

Public Law 103-120
103d Congress

An Act

Oct. 27, 1993
[H.R. 2517]

To enable the Secretary of Housing and Urban Development to demonstrate innovative strategies for assisting homeless individuals, to develop the capacity of community development corporations and community housing development organizations to undertake community development and affordable housing projects and programs, to encourage pension fund investment in affordable housing, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

HUD
Demonstration
Act of 1993.
42 USC 11301
note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "HUD Demonstration Act of 1993".

42 USC 11301
note.

SEC. 2. INNOVATIVE HOMELESS INITIATIVES DEMONSTRATION PROGRAM.

(a) **PURPOSE.**—The purpose of this section is to enable the Secretary of Housing and Urban Development (hereafter in this Act referred to as the "Secretary"), through cooperative efforts in partnership with other levels of government and the private sector, including nonprofit organizations, foundations, and communities, to demonstrate methods of undertaking comprehensive strategies for assisting homeless individuals and families (including homeless individuals who have AIDS or who are infected with HIV), through a variety of activities, including the coordination of efforts and the filling of gaps in available services and resources. In carrying out the demonstration, the Secretary shall—

Grants.

(1) provide comprehensive homeless demonstration grants under subsection (c); and

(2) provide innovative project funding under subsection (d).

(b) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

(1) **HOMELESS INDIVIDUAL.**—The term "homeless individual" has the meaning given such term in section 103 of the Stewart B. McKinney Homeless Assistance Act.

(2) **HOMELESS FAMILY.**—The term "homeless family" means a group of one or more related individuals who are homeless individuals.

(3) **INCORPORATED DEFINITIONS.**—The terms "State", "metropolitan city", "urban county", "unit of general local government", and "Indian tribe" have the meanings given such terms in section 102(a) of the Housing and Community Development Act of 1974.

(4) **JURISDICTION.**—The term “jurisdiction” means a State, metropolitan city, urban county, unit of general local government (including units in rural areas), or Indian tribe.

(5) **NONPROFIT ORGANIZATION.**—The term “nonprofit organization” means an organization—

(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

(B) that, in the case of a private nonprofit organization, has a voluntary board;

(C) that has an accounting system, or has designated a fiscal agent in accordance with requirements established by the Secretary; and

(D) that practices nondiscrimination in the provision of assistance.

(6) **VERY LOW-INCOME FAMILIES.**—The term “very low-income families” has the meaning given such term in section 3 of the United States Housing Act of 1937.

(c) **COMPREHENSIVE HOMELESS INITIATIVE.**—

(1) **DESIGNATION.**—The Secretary shall designate such jurisdictions as the Secretary may determine for comprehensive homeless initiative funding under this subsection.

(2) **AUTHORITY.**—The Secretary may provide assistance under this subsection to—

(A) jurisdictions designated under paragraph (1) (or entities or instrumentalities established under the authority of such jurisdictions); or

(B) nonprofit organizations operating within such jurisdictions, establish comprehensive homeless initiatives to carry out the purpose of this section.

(3) **CRITERIA.**—The Secretary shall establish criteria for designating jurisdictions under paragraph (1), which shall include—

(A) the extent of homelessness in the jurisdiction;

(B) the extent to which the existing public and private systems for homelessness prevention, outreach, assessment, shelter, services, transitional services, transitional housing, and permanent housing available within the jurisdiction would benefit from additional resources to achieve a comprehensive approach to meeting the needs of individuals and families who are homeless or who are very low-income and at risk of homelessness;

(C) the demonstrated willingness and capacity of the jurisdiction to work cooperatively with the Department of Housing and Urban Development (hereafter in this Act referred to as the “Department”), nonprofit organizations, foundations, other private entities, and the community to design and implement an initiative to achieve the purposes of this subsection;

(D) the demonstrated willingness of nongovernmental organizations to commit financial and other resources to a comprehensive homeless initiative in the jurisdiction;

(E) the commitment of the jurisdiction to make necessary changes in policy and procedure to provide sufficient flexibility and resources as necessary to implement and sustain the initiative;

(F) national geographic diversity in the designation of jurisdiction; and

(G) such other factors as the Secretary determines to be appropriate.

(4) CONSULTATION.—Prior to designating jurisdictions under paragraph (1), the Secretary shall consult with the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding such designations.

