secretary, extend the period of time described in subparagraph (A), for an additional period not to exceed 12 months, based on—

“(I) the size of the public housing agency;

“(II) the complexity of capital program of the public housing agency;

“(III) any limitation on the ability of the public housing agency to obligate the Capital Fund distributions of the public housing agency in a timely manner as a result of State or local law; or

“(IV) such other factors as the Secretary determines to be relevant.

“(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) or (B).

“(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), or a rental amount that is based on an adjustment to income under section 3(b)(5)(E) (as amended by section 104(a)(2) 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. 1437j) 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 resident of a public housing project 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 216(i)(1) or 1614 of the Social Security Act (42 U.S.C. 416(i)(1); 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.

“(4) GEOGRAPHIC LOCATION; PROHIBITION AGAINST REPLACEMENT OF EMPLOYEES.—

“(A) GEOGRAPHIC LOCATION.—The requirement described in paragraph (1) may include community service or participation in a self-sufficiency program performed at a location not owned by the public housing agency.

“(B) PROHIBITION AGAINST REPLACEMENT OF EMPLOYEES.—In carrying out this subsection, a public housing agency may not—

“(i) substitute community service or participation in a self-sufficiency program, as described in paragraph (1), for work performed by a public housing employee; or

“(ii) supplant a job at any location at which community work requirements under section 111 are fulfilled.

“(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 participating 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 non-profit 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—

“(i) with respect to the administration of the programs of the public housing agency, including any program that is subject to this title; or

“(ii) for the purpose of providing or arranging for the provision of supportive or social services.

“(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 Hous-

ing 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)”;

(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)”;

(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.]”;

(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”;

(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 70 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 approved by the Secretary, a public housing agency, in accordance with the public housing agency plan, may for good cause establish and implement an admission 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 65 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 90 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 approved by the Secretary, a public housing agency, in accordance with the public hous-

ing agency plan, may for good cause establish and implement an admission 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;

"(B) not less than 70 percent shall be occupied by families whose incomes do not exceed 60 percent of the area median income; 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.

"(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 subsection (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—

“(i) the plan is plainly inconsistent with the conversion assessment under subsection (b);

“(ii) there is reliable information and data available to the Secretary that contradicts that conversion assessment; or

“(iii) the plan otherwise fails to meet the requirements of this subsection.

“(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(1)(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.—

(1) IN GENERAL.—Except as provided in paragraph (2), 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.

(2) EXCEPTION.—Section 23(d)(3) of the United States Housing Act of 1937, as in existence on the day before the date of enactment of this Act, shall not apply to any contract or other agreement after 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, 2000.”.

#### 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 participate 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 a right of first refusal to acquire the public housing project within the applicable period of time after initial occupancy of the public housing project in accordance with section 42(i)(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 en-

ters 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 eligibility, 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 take into account 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.

“(3) DETERMINATION OF SECRETARY.—

“(A) FAILURE TO IDENTIFY PROJECTS.—If the Secretary determines, based on a plan submitted under this subsection, that a public housing agency has failed to identify 1 or more public housing projects that the Secretary determines should have been identified under subsection (a), the Secretary may designate the public housing projects to be removed from the inventory of the public housing agency pursuant to this section.

“(B) ERRONEOUS IDENTIFICATION OF PROJECTS.—If the Secretary determines, based on a plan submitted under this subsection, that a public housing agency has identified 1 or more public housing projects that should not have been identified pursuant to subsection (a), the Secretary shall—

“(i) require the public housing agency to revise the plan of the public housing agency under this subsection; and

“(ii) prohibit the removal of any such public housing project from the inventory of the public housing agency under this section.

“(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 re-

spect 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. 1437l 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 or a congregate housing services program for elderly disabled individuals, nonelderly disabled individuals, or temporarily disabled individuals;

“(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) MATCHING REQUIREMENT.—The Secretary may not make any grant under this section to any applicant unless the applicant supplements each dollar made available under this section with funds from sources other than this section, in an amount equal to not less than 25 percent of the grant amount, including—

“(1) funds from other Federal sources;

“(2) funds from any State or local government sources;

“(3) funds from private contributions; and

“(4) the value of any in-kind services or administrative costs provided to the applicant.