(5) COMPREHENSIVE STRATEGY.—Recipients of assistance under this subsection shall, in cooperation with the Secretary, other governmental entities, nonprofit organizations, foundations, other private entities, and the community, develop a comprehensive plan that—

(A) sets forth a realistic and feasible strategy that contains specific projects and activities to carry out the purpose of this section;

(B) demonstrates the willingness of the appropriate government and private entities and other parties to participate cooperatively in this plan;

(C) specifies the projects and activities to be funded under this subsection;

(D) provides an estimate of the cost of implementing the initiative funded under this subsection;

(E) enumerates amounts to be made available to fund the comprehensive homeless initiative by participating governmental entities, nonprofit organizations, foundations, and the community, as appropriate, and requests funds from the Secretary pursuant to this subsection; and

(F) provides such other information as the Secretary determines to be appropriate.

(6) DESIGNATION.—The designation referred to in paragraph (1) and assistance provided under paragraph (2) shall be made on a noncompetitive basis.

(d) INNOVATIVE PROJECT FUNDING.—

(1) AUTHORITY.—The Secretary is authorized to provide assistance under this subsection to jurisdictions and nonprofit organizations operating within such jurisdictions to establish innovative programs to carry out the purpose of this section.

(2) APPLICATIONS.—Applications for assistance under this subsection shall be in such form, and shall include such information, as the Secretary shall determine. Each application shall include—

(A) a description of the extent of homelessness in the jurisdiction;

(B) an explanation of the extent to which the existing systems, both public and private, for homelessness prevention, outreach, assessment, shelter, services, transitional services, transitional housing, and permanent housing available within the jurisdiction would benefit from additional resources to achieve a comprehensive approach to meeting the needs of individuals and families who are homeless, or who are very low-income and at risk of homelessness;

(C) a description of the projects and activities for which the applicant is requesting funding under this subsection and the amounts requested;

(D) the demonstrated willingness and capacity of the jurisdiction to work cooperatively with the Department, nonprofit organizations, foundations, other private entities, and the community, to the extent feasible, to design and implement an initiative to achieve the purposes of this subsection;

(E) a statement of commitment from the jurisdiction to make necessary changes in policy and procedure to provide sufficient flexibility and resources as necessary to implement and sustain the program; and

(F) such other information as the Secretary determines to be appropriate.

(3) **CRITERIA.**—The Secretary shall establish selection criteria for awarding assistance under this subsection, which shall include—

(A) the extent to which the program described in the application achieves the purpose of this section;

(B) the extent to which the applicant demonstrates the capacity to implement a program that achieves the purpose of this section;

(C) the extent to which the program described in the application is innovative and may be replicated or may serve as a model for implementation in other jurisdictions;

(D) diversity by geography and community type; and

(E) such other criteria as the Secretary determines to be appropriate.

(e) **REPORTS.**—

(1) **RECIPIENTS OF FUNDS.**—Each recipient of funds under subsections (c) and (d) shall submit to the Secretary a report or series of reports, in a form and at a time specified by the Secretary. Each report shall—

(A) describe the use of funds made available under this section; and

(B) include a description and an analysis of the programs and projects funded, the innovative approaches taken, and the level of cooperation among participating parties.

(2) **INTERIM HUD REPORT.**—The Secretary shall submit to the Congress, in conjunction with the 1995 legislative recommendations of the Department, a report describing the results of the demonstration program funded under this section to date. The report shall contain a summary and analysis of all information contained in any reports received by the Secretary pursuant to paragraph (1) and shall contain recommendations for future action.

(3) **FINAL HUD REPORT.**—Not later than 3 months after all recipient reports have been submitted under paragraph (1), the Secretary shall submit to the Congress a final report. The Secretary's final report shall contain a summary and analysis of all information contained in the reports received by the Secretary pursuant to paragraph (1) and shall contain recommendations for future action.

(f) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$200,000,000 for fiscal year 1994 to carry out this section. Of the amounts appropriated pursuant to this subsection, not less than 25 percent shall be used to carry out innova-

tive project funding under subsection (d). All funds shall remain available until expended.

(g) **REPEAL.**—This section shall be repealed effective on October 1, 1994.

SEC. 3. MOVING TO OPPORTUNITIES.

Section 152(e) of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note) is amended in the first sentence by striking “\$52,100,000” and inserting “\$165,000,000”.

42 USC 9816
note.

SEC. 4. CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING.

(a) **IN GENERAL.**—The Secretary is authorized to provide assistance through the National Community Development Initiative to develop the capacity and ability of community development corporations and community housing development organizations to undertake community development and affordable housing projects and programs.

(b) **FORM OF ASSISTANCE.**—Assistance under this section may be used for—

(1) training, education, support, and advice to enhance the technical and administrative capabilities of community development corporations and community housing development organizations;

(2) loans, grants, or predevelopment assistance to community development corporations and community housing development organizations to carry out community development and affordable housing activities that benefit low-income families; and

(3) such other activities as may be determined by the National Community Development Initiative in consultation with the Secretary.

(c) **MATCHING REQUIREMENT.**—Assistance provided under this section shall be matched from private sources in an amount equal to 3 times the amount made available under this section.

Effective date.

(d) **IMPLEMENTATION.**—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section. The notice shall take effect upon issuance.

(e) **AUTHORIZATION.**—There are authorized to be appropriated \$25,000,000 for fiscal year 1994 to carry out this section.

SEC. 5. AUTHORIZATION FOR COMMUNITY HOUSING PARTNERSHIPS AND SUPPORT FOR STATE AND LOCAL HOUSING STRATEGIES.

42 USC 12724.

Section 205 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 12724) is amended—

(1) in paragraph (1), by striking “\$14,000,000 for fiscal year 1994” and inserting “\$25,000,000 for fiscal year 1994”; and

(2) in paragraph (2), by striking “\$11,000,000 for fiscal year 1994” and inserting “\$22,000,000 for fiscal year 1994”.

42 USC 1437f
note.

SEC. 6. SECTION 8 COMMUNITY INVESTMENT DEMONSTRATION PROGRAM.

(a) **DEMONSTRATION PROGRAM.**—The Secretary shall carry out a demonstration program to attract pension fund investment in affordable housing through the use of project-based rental assistance under section 8 of the United States Housing Act of 1937.

(b) **FUNDING REQUIREMENTS.**—In carrying out this section, the Secretary shall ensure that not less than 50 percent of the funds appropriated for the demonstration program each year are used in conjunction with the disposition of either—

- (1) multifamily properties owned by the Department; or
- (2) multifamily properties securing mortgages held by the

Department.

(c) **CONTRACT TERMS.**—

(1) **IN GENERAL.**—Project-based assistance under this section shall be provided pursuant to a contract entered into by the Secretary and the owner of the eligible housing that—

(A) provides assistance for a term of not less than 60 months and not greater than 180 months; and

(B) provides for contract rents, to be determined by the Secretary, which shall not exceed contract rents permitted under section 8 of the United States Housing Act of 1937, taking into consideration any costs for the construction, rehabilitation, or acquisition of the housing.

(2) **AMENDMENT TO SECTION 203.**—Section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z-11) is amended by adding at the end the following new subsection:

“(1) Project-based assistance in connection with the disposition of a multifamily housing project may be provided for a contract term of less than 15 years if such assistance is provided—

“(1) under a contract authorized under section 6 of the HUD Demonstration Act of 1993; and

“(2) pursuant to a disposition plan under this section for a project that is determined by the Secretary to be otherwise in compliance with this section.”.

(d) **LIMITATION.**—(1) The Secretary may not provide (or make a commitment to provide) more than 50 percent of the funding for housing financed by any single pension fund, except that this limitation shall not apply if the Secretary, after the end of the 6-month period beginning on the date notice is issued under subsection (e)—

(A) determines that—

(i) there are no expressions of interest that are likely to result in approvable applications in the reasonably foreseeable future; or

(ii) any such expressions of interest are not likely to use all funding under this section; and

(B) so informs the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) If the Secretary determines that there are expressions of interest referred to in paragraph (1)(A)(ii), the Secretary may reserve funding sufficient in the Secretary's determination to fund such applications and may use any remaining funding for other pension funds in accordance with this section.

(e) **IMPLEMENTATION.**—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section. The notice shall take effect upon issuance.

Effective date.

(f) **APPLICABILITY OF ERISA.**—Notwithstanding section 514(d) of the Employee Retirement Income Security Act of 1974, nothing in this section shall be construed to authorize any action or failure to act that would constitute a violation of such Act.

(g) **REPORT.**—Not later than 3 months after the last day of each fiscal year, the Secretary shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report summarizing the activities carried out under this section during that fiscal year.

(h) **ESTABLISHMENT OF STANDARDS.**—Mortgages secured by housing assisted under this demonstration shall meet such standards regarding financing and securitization as the Secretary may establish.

Reports.

(i) **GAO STUDY.**—The Comptroller General of the United States shall conduct a study evaluating the demonstration authorized under this section and shall report its findings to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate not later than 3 months after the conclusion of the demonstration.

(j) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$100,000,000 for fiscal year 1994 to carry out this section.

(k) **TERMINATION DATE.**—The Secretary shall not enter into any new commitment to provide assistance under this section after September 30, 1998.

SEC. 7. NATIONAL COMMISSION ON MANUFACTURED HOUSING.

(a) **EXTENSION OF COMMISSION.**—Section 943(g) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625; 104 Stat. 4415) is amended by striking “on October 1, 1993” and inserting “on October 1, 1994”.