“(e) FUNDING FOR RESIDENT COUNCILS.—Of amounts appropriated for activities under this section, not less than 25 percent 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—

"(A) 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) limitations on the number of animals in a unit, based on unit size; and

"(C) prohibitions on—

"(i) certain breeds or types of animals that are determined to be dangerous; and

"(ii) individual animals, based on certain factors, including the size and weight of the animal.

"(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)."

**SEC. 125. CITY OF INDIANAPOLIS FLEXIBLE GRANT DEMONSTRATION.**

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. 36. CITY OF INDIANAPOLIS FLEXIBLE GRANT DEMONSTRATION.**

"(a) DEFINITIONS.—In this section:

"(1) COVERED HOUSING ASSISTANCE.—The term 'covered housing assistance' means—

"(A)(i) operating assistance under section 9 of the United States Housing Act of 1937 (as in existence on the day before the effective date of the Public Housing Reform and Responsibility Act of 1997), modernization assistance under section 14 of the United States Housing Act of 1937 (as in existence on the day before the effective date of the Public Housing Reform and Responsibility Act of 1997); and

"(ii) assistance for the certificate and voucher programs under section 8 of the United States Housing Act of 1937 (as in existence on the day before the effective date of the Public Housing Reform and Responsibility Act of 1997);

"(B) assistance for public housing under the Capital and Operating Funds established under section 9; and

"(C) tenant-based rental assistance under section 8.

"(2) CITY.—The term 'City' means the city of Indianapolis, Indiana.

"(b) PURPOSE.—The Secretary shall carry out a demonstration program in accordance with this section under which the City, in coordination with the public housing agency of the City—

"(1) may receive and combine program allocations of covered housing assistance; and

"(2) shall have the flexibility to design creative approaches for providing and administering Federal housing assistance that—

"(A) provide incentives to low-income families with children whose head of the household is employed, seeking employment, or preparing for employment by participating in a job training or educational program, or any program that otherwise assists individuals in obtaining employment and attaining economic self-sufficiency;

"(B) reduce costs of Federal housing assistance and achieve greater cost-effectiveness in Federal housing assistance expenditures;

"(C) increase the stock of affordable housing and housing choices for low-income families;

"(D) increase homeownership among low-income families; and

"(E) achieve such other purposes with respect to low-income families, as determined by the City in coordination with the public housing agency.

"(c) PROGRAM ALLOCATION.—In each fiscal year, the amount made available to the City under this section shall be equal to the sum of the amounts that would otherwise be made available to the public housing agency of the City under the provisions of this Act described in subparagraphs (A) through (C) of subsection (a)(1).

"(d) APPLICABILITY OF PROGRAM REQUIREMENTS.—

"(1) IN GENERAL.—In each fiscal year of the demonstration program under this section, amounts made available to the City under this section shall be subject to the same terms and conditions as those amounts would be subject if made available under the provisions of this Act pursuant to which covered housing assistance is otherwise made available to the public housing agency of the City under this Act, except that—

"(A) the Secretary may waive any such term or condition to the extent that the Secretary determines such action to be appropriate to carry out the demonstration program under this section; and

"(B) the City may combine the amounts made available and use the amounts for any activity eligible under each such program under section 8 or 9.

"(2) NUMBER OF FAMILIES ASSISTED.—In carrying out the demonstration program under this section, the City shall assist substantially the same total number of eligible low-income families as would have otherwise been served by the public housing agency of the City.

"(3) PROTECTION OF RECIPIENTS.—Nothing in this section shall be construed to authorize the termination of assistance to any recipient of assistance under this Act before the date of enactment of this section, as a result of the implementation of the demonstration program under this section.

"(e) PLAN REQUIREMENT.—In carrying out this section, the Secretary may establish a streamlined public housing agency plan and planning process for the City in accordance with section 5A.

"(f) EFFECT ON ABILITY TO COMPETE FOR OTHER CATEGORICAL PROGRAMS.—Nothing in this section shall be construed to affect the ability of the City (or the public housing agency of the City) to compete or otherwise apply for or receive assistance under any other housing assistance program administered by the Secretary.

"(g) PERFORMANCE STANDARDS.—The Secretary and the City shall collectively establish standards for evaluating the performance of the City in meeting the goals set forth in subsection (b) including—

"(1) moving dependent low-income families to economic self-sufficiency;

"(2) reducing the per-family cost of providing housing assistance;

"(3) expanding the stock of affordable housing and housing choices of low-income families;

"(4) increasing the number of homeownership opportunities for low-income families; and

"(5) any other performance goals established by the Secretary and the City.