(b) **FINAL REPORT.**—Section 943(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625; 104 Stat. 4414) is amended by striking “9 months after the Commission is established pursuant to subsection (b)” and inserting “August 1, 1994”.

(c) **INTERIM REPORT.**—Section 943(d) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625; 104 Stat. 4414) is amended—

(1) by redesignating paragraph (2) (as amended by subsection (b) of this section) as paragraph (3); and

(2) by inserting after paragraph (1) the following new paragraph:

“(2) **INTERIM REPORT.**—Not later than March 1, 1994, the Commission shall submit an interim report to the Secretary and the Congress. The report shall describe the activities of the Commission under paragraph (1) and shall contain any information specified in such paragraph that is available to the Commission and any evaluations and recommendations specified in such paragraph that may be made by the Commission, at such time.”.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—Section 943(f) of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625; 104 Stat. 4415) is amended by inserting after the first sentence the following new sentence: “There are authorized to be appropriated for fiscal year 1994 such sums as may be necessary to carry out this section.”.

**SEC. 8. RECIPROCITY IN APPROVAL OF HOUSING SUBDIVISIONS
AMONG FEDERAL AGENCIES.**

(a) **EXTENSION OF AUTHORITY.**—Section 535(b) of the Housing Act of 1949 (42 U.S.C. 1490o(b)) is amended by striking “June 15, 1993” and inserting “September 30, 1994”.

42 USC 1490o.

(b) **RETROACTIVITY.**—An administrative approval of a housing subdivision made after June 15, 1993, and before the date of the enactment of this Act is approved and shall be considered to have been lawfully made, but only if otherwise made in accordance with the provisions of section 535(b) of the Housing Act of 1949.

42 USC 1490o
note.**SEC. 9. FHA INSURANCE AUTHORITY.**

Section 531(b) of the National Housing Act (12 U.S.C. 1735f-9(b)) is amended by striking “\$65,905,824,960” and inserting “\$110,165,000,000”.

SEC. 10. GNMA GUARANTEE AUTHORITY.

Section 306(g)(2) of the National Housing Act (12 U.S.C. 1721(g)(2)) is amended by striking “\$88,000,000,000” and inserting “\$107,700,000,000”.

SEC. 11. ADMINISTRATION OF SECTION 8 PROGRAM.

(a) **ADMINISTRATIVE FEE.**—Notwithstanding the second sentence of section 8(q)(1) of the United States Housing Act of 1937, other applicable law, or any implementing regulations and related requirements, the fee for the ongoing costs of administering the certificate and housing voucher programs under subsections (b) and (o) of section 8 of such Act during fiscal year 1994 shall be—

42 USC 1437f
note.

(1) not less than a fee calculated in accordance with the fair market rents for Federal fiscal year 1993; or

(2) not more than—

(A) a fee calculated in accordance with section 8(q) of such Act, except that such fee shall not be in excess of 3.5 percent above the fee calculated in accordance with paragraph (1); or

(B) to the extent approved in an appropriation Act, a fee calculated in accordance with such section 8(q).

(b) **STUDY.**—

(1) **IN GENERAL.**—The Secretary shall conduct a study assessing the costs incurred by public housing agencies in administering the voucher and certificate programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937.

(2) **SPECIFIC REQUIREMENTS.**—The study conducted under this subsection shall—

(A) take into account variances in costs attributable to the geographic area, the tenant population, and the number of units covered by a public housing agency; and

(B) include an analysis of the costs associated with Federal mandates, such as the family self-sufficiency program, and such other factors that the Secretary determines to be appropriate.

(3) **SUBMISSION TO CONGRESS.**—The Secretary shall submit to the Congress a report containing the results of the study conducted under this subsection in conjunction with the Department of Housing and Urban Development's 1994 legislative recommendations.

Reports.

SEC. 12. AMENDMENTS TO PUBLIC LAW 102-389.

106 Stat. 1590.

(a) **EXTENSION OF TIME.**—Subject to appropriations made in advance in an appropriations Act, title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102-389), is amended under the heading “Administrative Provisions” in the second undesignated paragraph by striking “October 1, 1993” and inserting “October 1, 1994”.

106 Stat. 1591.

(b) **PROJECT-BASED ASSISTANCE.**—Title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102-389), is amended under the heading “Administrative Provisions” in the ninth undesignated paragraph by inserting “(which may be project-based assistance)” after “36 units”.

Approved October 27, 1993.

LEGISLATIVE HISTORY—H.R. 2517:**CONGRESSIONAL RECORD**, Vol. 139 (1993):

June 28, considered and passed House.

Sept. 23, considered and passed Senate, amended.

Oct. 6, House concurred in Senate amendments.