"(h) RECORDS AND REPORTS.—

"(1) RECORDS.—The City shall maintain such records as the Secretary may require in order to—

"(A) document the amounts received by the City under this Act, and the disposition of those amounts under the demonstration program under this section;

"(B) ensure compliance by the City with this section; and

"(C) evaluate the performance of the City under the demonstration program under this section.

"(2) REPORTS.—

"(A) IN GENERAL.—The City shall annually submit to the Secretary a report in a form and at a time specified by the Secretary.

"(B) CONTENTS.—Each report under this paragraph shall include—

"(i) documentation of the use of funds made available to the City under this section;

"(ii) such data as the Secretary may request to assist the Secretary in evaluating the demonstration program under this section; and

"(iii) a description and analysis of the effect of assisted activities in addressing the objectives of the demonstration program under this section.

"(3) ACCESS TO DOCUMENTS BY THE SECRETARY AND COMPTROLLER GENERAL.—The Secretary and the Comptroller General of the United States, or any duly authorized representative of the Secretary or the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records maintained by the City that relate to the demonstration program under this section.

"(i) PERFORMANCE REVIEW AND EVALUATION.—

"(1) PERFORMANCE REVIEW.—Based on the performance standards established under

subsection (g), the Secretary shall monitor the performance of the City in providing assistance under this section.

“(2) STATUS REPORT.—Not later than 60 days after the last day of the second year of the demonstration program under this section, the Secretary shall submit to Congress an interim report on the status of the demonstration program and the progress of the City in achieving the purposes of the demonstration program under subsection (b).

“(3) TERMINATION AND EVALUATION.—

“(A) TERMINATION.—The demonstration program under this section shall terminate not less than 2 and not more than 5 years after the date on which the program is commenced under this section.

“(B) EVALUATION.—Not later than 6 months after the termination of the demonstration program under this section, the Secretary shall submit to Congress a final report, which shall include—

“(i) an evaluation of the effectiveness of the activities carried out under the demonstration program under this section; and

“(ii) any findings and recommendations of the Secretary for any appropriate legislative action.”.

## 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 ex-

ceed 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, including a preference for families residing in public housing who are victims of a crime of violence (as that term

is defined in section 16 of title 18, United States Code) that has been reported to an appropriate law enforcement agency.

“(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 non-profit organization to administer a homeownership program under subsection (y).

“(15) RENTAL VOUCHERS FOR RELOCATION OF WITNESSES AND VICTIMS OF CRIME.—

“(A) IN GENERAL.—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) VICTIMS OF CRIME.—

“(i) IN GENERAL.—Of amounts made available for assistance under this section in each fiscal year, the Secretary shall make available such sums as may be necessary for the relocation of families residing in public housing who are victims of a crime of violence (as that term is defined in section 16 of title 18, United States Code) that has been reported to an appropriate law enforcement agency.

“(ii) NOTICE.—A public housing agency that receives amounts under this subparagraph shall establish procedures for providing notice of the availability of that assistance to families that may be eligible for that assistance.”

(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)"; and

(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.

(a) **IN GENERAL.**—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)—

(i) by striking "(i) participates" and all that follows through "(ii) demonstrates" and inserting "demonstrates"; and

(ii) by inserting "except that the Secretary may provide for the consideration of public assistance in the case of an elderly family or a disabled family" after "other than public assistance";

(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.";

(3) by striking paragraphs (3) and (4) and inserting the following:

"(3) **INSPECTIONS AND CONTRACT CONDITIONS.**—

"(A) **IN GENERAL.**—Each contract for the purchase of a unit to be assisted under this section shall—

"(u) provide for pre-purchase inspection of the unit by an independent professional; and

"(ii) require that any cost of necessary repairs be paid by the seller.

"(B) **ANNUAL INSPECTIONS NOT REQUIRED.**—The requirement under subsection (o)(8)(A)(ii) for annual inspections shall not apply to units assisted under this section.

"(4) **OTHER AUTHORITY OF THE SECRETARY.**—The Secretary may—

"(A) limit the term of assistance for a family assisted under this subsection; and

"(B) modify the requirements of this subsection as the Secretary determines to be necessary to make appropriate adaptations for lease-purchase agreements.";

(4) by striking paragraph (5); and

(5) by redesignating paragraphs (6) through (8) as paragraphs (5) through (7), respectively.

(b) **DEMONSTRATION.**—

(1) **IN GENERAL.**—With the consent of the affected public housing agencies, the Secretary may carry out (or contract with 1 or more entities to carry out) a demonstration program under section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) to expand homeownership opportunities for low-income families.

(2) **REPORT.**—The Secretary shall report annually to Congress on activities conducted under this subsection.

#### 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.**—

"(1) **IN GENERAL.**—Notwithstanding any other provision of this Act, in the case of assistance attached to a structure, for the purpose of increasing security for the residents of a public housing project, 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).

"(2) **RENT REQUIREMENTS.**—With respect to any assistance provided by an owner under this subsection, the Secretary may—

"(A) permit the owner to establish such rent requirements and other terms and conditions of occupancy that the Secretary considers to be appropriate; and

"(B) require the owner to submit an application for those rent requirements, which application 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 on 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”;

(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”;

(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 Commu-

nity 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 rule-making 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(1)) by reason of drug-related criminal activity (as that term is defined in section 305(3)) 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.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(A) who the public housing agency determines is engaging in the illegal use of a controlled substance; or

(B) with respect to whom the public housing agency 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.

(2) OWNERS OF FEDERALLY ASSISTED HOUSING.—The Secretary may require any owner of federally assisted housing to establish admission standards under this subsection.

(3) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1)(B), 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 may consider whether such household member—

(A) 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);

(B) 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

(C) 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).

(c) **PROCEDURE FOR RECEIPT OF INFORMATION FROM A DRUG ABUSE TREATMENT FACILITY ABOUT THE CURRENT ILLEGAL USE OF A CONTROLLED SUBSTANCE.**—

(1) **DEFINITIONS.**—In this subsection:

(A) **DRUG ABUSE TREATMENT FACILITY.**—The term “drug abuse treatment facility” means—

(i) an entity other than a general medical care facility; or

(ii) an identified unit within a general medical care facility which holds itself out as providing, and provides, diagnosis, treatment, or referral for treatment with respect to the illegal use of a controlled substance.

(B) **CONTROLLED SUBSTANCE.**—The term “controlled substance” has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(C) **CURRENTLY ENGAGING IN THE ILLEGAL USE OF A CONTROLLED SUBSTANCE.**—The term “currently engaging in the illegal use of a controlled substance” means the illegal use of a controlled substance that occurred recently enough to justify a reasonable belief that an applicant’s illegal use of a controlled substance is current or that continuing illegal use of a controlled substance by the applicant is a real and ongoing problem.

(2) **AUTHORITY.**—Notwithstanding any other provision of law other than the Public Health Service Act (42 U.S.C. 201 et seq.), a public housing agency may require each person who applies for admission to public housing to sign 1 or more forms of written consent authorizing the public housing agency to receive information from a drug abuse treatment facility that is solely related to whether the applicant is currently engaging in the illegal use of a controlled substance.

(3) **RESTRICTIONS TO PROTECT THE CONFIDENTIALITY OF AN APPLICANT’S RECORDS.**—

(A) **LIMITATION ON THE KIND AND AMOUNT OF INFORMATION REQUESTED ON FORM OF WRITTEN CONSENT.**—In a form of written consent, a public housing agency may request only whether the drug abuse treatment facility has reasonable cause to believe that the applicant is currently engaging in the illegal use of a controlled substance.

(B) **RECORDS MANAGEMENT.**—Each public housing agency that receives information under this subsection from a drug abuse treatment facility shall establish and implement a system of records management that ensures that any information received by the public housing agency under this subsection—

(i) is maintained confidentially in accordance with section 543 of the Public Health Service Act (42 U.S.C. 290dd-2);

(ii) is not misused or improperly disseminated; and

(iii) is destroyed, as applicable—

(I) not later than 5 business days after the date on which the public housing agency gives final approval for an application for admission; or

(II) if the public housing agency denies the application for admission, in a timely manner after the date on which the statute of limitations for the commencement of a civil action from the applicant based upon that denial of admission has expired.

(C) **EXPIRATION OF WRITTEN CONSENT.**—In addition to the requirements of subparagraph (B), an applicant’s signed written consent shall expire automatically after the public housing agency has made a final deci-

sion to either approve or deny the applicant’s application for admittance to public housing.

(4) **RESTRICTIONS TO PROHIBIT THE DISCRIMINATORY TREATMENT OF APPLICANTS.**—

(A) **FORMS SIGNED.**—A public housing agency may only require an applicant for admission to public housing to sign 1 or more forms of written consent under this subsection if the public housing agency requires all such applicants to sign the same form or forms of written consent.

(B) **CIRCUMSTANCES OF INQUIRY.**—A public housing agency may only make an inquiry to a drug abuse treatment facility under this subsection if—

(i) the public housing agency makes the same inquiry with respect to all applicants; or

(ii) the public housing agency only makes the same inquiry with respect to each and every applicant with respect to whom—

(I) the public housing agency receives information from the criminal record of the applicant that indicates evidence of a prior arrest or conviction; or

(II) the public housing agency receives information from the records of prior tenancy of the applicant that demonstrates that the applicant—

(aa) engaged in the destruction of property;

(bb) engaged in violent activity against another person; or

(cc) interfered with the right of peaceful enjoyment of the premises of another tenant.

(5) **FEE PERMITTED.**—A drug abuse treatment facility may charge a public housing agency a reasonable fee for information provided under this subsection.

(6) **DISCLOSURE PERMITTED BY DRUG ABUSE TREATMENT FACILITIES.**—A drug abuse treatment facility shall not be liable for damages based on any information required to be disclosed pursuant to this subsection if such disclosure is consistent with section 543 of the Public Health Service Act (42 U.S.C. 290dd-2).

(7) **PUBLIC HOUSING AGENCIES NOT REQUIRED TO MAKE INQUIRIES TO DRUG ABUSE TREATMENT FACILITIES.**—A public housing agency shall not be liable for damages based on its decision not to require each person who applies for admission to public housing to sign 1 or more forms of written consent authorizing the public housing agency to receive information from a drug abuse treatment facility under this subsection.

(8) **EFFECTIVE DATE.**—This subsection shall take effect upon enactment and without the necessity of guidance from, or any regulation issued by, the Secretary.

(d) **STUDY AND REPORT.**—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study, and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate a report that includes information relating to—

(1) the proportion of United States public housing agencies that screen applicants for drug and alcohol addiction;

(2) the extent, if any, to which the screening described in paragraph (1), alone or in combination with other initiatives, has reduced crime in public housing; and

(3) the relative value of different types of information used by public housing agencies in the screening process described in paragraph (1), including criminal records, credit histories, tenancy records, and information from drug abuse treatment facilities on current illegal drug use of applicants (as that term is defined in subsection (c)(1)).

(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 as-

sisted 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.

(f) **INELIGIBILITY OF SEXUALLY VIOLENT PREDATORS FOR ADMISSION TO PUBLIC HOUSING.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, a public housing agency shall prohibit admission to public or assisted housing of any family that includes any individual who is a sexually violent predator.

(2) **DEFINITION.**—In this subsection, the term “sexually violent predator” means an individual who—

(A) is a sexually violent predator (as that term is defined in section 170101(a)(3) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)(3))); and

(B) is subject to a registration requirement under section 170101(a)(1)(B) or 170102(c) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)(1)(B), 14072(c)), as provided under section 170101(b)(6)(B) or 170102(d)(2), respectively, of that Act.

#### **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 paragraph (2), 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) INFORMATION REGARDING CRIMES COMMITTED BY SEXUALLY VIOLENT PREDATORS AND CRIMES AGAINST CHILDREN.—

(1) DEFINITION OF APPROPRIATE LAW ENFORCEMENT AGENCY.—In this subsection, the term “appropriate law enforcement agency” means—

(A) the Federal Bureau of Investigation;

(B) a State law enforcement agency designated as a registration agency under a State registration program under subtitle A of title XVII of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071 et seq.); or

(C) any local law enforcement agency authorized by a State law enforcement agency described in subparagraph (B).

(2) PROVISION OF INFORMATION.—Notwithstanding any other provision of law other than subsection (a)(2), the appropriate law enforcement agency shall provide to a public housing agency any information collected under the national database established pursuant to section 170102 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14072), or under a State registration program under subtitle A of title XVII of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071 et seq.), as applicable, regarding an adult who is an applicant for, or a resident of, federally assisted housing, for purposes of applicant screening, lease enforcement, or eviction, if the public housing agency—

(A) requests the information; and

(B) presents to the appropriate law enforcement agency a written authorization, signed by the adult at issue, for the release of that information to the public housing agency or other owner of the federally assisted housing.

(c) 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.

(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) FEE.—A public housing agency may be charged a reasonable fee for information provided under this section.

(f) 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 (1) (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. NATIONAL COMMISSION ON HOUSING ASSISTANCE PROGRAM COSTS.**

(a) DEFINITIONS.—In this section—

(1) the term “Commission” means the National Commission on Housing Assistance Program Costs established in subsection (b);

(2) the term “Federal assisted housing programs” means—

(A) the public housing program under the United States Housing Act of 1937;

(B) the certificate program for rental assistance under section 8(b)(1) of the United States Housing Act of 1937;

(C) the voucher program for rental assistance under section 8(o) of the United States Housing Act of 1937;

(D) the programs for project-based assistance under section 8 of the United States Housing Act of 1937;

(E) the rental assistance payments program under section 521(a)(2)(A) of the Housing Act of 1949;

(F) the program for housing for the elderly under section 202 of the Housing Act of 1959;

(G) the program for housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(H) the program for financing housing by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(I) the program under section 236 of the National Housing Act;

(J) the program for constructed or substantial rehabilitation under section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983; and

(K) any other program for housing assistance administered by the Secretary of Housing and Urban Development or the Secretary of Agriculture, under which occupancy in the housing assisted or housing assistance provided is based on income, as the Commission may determine; and

(3) the term "Secretary" means the Secretary of Housing and Urban Development.

(b) ESTABLISHMENT; PURPOSE.—

(1) ESTABLISHMENT.—There is established a commission to be known as the "National Commission on Housing Assistance Program Costs".

(2) PURPOSE.—The purpose of the Commission shall be to provide an objective and independent accounting and analysis of the full cost to the Federal Government, public housing agencies, State and local governments, and other entities, per assisted household, of the Federal assisted housing programs, taking into account the qualitative differences among Federal assisted housing programs in accordance with applicable standards of the Department of Housing and Urban Development.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of 12 members, of whom—

(A) 1 member shall be the Inspector General of the Department of Housing and Urban Development;

(B) 2 members shall be appointed by the Secretary;

(C) 2 members shall be appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the Senate;

(D) 2 members shall be appointed by the Chairman and Ranking Minority Member of the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services of the House of Representatives and the Chairman and Ranking Minority Member of the Subcommittee on VA, HUD, and Independent Agencies of the Committee on Appropriations of the House of Representatives;

(E) 1 member shall be appointed by the Majority Leader of the Senate;

(F) 1 member shall be appointed by the Majority Leader of the House of Representatives;

(G) 1 member shall be appointed by the Minority Leader of the Senate;

(H) 1 member shall be appointed by the Minority Leader of the House of Representatives; and

(I) 1 member shall be an ex-officio member appointed by the Comptroller General of the United States, from among officers and employees of the General Accounting Office.

(2) INITIAL APPOINTMENTS.—The initial members of the Commission shall be appointed not later than 90 days after the date of enactment of this Act.

(3) QUALIFICATIONS.—The members of the Commission appointed under paragraph (1)—

(A) shall all be experts in the field of accounting, economics, cost analysis, finance, or management; and

(B) shall include—

(i) 1 individual who is a distinguished academic engaged in teaching or research;

(ii) 1 individual who is a business leader, financial officer, or management expert; and

(iii) 1 individual who is—

(I) a financial expert employed in the private sector; and

(II) knowledgeable about housing and real estate issues.

(4) ADDITIONAL QUALIFICATIONS.—In selecting members of the Commission for appointment, the individual making the appointment shall ensure that each member selected is able to analyze the Federal assisted housing programs on an objective basis, and that no individual is appointed to the Commission if that individual has a personal finan-

cial interest, professional association, or business interest in any Federal assisted housing program, such that it would pose a conflict of interest if that individual were appointed to the Commission.

(d) ORGANIZATION.—

(1) CHAIRPERSON.—The Commission shall elect a chairperson from among members of the Commission.

(2) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number may hold hearings.

(3) VOTING.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each member of the Commission shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Commission.

(B) EXCEPTION.—The member of the Commission appointed pursuant to subsection (c)(1)(I) shall be a nonvoting member of the Commission.

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

(5) PROHIBITION ON ADDITIONAL PAY.—Members of the Commission shall serve without compensation.

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

(e) FUNCTIONS.—

(1) IN GENERAL.—The Commission shall—

(A) analyze the full cost to the Federal Government, public housing agencies, State and local governments, and other parties, per assisted household, of the Federal assisted housing programs, and shall conduct the analysis on a nationwide and regional basis and in a manner such that accurate per unit cost comparisons may be made between Federal assisted housing programs, including grants, direct subsidies, tax concessions, Federal mortgage insurance liability, periodic renovation and rehabilitation, and modernization costs, demolition costs, and other ancillary costs such as security; and

(B) measure and evaluate qualitative differences among Federal assisted housing programs in accordance with applicable standards of the Department of Housing and Urban Development.

(2) FINAL REPORT.—Not later than 24 months after the initial members of the Commission are appointed pursuant to subsection (c)(2), the Commission shall submit to the Secretary and to the Congress a final report which shall contain the results of the analysis and estimates required under paragraph (1).

(3) LIMITATION.—The Commission may not make any recommendations regarding Federal housing policy.

(f) POWERS.—

(1) HEARINGS.—The Commission may, for the purpose of carrying out this section, hold such hearings and sit and act at such times and places as the Commission may find advisable.

(2) RULES AND REGULATIONS.—The Commission may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(3) ASSISTANCE FROM FEDERAL AGENCIES.—

(A) INFORMATION.—The Commission may request from any department or agency of the United States, and such department or agency shall provide to the Commission in a timely fashion, such data and information as the Commission may require to carry out this section.

(B) ADMINISTRATIVE SUPPORT.—The General Services Administration shall provide to the

Commission, on a reimbursable basis, such administrative support services as the Commission may request.

(C) PERSONNEL DETAILS AND TECHNICAL ASSISTANCE.—Upon the request of the chairperson of the Commission, the Secretary shall, to the extent possible and subject to the discretion of the Secretary—

(i) detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Commission in carrying out its duties under this section; and

(ii) provide the Commission with technical assistance in carrying out its duties under this section.

(4) INFORMATION FROM LOCAL HOUSING AND MANAGEMENT AUTHORITIES.—The Commission shall have access, for the purpose of carrying out its functions under this section, to any books, documents, papers, and records of a local housing and management authority that are pertinent to this section and assistance received pursuant to this section.

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

(6) CONTRACTING.—The Commission may, to the extent and in such amounts as are provided in appropriations Acts, enter into contracts necessary to carry out its duties under this section.

(7) STAFF.—

(A) EXECUTIVE DIRECTOR.—The Commission shall appoint an executive director of the Commission who shall be compensated at a rate fixed by the Commission, not to exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(B) PERSONNEL.—In addition to the executive director, the Commission may appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(C) LIMITATION.—Subparagraphs (A) and (B) shall be effective only to the extent and in such amounts as are provided in appropriations Acts.

(D) SELECTION CRITERIA.—In appointing an executive director and staff, the Commission shall ensure that the individuals appointed can conduct any functions they may have regarding the Federal assisted housing programs on an objective basis and that no such individual has a personal financial or business interest in any such program.

(8) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act (5 U.S.C. App.).

(g) FUNDING.—Of any amounts made available to the Department of Housing and Urban Development for each of fiscal years 1998 and 1999, there shall be available \$4,500,000 to carry out this section.

(h) SUNSET.—The Commission shall terminate upon the expiration of the 24-month period beginning on the date on which the initial members of the Commission are appointed pursuant to subsection (c)(2).

#### SEC. 405. 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. 406. 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. 407. TREATMENT OF PUBLIC HOUSING AGENCY REPAYMENT AGREEMENT.**

(a) **LIMITATION ON SECRETARY.**—During the 2-year period beginning on the date of the enactment of this Act, if the Housing Authority of the City of Las Vegas, Nevada, is otherwise in compliance with the Repayment Lien Agreement and Repayment Plan approved by the Secretary on February 12, 1997, the Secretary of Housing and Urban Development shall not take any action that has the effect of reducing the inventory of senior citizen housing owned by such housing authority that does not receive assistance from the Department of Housing and Urban Development.

(b) **ALTERNATIVE REPAYMENT OPTIONS.**—During the period referred to in subsection (a), the Secretary shall assist the housing authority referred to in such subsection to identify alternative repayment options to the plan referred to in such subsection and to execute an amended repayment plan that will not adversely affect the housing referred to in such subsection.

(c) **RULE OF CONSTRUCTION.**—This section may not be construed to alter—

(1) any lien held by the Secretary pursuant to the agreement referred to in subsection (a); or

(2) the obligation of the housing authority referred to in subsection (a) to close all remaining items contained in the Inspector General audits numbered 89 SF 1004 (issued January 20, 1989), 93 SF 1801 (issued October 30, 1993), and 96 SF 1002 (issued February 23, 1996).

**SEC. 408. CEILING RENTS FOR CERTAIN SECTION 8 PROPERTIES.**

Notwithstanding any other provision of law, upon the request of the owner of the project, the Secretary may establish ceiling rents for the Marshall Field Garden Apartments Homes in Chicago, Illinois, if the ceiling rents are, in the determination of the Secretary, equivalent to rents for comparable properties.

**SEC. 409. 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. 410. 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) **LOCAL HOUSING ASSISTANCE PLANS.**—Subsection (c) of section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439(c)).

(4) **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).

(5) **PUBLIC HOUSING CHILDHOOD DEVELOPMENT.**—Section 222 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z-6 note).

(6) **INDIAN HOUSING CHILDHOOD DEVELOPMENT.**—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z-6 note).

(7) **PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.**—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

(8) **PUBLIC HOUSING MINCS DEMONSTRATION.**—Section 522 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(9) **PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.**—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(10) **PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.**—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

**SEC. 411. GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY.**

Notwithstanding section 108(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(b)), with respect to any eligible public entity (or any public agency designated by an eligible public entity) receiving assistance under that section (in this section referred to as the "issuer"), a guarantee or commitment to guarantee may be made with respect to any note or other obligation under such section 108 if the issuer's total outstanding notes or obligations guaranteed under that section (excluding any amount defeased under the contract entered into under section 108(d)(1)(A) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(d)(1)(A))) would thereby exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to section 106 or 107 of the Housing and Community Development Act of 1974, if the issuer's total outstanding notes or obligations guaranteed under that section (excluding any

amount defeased under the contract entered into under section 108(d)(1)(A) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(d)(1)(A))) would not thereby exceed an amount equal to 6 times the amount of the grant approval for the issuer pursuant to section 106 or 107 of the Housing and Community Development Act of 1974, if the additional grant amount is used only for the purpose of acquiring or transferring the ownership of the production facility located at the following address in order to maintain production: One Prince Avenue, Lowell, Massachusetts 01852.

**SEC. 412. PROHIBITION ON USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.**

Section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305) is amended by adding at the end the following:

"(h) **PROHIBITION ON USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.**—Notwithstanding any other provision of law, no amount from a grant under section 106 made in fiscal year 1997 or any succeeding fiscal year may be used to directly assist in the relocation of any industrial or commercial plant, facility, or operation, from 1 area to another area, if the relocation is likely to result in an increase in the unemployment rate in the labor market area from which the relocation occurs."

**SEC. 413. USE OF HOME FUNDS FOR PUBLIC HOUSING MODERNIZATION.**

Notwithstanding section 212(d)(5) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(d)(5)), amounts made available to the City of Bismarck, North Dakota, under subtitle A of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12741 et seq.) for fiscal year 1998, 1999, 2000, 2001, or 2002, may be used to carry out activities authorized under section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) for the purpose of modernizing the Crescent Manor public housing project located at 107 East Bowen Avenue, in Bismarck, North Dakota, if—

(1) the Burleigh County Housing Authority (or any successor public housing agency that owns or operates the Crescent Manor public housing project) has obligated all other Federal assistance made available to that public housing agency for that fiscal year; or

(2) the Secretary of Housing and Urban Development authorizes the use of those amounts for the purpose of modernizing that public housing project, which authorization may be made with respect to 1 or more of those fiscal years.

**THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 1998****SMITH OF OREGON (AND WYDEN)  
AMENDMENT NO. 1234**

Mr. GORTON (for Mr. SMITH of Oregon, for himself and Mr. WYDEN) proposed an amendment to the bill, H.R. 2107, *supra*; as follows:

On page 127, at the end of Title III add the following general provision:

**SEC. 3.** Of the fund appropriated and designated an emergency requirement in Title II, Chapter 5 of Public Law 104-134, under the heading "Forest Service, Construction," \$4,000,000 shall be available for the reconstruction of the Oakridge Ranger Station, on the Willamette National Forest in Oregon: *Provided*, That the amount shall be available only to the extent an official request, that includes designation of the amount as an emergency requirement as defined by the